3 Things To Know About Settlement Statements Before Closing

Settlement Statements

Are you hoping to close on a new home in the near future? While closing is a very exciting time and a major milestone, it can also be a complex process. Luckily, DaMore Real Estate Law gives you all the expertise, knowledge, and care you need. One component of the closing process is settlement statements. Let us take a look at 3 things to know about settlement statements before closing.

Closing Disclosure

When you are in the process of closing, you will receive a settlement statement. They arrive three days before closing from your lender. This document is commonly known as the "closing disclosure." Essentially, this is for buyers to review in advance **before** closing.

What's Included

This closing disclosure walks you through everything important in your home purchase. This includes mortgage payments, the terms of the loan, and any additional fees that require payment. Hence, these are called "closing costs."

Cash For Closing

Sometimes, cash is required in the closing process. The settlement statement you receive will let you know how much if any, cash is needed at the closing table. However, the term "cash for closing" can be a little misleading. It does not necessarily mean bringing paper money to the closing. In fact, it usually requires a check. Instead, "cash for closing" refers to the actual amount of money you pay at the closing to complete the purchase.

Peace Of Mind While Closing

These are just 3 things to know about settlement statements before closing on your home. At DaMore Real Estate Law, we know the world of real estate can be complex. That is why we are here to give you peace of mind in your closing process. Contact us today to learn more about how we can help you with all things real estate!

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5 Reasons You Need Title Insurance

What Is Title Insurance?

When it comes to real estate and closing on a home, there are many unforeseen problems that can arise. This is where title insurance becomes so vitally important. Essentially, title insurance is an insurance policy attached to a new home. It also gives you the protection you need for a wide variety of issues. Here are 5 reasons you need title insurance.

Protects Your Home

Much like insurance on your car or your health, title insurance protects your home. Once you purchase title insurance, the title company looks through everything: by going through the records as thoroughly as possible, they catch any issues that arise so the closing goes smoothly.

Protection Against Risk

Given the complex nature of real estate, this is another reason you

need title insurance. Forgeries, fraud, and even undisclosed heirs can throw a monkey wrench into closing on a home. Luckily, title insurance offers protection against these issues. When you purchase title insurance, you are no longer rolling the dice on risky investments. You are protected against anyone trying to take advantage of you.

Protection From Liens And Unpaid Taxes

Unfortunately, previous owners may not always be honest with home-buyers. Liens and previously unpaid taxes can show up down the road, and without title insurance, you could find yourself in a very messy and stressful situation. However, purchasing title insurance guarantees your protection from these issues.

Peace Of Mind

At the end of the day, your peace of mind matters most. Especially with real estate, purchasing a home should be something to celebrate! However, if you do not purchase title insurance then the possibility of all sorts of problems will always be looming. Give yourself the peace of mind you deserve by getting title insurance. And without title insurance, you will never have that certainty.

Great Protection At A Great Cost

Given how much title insurance protects you from, it is absolutely worth the cost. Title insurance is just a one-time small payment that covers you from a multitude of problems. Closing on your home should be as stress-free as possible. For just a small fee, you get excellent protection and peace of mind that saves you from extremely costly, stressful problems that could arise.

A Team Dedicated To You

These are just some of the reasons you need title insurance. Real estate can be intimidating. That’s why DaMore Real Estate Law is here to help. We have represented clients in over 20,000 real estate transactions over the past 20 years. Our team of professionals has years of experience that guarantee everything goes as smoothly as possible for you. Are you ready to learn more about our many services? Contact us today!

Homeowners Insurance for Home Purchases in MA

Homeowners insurance is required for home purchases in MA. If it’s your first time buying a home, you may be wondering what is required before and after closing. Here’s what you need to know about homeowners insurance.

Securing Homeowners Insurance Before Home Purchases in MA

Before your scheduled closing, you must provide your mortgage company with a homeowners insurance binder. The binder provides important information about your insurance policy and must specifically list your lender. Ask your lender ahead of time about what exactly must be listed on that binder to avoid the need for corrections. You may select whichever insurance company you wish, so long as the coverage amounts are sufficient for your property.

Homeowners insurance premiums are due yearly, in advance. You may pay your first year’s premium directly to your insurance company before closing. Another option is to include that premium in your closing costs. In that case, your lender will mail payment to your insurance

company after closing.

Annual Homeowners Insurance Renewals

Each year, your insurance policy will automatically renew. You certainly have the option to change insurance providers at any time, although making changes effective on the renewal date could simplify things. Be sure to notify your existing homeowners insurance company that you do not intend to renew. Additionally, you will also need to notify your mortgage company since they are likely paying the premiums each year for you.

Homeowners Insurance Escrows

Mortgage companies require that you maintain insurance coverage on your property. It is their way of protecting the money they are lending to you. To ensure that premiums are paid every year, most mortgage companies require you to escrow funds.

Each month, your mortgage payment may include an amount towards taxes and insurance. The funds get placed into an escrow account. When taxes and insurance payments are due, it is then paid from that escrow account. This also makes those expenses easier to budget since you pay towards then each month rather than as a lump sum when due.

