

10 Steps to Closing

Congratulations on a fully executed contract. This is the first in a series of steps needed to close. Please keep this document and refer to it as needed. We are always available to answer any questions you have.

01

There is a date in your contract by which the buyer will need to produce the commitment letter from their lender, which indicates the bank's commitment to finance the buyer's loan. This is different from the pre-approval that your buyer most likely produced with their offer. The preapproval indicates the bank's willingness to lend; the commitment indicates the bank's commitment to lend.

02

Your buyer will submit the executed contract and all of their financial documentation to their bank for financing. This may happen right after the signed contract, or your buyers may continue to shop around a bit for the best interest rate. They are not required to submit documents to the bank by any given time so long as they produce the bank's commitment letter by the date outlined in the contract.

03

Once the bank has received and reviewed the buyers documents, they will contact a 3rd party to hire an appraiser. The appraiser will evaluate the property based on recent sold comparables and like features. Co-ops will be compared to other co-ops, not condos; houses to houses; two-families to two-families. They will be looking for the most similarities between them.

04

The appraiser will coordinate with me to gain access. You do not need to be there. It is imperative that you treat the appraisal as a showing, so please make sure the space is as neat as possible.

05

The appraisal can take up to 10 business days to come back into the bank. Sometimes buyers will share what the apartment appraised for and sometimes they won't, but it won't affect anything unless the appraised value is lower than the purchase price on the contract.

06

Once the appraisal is in, the commitment letter should follow within 10 business days or up to two weeks.

07

Simultaneously, if you are in a co-op, the buyer's broker will be aiding them in compiling all of their supporting documentation for the board. We will vet this package once they are done with it, and then submit it to the managing agent. You may be asked to sign some documents for management as part of the board package, but other than that here is nothing you will need to do. Once the board has read through the board application, they will call the buyers in for an interview.

08

Once the commitment letter is received, the bank will work on clearing the buyer to close. Usually that involves updating any outdated financial information or providing extra documentation.

09

Finally, the attorneys will schedule the closing once the lender has said that the buyer is cleared to close. It is important to communicate with your attorney to let them know your preferred dates and times.

10

Final walkthrough — ahead of closing the buyer will come through the property to ensure it is in the same condition as when they signed the contract. It is important that if anything happens between now and closing that you let me know immediately so we can get it resolved in time

COMPASS REALTY GROUP

Congratulations on this first big milestone and please reach out to me with any questions!

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