

Information for Consumers about Transaction Timing and Closings

- ◆ Changes are coming in the consumer forms used to disclose the costs and terms of the buyer's loan and the real estate transaction closing costs. These changes first go into effect starting with loans buyers apply for on or after October 3, 2015.
- ◆ These changes may also impact the real estate transaction timeline and the timing of the closing because of the required timeframes for the disclosures. Certain changes made in the transaction at the last minute may cause closing delays.
- ◆ These changes affect transactions where the buyer is applying for a mortgage loan to purchase a residential property such as a house, condominium unit or a time share, or is buying a lot and building a new home.
- ◆ Learning about these changes is important because closing delays can be disruptive with regard to financing availability, and the parties' moving schedule, having a place to stay, and storage of personal belongings.
- ◆ For loan applications taken on or after October 3, 2015, the buyer's lender will provide/mail to the buyer a new three-page Loan Estimate form and a "Your Home Loan Toolkit" booklet, both within three (3) business days after the loan application.
- ◆ At the end of the real estate transaction, the parties will see a new five-page Closing Disclosure form that discloses the loan and transaction terms and costs. The lender must deliver the Closing Disclosure to the buyer either by personal delivery at least three (3) business days before closing, or by mailing it at least seven (7) days before closing. Certain last-minute changes in the transaction that increase amounts the buyer must pay or change some of the closing numbers may mean that the lender must provide a new Closing Disclosure that, once again, must be personally delivered to the buyer at least three (3) business days before closing, or mailed at least seven (7) days before closing. This may delay the closing beyond the closing day in the offer to purchase.
- ◆ The parties will have to be understanding with the way that the title insurance costs are reported on these disclosure forms. The new federal forms say that an owner's title insurance policy is optional, but Wisconsin offer to purchase contracts indicate the seller will provide and pay for the

owner's title insurance policy. The buyer will be required by the lender to provide and pay for the lender's title insurance policy. The title insurance costs on the disclosure forms may be confusing. Please ask the closing settlement agent to explain this section if you have questions.

- ◆ Because there may be uncertainty about whether transactions will close on schedule or how long each closing session may take, it may be best to be careful when scheduling related or stacked closings (also known as domino closings).
- ◆ Communication will be key so buyers and sellers should talk frequently and honestly with their real estate agents who, in turn, should keep the lenders and title agents up to date on any changes to the transactions and charges, costs and expenses incurred.

The real estate company _____
and its agent have recommended that you consider the following measures to try to avoid delays in your residential transaction:

1. Include a provision in the Offer to Purchase to protect the buyer from being in default for not closing on time if the closing is delayed due to Closing Disclosure revisions or other lender issues. (For an example of such a provision see the WRA Addendum TR.)
2. Avoid any deadlines in the Offer to Purchase provisions or contingencies that conclude less than ten (10) days before closing.
3. Order the title insurance at least 30 days before closing.
4. Avoid last minute changes and strive to settle all issues two weeks before closing.
5. Consider using a local lender or a lender from your broker's list of reputable loan officers and other service providers.
6. When obtaining a loan pre-approval or pre-qualification, ask the lender about realistic timeframes for obtaining a loan commitment and closing and use those when the offer to purchase is written.
7. Strive to cooperate and communicate and resolve any concerns amicably.

The undersigned party acknowledges receipt of the above information.

Signature ▲ Print name ►

Date

Signature ▲ Print name ►

Date