



Seven
Realtor
OVERSIGHTS
that Can Delay a Closing
and **H**OW **T**O
Avoid them

By
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To help my clients have as **stress-free experience** as possible when buying or refinancing their home, I have compiled this list of **do's** and **dont's** to help them keep from making common oversights and errors which can potentially delay their closings.

01. Don't forget to double-strap your water heaters.

As you probably know, the state of Washington is at risk of earthquakes due to its geographic location.

Since 1991 all single family residences including condos must have the water heaters strapped to prevent "horizontal displacement" during an earthquake.

Chapter 5 of WAC 51-56-0500 state: "Water heaters shall be anchored or strapped to resist horizontal displacement due to earthquake motion. Strappings shall be at points within the upper one-third and lower one-third of its vertical dimensions. At the lower point, a distance of not less than four (4) inches (9,102 mm) shall be maintained from the controls to the strapping."

As with CO detectors water heater strapping is one of those items that can get easily overlooked during the listing process and when overlooked, rescheduling an appraiser for a second inspection adds time and expenses to the loan process and can add up to a week to the closing of a transaction

A good rule of thumb is to have the sellers start installing water heater strapping within a week, if not earlier, of the property being listed for sale.

02. **Don't forget** to install carbon monoxide detectors.

Starting from January 1, 2011 all single-family residences, including condos, must have carbon monoxide detectors installed on each floor or sleeping area. While this may be common knowledge to most in the real estate business, I am constantly surprised at how many appraisals come back noting there were no carbon monoxide detectors in the home.

Installing carbon monoxide detectors may seem like a small issue, but now that the appraisal process is coordinated by appraisal management companies, rescheduling an appraiser for a second inspection adds time and expenses to the loan process that could have been avoided. It can take up to a week to reschedule an appraiser and then turn the new appraisal report back around to the mortgage broker. If there is a short timeline on your purchase transaction, an extra week can make all the difference between a successful, timely closing and disappointed buyers and sellers.

A good rule of thumb is to have the seller start installing the carbon monoxide detectors at least a week before the property is listed for sale.

03. **Order** your resale certification early.

If you have a condominium or PUD listing, order your resale certificate from the homeowner association as early as possible. Often I see purchase transactions significantly far along in the process but the seller and their agent have forgotten to order the resale certificate.

Attempting to secure a resale certificate at the last minute can delay a closing. The homeowner association has to have enough time to produce the certificate; depending on the homeowner association's workload or staffing, the resale certificate can take several days to produce.

It is worth noting that smaller homeowner associations are often self-managed. Many of the members volunteer their time and are not available on a last-minute basis to produce resale certificates and budgets projections that are necessary for underwriting.

When in doubt, request the resale certificate early and save yourself some last-minute frustration.

04. **Research** who the home owner's association or PUD contacts are early.

Related to number two above is researching the homeowner association or PUD contact information. During the underwriting process, lenders often inquire about the details of the property that only homeowner association board members would be able to answer.

If the condo or PUD project is managed by one of the larger property management companies, this generally does not cause delays, but if the project is self-managed, then answering the lender's questions regarding the project can become more challenging, especially if the board members provide their time on a volunteer basis.

When in doubt, ask the seller the name of the appointed homeowner association's representative, treasurer or president as early as possible.

05. **If possible** de-winterize early.

The issue of de-winterizing a property after an accepted purchase and sale agreement has become less of an issue than it once was now that values in the Seattle area are bouncing back and it is less common for agents to list and sell bank-owned properties. However, it was a common appraisal issue two to three years ago.

A "winterized" property is one in which the utilities, water, gas and electricity have been turned off.

I often have transactions where a property was winterized and during the appraisal inspection, the appraiser was not able to verify that the utilities were fully functional. This may cause closing delays for the same reasons mentioned above. If an appraiser cannot verify that the utilities work in the subject property, that appraiser will have to re-inspect the property. Making a second trip adds time and cost to the transaction.

Controlling the de-winterizing process is not always in the hands of the listing agent, especially if the property is bank owned, however it is always best to attempt to schedule the de-winterizing process well before the appraiser schedules the inspection.

06. **Get copies of any shared maintenance, well water or common easement agreements early.**

It is not often that properties share common walls or easements, or have shared well agreements, but if they do, these details can become sticking points if not addressed early in the process.

A “shared” agreement is one in which one property owner agrees to share the expenses of maintaining an element like an easement, driveway, water source, common building elements or space with another property owner.

These agreements will almost always appear on the title report. When the title report is examined by the lender’s underwriter, more often than not they will ask for copies of those agreements. They want to insure that the annual costs of the agreements do not affect the buyer’s ability to service the loan that they are applying for.

The title company that is supplying the title report for the transaction can usually pull the agreement from their records, depending on how old the agreement is. A quick read of your title report will give you enough information to know which possible agreements you should ask the title company about.

07. **It’s cloudy in Title Land; read your title reports.**

Most property titles are clean and simple, but on occasion, the title of the property you are selling has “clouds” on it. A clouded title is one in which “defects” or disputes appear on the chain of title. This is often caused by some type of disagreement over ownership, or a legal or financial dispute.

Let’s say the title company discovers that the seller never paid a contractor for the backyard fence and there is a lien on the property, or that her estranged brother filed a suit claiming Mom and Dad left the house to him. The bottom line is that you and all the other parties involved in the transaction have a problem to deal with.

Often these clouds can be resolved quickly if the parties involved in the dispute cooperate to solve the problem, but in cases where one party is unwilling to help clear up the clouds, or if one of the parties is deceased or cannot be located, this can cause serious delays.

When in doubt, read your title reports fully, and alert all parties of suspected clouds.

About **Mike** the Money Man

Here's all what you need to know about the mortgage industry today: One large lender is promoting a tool that doesn't require you to interact with a human to make one of the biggest financial decisions of your life.

I believe you deserve better. And I've spent nearly 20 years providing my clients with the guidance they need so they don't just get a loan - they get the right loan.

You see, the mortgage process isn't quite as simple as the ads make it seem. It takes knowledge and experience to navigate, particularly in a competitive real-estate market, where the right combination of speed and expertise can make the difference between a successful offer and losing out on your dream home.

My clients, many of whom are first-time homebuyers or have run into resistance from other lenders, always know where they stand in that complex process. That's because I take the time to explain their options, so they can make an informed, confident decision. And most of them, like the clients below, would even say that I'm an advisor and advocate first, and a mortgage professional second.

I'm still in contact continue to be a resource with a number for many of those my past clients, often years after they purchased or refinanced their homes. They come to me because they know I provide a level of personal service uncommon in this industry. They come to me because they know I care. And they come to me because they know I have the willingness, and the knowledge, to help.

I'd love to help you - whether you're buying, refinancing or just weighing your options. Email me or give me a call today.

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