# Class 8 – Key Terms

**Closing** – The purpose of the closing, then, is (1) to make final settlement between the buyer and seller for costs, fees, and prorations associated with the real estate transaction prior to the transfer of title, and (2) to finalize the loan agreement between the buyer/borrower and the lender.

Closing of Sale -

Closing of Loan -

Closing of Refinance –

Escrow –

Escrow Agent/Officer –

Closing into Escrow –

Funding / Good funds rule –

Liability of escrow agent –

Closing Checklist –

**Parties to a Closing** – (1) The buyer and seller, (2) any real estate brokers involved, and (3) the settlement agent.

Closing costs typically paid by the buyer/borrower –

Closing costs typically paid by the seller –

Proration of taxes and insurance –

Escrow of taxes and insurance –

**RESPA: Real Estate Settlement Procedures Act** – A law passed by Congress to provide a uniform set of procedures and documents for buyer/borrowers of residential real estate.

Exemptions from RESPA –

**Essential aspects of RESPA** – There are seven areas that are included:

1. Consumer information
2. Advance disclosure of settlement costs
3. Title insurance placement
4. Prohibition of kickbacks and referral fees
5. Uniform settlement statement
6. Advance inspection of uniform settlement statement
7. Escrow deposits

HUD-1 / settlement statement / closing statement –

**Federal Truth –in-Lending Act** – Deals with the costs of mortgage credit, have been a required affecting lenders since 1968.