



Close Attention to Closing Details

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In most cases, the closing appointment takes about an hour with the home buyers signing a great many documents—most of which are never read—and walking out somewhat dazed. The keys in their hands and an armload of documents provide tangible evidence of this blur of a meeting. This offers an improvement opportunity for many builders.

How Could It Be Better?

Begin by ensuring that home buyers have a general description of the closing process from the start—in your homeowner guide. This entry should include information about the timing of events leading up to the closing, including in particular how much notice the buyers will have.

This information is essential for planning their move and having funds available. A minimum of 30 days notice, more if possible, is reasonable for the buyers to expect. A closing confirmation letter similar to the one in Figure 1 can itemize the practical details in a checklist format useful to the buyers.

A closing conference call is a great technique for reviewing the preparation steps. This phone appointment can be set up by the sales consultant for two to three weeks before the closing appointment. The agenda would include confirming that the buyers know when and where their closing will take place, and how long they should expect the appointment to last.

Move on to how and when final figures will be provided and the necessary form of payment. Continue with homeowners' insurance and utility transfer details. Mention that the closing agent has no authority to make decisions about the mortgage or the home. Consequently all details need to be resolved with the appropriate organization before the settlement appointment.

Discuss key delivery. If you operate in a state where keys are delivered only after funding has been confirmed, above all make certain that the home buyers understand the timing of key delivery. End by ensuring that buyers have a name and contact information for someone at the closing office in case of last minute closing related questions.

These are the same details listed in your homeowner guide and in the confirming letter. This may seem like a lot of attention for a very routine meeting. But unless they are investors, your buyers are likely to participate in a small number of closings over their lifetimes. For some, this may even be their first experience.

Additionally, this can be an emotionally volatile time for many of your customers. The combination of anticipation, worry, and joy along with the physical work of packing puts many home buyers in a state of exhaustion. They may not handle any last minute crisis well. A minor item can seem catastrophic. Any such drama is best prevented.

All personnel should take this into account and make a special effort to be patient if buyers are a bit difficult. As professionals who watch this process all the time, a well-trained staff can ease the most nervous buyers through the final stages of the purchase.

Benchmark

Investigate how final figures are delivered. In one seriously troubled example, the home buyer was at the bank on his cell phone waiting for the closing agent to tell him the final payment amount when he was supposed to be sitting at the closing table. This should be unacceptable to all involved. RESPA assures buyers the right to their financial details for closing three business days prior to the settlement appointment. More is even better if you can arrange it.

With that detail under control, observe several closings, take note of various details, and watch how home buyers react:

- How are your home buyers greeted?
- Are they offered some refreshment?
- Is there a place to hang up coats?
- How long do they wait to get started with the closing?
- Is privacy adequate?
- Is the individual conducting the closing well-prepared and organized?
- Are descriptions of documents being signed clear and accurate?
- Are positive comments about your company part of the conversation?
- How well are questions managed?
- Do the buyers receive a closing gift?

These and other points like them can become your quality checklist for the closing appointment. Envision the “ideal closing” and record the details you would see. To get started developing such a checklist, review the sample Conformance Checklist: Closing that appears in Figure 2.

Rate Your Closing Appointment Quality

Two of the most important details to evaluate are did the buyers appear to know what to expect and had they addressed all of their responsibilities in preparation? If the answer to both questions is yes, you know that your preparation steps are working as intended.

Where you find issues, take steps to institute corrections. For instance, if home buyers frequently arrive late because the closing office is difficult to find, you could provide a map with the closing confirmation letter.

One builder observed that buyers were concerned about the status of their orientation items and asked the closing agent for an update—a question the closing staff was ill-equipped to answer. This was resolved by offering a brief confirmation tour to check off completed items and discuss scheduling work on any remaining details. After that adjustment, buyers arrived calm and ready to sign documents.

But Our Closings Are Done by....

If your closings are managed by a third party company, meeting with that organization may produce the results you seek. Again, begin by observing several closings and combine feedback from the home buyers with your own impressions.

Take a positive “let’s all get more business” approach. Discuss the importance of managing each detail of the new home experience successfully to increase business for all concerned. Whether your closings are managed by a law office or a title company, this organization wants *your business and your referrals*. You may be surprised to learn that they appreciate your attention so everyone wins.

Builder Rep at Closing?

Some builders arrange for the closing to take place without sending a representative. While this practice saves staff time and, some believe, reduces the possibility of buyers raising last minute issues, buyers may feel offended by what they interpret as a lack of interest on the builder’s part. Your philosophy or tradition in your region will guide you in making a decision on how to handle this. It may present an opportunity to differentiate your company from area builders.

A well-managed closing occurs on time, includes a warm welcome of the buyers, proceeds in an orderly manner, and avoids last minute crises. Successfully completed, the experience reinforces the buyers' good opinion of the builder and associates.

Figure 1

<Logo>

<Date>

<Home Buyer>

<Address>

<City, State/Province Zip/Postal Code>

Dear <Home Buyer>:

This is to confirm your closing appointment which has been scheduled for

<date & time>

<address>

<contact>

<phone>

The asterisk on the enclosed map indicates the location. Parking is available on the north side of the building or two-hour metered parking can often be found along the street.

The closing process usually takes 45 minutes to one hour. In preparing for your closing, please remember the following items.

- Transfer utility services into your name, effective within three days of your closing date. The phone numbers are listed in your homeowner guide, Chapter 6, *Closing on Your Home*.
- Arrange for evidence of insurance. Your insurance agent will know what is needed. Allow two weeks for this.
- Plan to bring certified funds. The exact amount you will need is usually calculated near to the closing date since some items are prorated to that day. You will receive this information three days or more prior to the closing appointment.
- Confirm with your mortgage lender that all loan contingencies are satisfied. If any further documentation is required, be sure to provide that promptly.
- Closing agents have no authority to negotiate for lenders or builders. If you have any remaining questions, work directly with your lender or contact our office to obtain needed answers prior to the closing.

Soon you will be moving into your new home. We look forward to having you join our community. If you have any questions or need assistance with last minute details, please contact me.

Sincerely,

<Builder> Closing Coordinator

Enclosure/map

cc: <Closing agent>

Figure 2

Conformance Checklist: Closing

<i>Do home buyers--</i>	<i>Acceptable</i>	<i>Needs Improvement</i>
1. Know what to expect regarding notification about the date and time of their closing?		
2. Receive a minimum of 30 days notice?		
3. Understand their preparation responsibilities:		
a. Homeowner Guide description		
b. Closing confirmation letter		
c. Closing conference call		
4. Receive financial details at least three business day prior in order to secure their funds for closing?		
5. Know where the closing will take place and how to get there?		
6. Have a name and contact details in case of last minute questions?		
7. Arrive for their closing with a clear understanding of the status of their orientation items?		
8. Receive a friendly greeting when they arrive for their closing?		
9. Begin the actual closing process promptly?		
10. Hear clear descriptions of the documents involved?		
11. Sign these documents in an orderly process?		
12. Receive copies of each item they sign?		
13. Either receive house keys at the closing table or understand when & where they will get keys?		
14. Leave with a token of the builder's appreciation for their business?		

Notes