

Is Real Estate Settling or Unsettling?

Judith I. Johannsen

How can something be two completely opposite things at the same time? Easy – look at real estate – for both parties, it's settling and unsettling.

When someone purchases real property, there is a closing. In its simplest form, a closing is the event where a buyer pays a seller an agreed-upon price for the seller's property and the seller delivers a deed to the buyer.

Buying and selling real property isn't quite as simple as the buyer handing over a check and the seller handing over a deed and the keys. The buyer and seller also have closing costs and fees to pay for and they can include attorneys' fees, a title search fee, a title insurance policy cost, proration of taxes, insurance and heating fuel, a mortgage payoff and real estate commissions.

All of these costs and fees are entered on a settlement sheet (also known as the HUD-1), with the seller's costs on one side of the page and the buyer's costs on the other. At the end of the closing, each party has paid his share of the expenses incurred to close; therefore, a real property transaction closing is actually a settling up of the amount of money each party owes or is owed.

From a buyer's point of view, closing on a property is only part of the settling process. That's because physically moving out of one place is unsettling and moving into another by getting utilities turned on, furniture moved and boxes unpacked is settling in.

For a seller, selling a property is unsettling - packing up belongings, disconnecting utilities, forwarding mail and moving out - before he arrives at the closing where he settles the property transaction.

If you like it both ways, real estate is for you – you can settle and unsettle in one transaction.

Judith I. Johannsen is Assistant Counsel for the Connecticut Association of Realtors®, Inc.

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