More on Homeowners Insurance for Home Purchases in MA

Homeowners insurance is important protection for both you and your lender. Always make sure that your policy is up to date, and certainly shop around for better pricing and coverage. Contact your local insurance agent for additional information on homeowners insurance and options/upgrades available to you.

Mortgage Points | Should You Pay Points on Your Mortgage?

If you're evaluating mortgage options for a MA home purchase, you may be presented with a few different loan options. One common option is to pay points for a lower interest rate. Should you pay points on your mortgage? Before deciding, here are a few things that you should know.

What Are Mortgage Points?

Points are pre-paid interest. You are essentially paying interest up-front on a mortgage in order to receive a lower interest rate over the life of your loan. Why would lenders offer this? Well, on a 30-year loan, there's no guarantee that you would actually keep the loan for the full term. Most people refinance or sell every 7-10 years.Plus, they receive interest in smaller increments over time. So, lenders welcome the opportunity to get paid a lump sum of interest up-front.

From a buyer's perspective, you may reduce your mortgage payments each month by paying points. However, you're not necessarily saving money yet. You're paying some of that interest up-front rather than over time.

Should You Pay Points on Your Mortgage?

Whether paying points is a good idea depends on your plans. Do you intend to keep the loan for an extended period of time? Is it possible that you may sell or refinance before it actually saves you money? For example, you may pay $4,000 in points to reduce your monthly mortgage payment by $110. If you opted instead to pay that extra $110 per month in interest, it would take you over 3 years to spend the same $4,000. Therefore, paying points doesn't save you any money until 3 years later. If you end up selling your home in 2 years, you've lost money in that deal. It would have been less expensive to pay higher interest each month ($110 x 24 = $2640) rather than paying points.

A lower interest rate is certainly appealing when you multiply the savings over the 30 year life of a loan. However, take a realistic look at how long you may keep your mortgage or stay in a certain home before deciding to pay points. In some cases, it can be a great decision that will save you significant money. In other cases, it may be an unnecessary added expense.

What is a Clear to Close for MA Home Purchases?

If you are using a mortgage for a MA home purchase, obtaining a clear to close is very important. It means that your loan has met all of the mortgage underwriting conditions. Up until that point, things still remain uncertain to some extent. Here's what you should know about getting a clear to close if you're nervously waiting for your closing.

When is a clear to close issued?

Lenders do not issue a clear to close until all mortgage underwriting conditions have been met. Some of these conditions can not be completed until shortly before closing. For example, lenders often obtain a verbal verification of employment 7-10 days before closing. They may also re-check your credit to verify that nothing has changed. Because of these last minute items, a clear to close may not be issued until a week or even just a day before closing. Waiting for this news can be extremely stressful for everyone involved. It is important to understand why a clear to close happens so late in the process and that it is perfectly normal.

What happens after a clear to close?

After a clear to close has been issued, mortgage files are sent to

the closing attorney. The attorney must prepare the documents to be signed, closing figures, and other documents for the lender to review. Corrections may need to be made before the closing documents are ready to be signed by the buyer and seller.

When can I schedule my closing?

Some closing attorneys prefer to wait for the clear to close before scheduling a definitive closing date and time for MA home purchases. Most attorneys will gladly select a tentative date, with the understanding that it may change depending on when the clear to close is issued and files are received from the lender.

Tax Deductible Homeownership Expenses

As the year comes to a close, we all know that tax season is right around the corner. One of the benefits of homeownership is the ability to deduct certain expenses from your income taxes, thereby reducing the amount of taxes that you may owe. Learn about tax deductible homeownership expenses and other important information by reading below.

Tax Deductible Home Ownership Expenses

Several different home ownership expenses are tax deductible. The most common ones are:

- Mortgage Interest Payments
- Property Taxes
- Points Paid at Closing
- PMI (if you meet additional criteria)

Keep in mind that only **mortgage interest** is listed above. Your monthly mortgage payment includes principal, interest, and probably also taxes and insurance. Only the interest portion of your payment

is tax deductible. Property taxes are deductible, but only the amounts actually paid to your minicipality. The amount in your mortgage payment goes into an escrow account until the property tax bills are due. Therefore, the tax deductible amount does not necessarily equal the amount that you pay each month.

After the end of the year, you should receive a statement from your mortgage company that details the amounts paid for interest, taxes, and PMI. If you closed on a home in 2016, you may also need your closing statement which details any taxes, interest, and points that you paid at closing.

Itemized Deductions for Home Expenses

On your taxes, you will have the option of taking the standard deduction or itemizing your deductions. You would only itemize if your total deductions exceed the standard deduction offered. To figure this out, you must sum up qualified home-related expenses along with other potential itemized deductions. If the total expenses are too low and you elect the standard deduction, then you are technically not gaining any tax benefits from homeownership.

Most homeowners are able to gain some tax benefit from tax deductible home ownership expenses. However, if you're one of the few who is not able to do so, don't fret. You will still gain equity over time and enjoy the pride of home ownership.

Impact of Solar Panels on MA Home Sales

Solar panels are a great way to add energy efficiency to your home. However, if you lease your solar panels, it is important to know that they can complicate matters when it comes time to sell. Here's why.

Solar Panel Contracts

Most homeowners opt to lease solar panels since it requires no up-front out-of-pocket expense. However, there is a contract period (typically 30 years). If you sell your home during that timeframe, you normally have to get the new buyer to assume your lease or have your panels moved to your new home. Typically, these details need to be finalized before closing.

Assumption of Solar Panel Leases

Every solar panel contract is different. Most allow you to transfer the contractual obligations to the new home buyer. However, some do not offer a clean transfer. Instead, your name and information may remain on the contract in addition to the new buyer's name. This is risky since you would remain financially liable, to some extent, if the new home buyer defaulted.

Potential Closing Delays

If the buyer of your home agrees to assume the solar contract, will additional time be required to receive, review, and execute that contract? If you are taking the solar panels with you to your new home, how much time will the solar company need to complete the work? Will the buyer and/or lender allow a closing before this work is completed? What will happen if damage occurs to the roof while the panels are being removed? These could all lead to potential closing delays.

Impact of Solar Panels on MA Home Sales

The impact of solar panels on MA home sales can go beyond closing delays. In some cases, it may deter potential home buyers. Some buyers would prefer not to deal with the complication of solar panels in the home buying process. Additionally, the placement of solar panels may impact the curb appeal of a home, and therefore, the perceived value of the property.

It is important to keep these things in mind as a homeowner. Solar panels can certainly be very appealing to environmentally conscious

home buyers, but it’s important to be conscious of the potential complications that it may have on the selling process. If you have solar panels on your home, be sure to contact your solar company to understand your options. Also, disclose known information to potential buyers when you market your home for sale.

Items Needed at Home Closings in MA

Your closing is approaching. Congrats! Here are a list of items needed at home closings in MA. Keep this in mind to prevent any last minute delays at the closing table.

Buyer Items Needed at Home Closings

Home buyers have a few important items to bring to closing. First, a legal form of identification such as a driver’s license or passport is required. This is needed by the closing attorney to confirm your identity before signing legal documents. If you owe money at closing for your down payment or closing costs, bring the funds in the form of a certified check. For large sums, you may make arrangements ahead of time to wire funds to the closing attorney. Lastly, be sure to also bring your checkbook in case there are any last minute adjustments to the closing figures.

Seller Items Needed at Home Closings

Similar to home buyers, home sellers also need a legal form of identification at closing. Keys are normally handed to the buyers, so don’t forget to bring all copies that you may have of keys to the home. Sometimes the P&S agreement may list items due to the buyer on or before closing, such as warranty paperwork or receipts for repairs. Be sure to bring those with you as well. Lastly, sellers in the state of Massachusetts are responsible for furnishing a smoke certificate, final utility bills/readings, and deed. Your real estate

agent or attorney may have these items covered, but it’s a good idea to confirm with them.

Prevent Closing Delays

Being aware of items needed at home closings in MA ensures that you will arrive fully prepared. Failure to do so could delay the closing. If your closing is scheduled to take place in the afternoon, a delay could result in not being able to go on record at all that given day, which also means that keys and funds will not be fully exchanged. This could have a domino effect for other closings or moving plans that you may have in place. Come prepared and you will eliminate the extra stress and headache of a delay!

MA Holiday Home Showings

It’s the holidays, but that doesn’t halt your home buying plans. If anything, you may take advantage of the extra days off to continue your house hunting. Before you cancel all of your personal holiday plans to dedicate time to MA holiday home showings, keep a few things in mind.

Sellers May Delay Showings

Sellers may not be able to accommodate MA holiday home showings. Showings take a lot of preparation and coordination. Sellers must make their home presentable and get everyone out of the house before buyers arrive for showings. This may be difficult to do if they have guests staying over or big family gatherings planned. Don’t assume that all sellers will be able to show their homes around the holidays. Verify ahead of time and give as much advanced notice as possible for potential showings around the holidays.

Agents May Not Be Available

Real estate agents typically work when their clients need them. This often includes legal holidays. However, there’s something about Thanksgiving and Christmas that is a bit different. These are two holidays that even real estate agents may need to take off, especially if they are visiting family out of town or have family coming into town. Check with your real estate agent ahead of time to verify his/her availability during the holidays.

Even if your agent is available, the listing agent may not be. Homes that require assisted showings by the seller’s agent may make coordinating showings during the holidays more difficult. With so many parties involved, and each with different holiday schedules, you may find MA holiday home showings quite challenging.

Making MA Holiday Home Showing Plans

To reduce the stress and complications of MA holiday home showings, communicate with your real estate agent ahead of time. Find out his/her availability first. Then, provide a list of potential properties so that your agent can verify which ones may actually be shown. If certain properties cannot be confirmed, be understanding and adjust your plans accordingly. There’s a lot going on for everyone at this time of year. Some patience and understanding will go a long way!

MA Smoke Detector Law for Homes Built Before 1975

An overview of MA smoke detector law for residential homes built before 1975 including details on the changes taking effect December

1, 2016