New law will change real estate closing procedures

HUD law goes into effect Oct. 3, designed to offer more transparency to consumers

By Sally Rummel
news@tctimes.com; 810-629-8282

A new federal law from Housing and Urban Development (HUD) that goes into effect Oct. 3 is designed to help home buyers better understand the mortgage process, but may cause a few delays in the process.

The new “Know Before You Owe” mortgage rule is designed to protect consumers from surprises at the closing table, by implementing new forms and a three-business-day waiting period before they sign on the dotted line. The new law is supposed to give consumers more time to review documents or consult with an attorney or housing counselor to ask questions they may have about the terms of their mortgage before heading to the closing table.

According to the National Association of Realtors website, this new law is designed to improve consumer understanding of the mortgage process, aid in comparison shopping and help to prevent surprises at closing.

See NEW LAW on 7B
**A new home for Christmas?**

- **Fall can be busy in the real estate market, with serious buyers and less competition**

  **By Sally Rummel**
  
  news@tctimes.com; 810-629-8282

  Summer may be on its way out, but the window of opportunity for selling or buying a home is still wide open before the holidays.

  In fact, you could still light a fire in your new home’s fireplace in time for Christmas, if you begin to act now.

  “You can get into a new home by the holidays, if you start an active search now,” said Steve “Melch” Melchor of Berkshire Hathaway Michigan Home Services in Fenton. “It all depends on the house and your circumstances.”

  He suggests with the new federal closing law coming Oct. 3 from Housing and Urban Development (HUD), adding three more days to the process to allow buyers to review documents, that you allow a little more time for the transaction. “Anyone writing an offer now will not be subject to the new law,” added Melchor.

  While spring and summer are definitely busier times in the real estate market, there’s no “right time of the year” to put your house up for sale or to buy a new home.

  “The best time to sell is when you’re ready,” said John Wentworth of RE/MAX Platinum in Fenton. “Right now, it’s almost a buyer’s market.”

  The months of September, October, November and December can be good months to sell, according to local Realtors.

  “There are always buyers and sellers, and this time of year when the market typically slows down, we’re dealing with serious buyers,” said Melchor. “If your house is priced right, it’s going to sell.”

  So much pre-sale activity takes place online that “driving around” in inclement weather to view listings is a thing of the past.

  Serious buyers are always out there, and they’re looking at homes online 24/7, even through the holidays. For relocations take place all year long, not just in the summer. If the right home appears, interested buyers can be ready to move on it.

  There’s also less competition this time of year, with fewer homes on the market. With plenty of motivated buyers in the market, searching for just the right home, isn’t this a good time to sell?

---

**SUMMARY**

- **While the real estate market typically slows down after school starts that means less inventory and competition for the many serious buyers who are out there.**
NEW LAW
Continued from Page 5B
“Anyone writing an offer now (before Oct. 3) won’t be subject to this new law,” said Steve “Melch” Melchor, Realtor with Berkshire Hathaway Michigan Home Services.

The days of filling out the HUD-1 settlement form and getting a Good Faith Estimate from the lender just before closing are about over. The Closing Disclosure and the Loan Estimate will replace these forms.

All forms must be ready three days prior to closing, but the NAR recommends that Realtors get everything ready seven days prior to closing, so when clients go into the three-day period, changes don’t have to be made. If last-minute changes are made, a new three-day waiting period will kick in, at least in some cases.

What it means for other settlement service providers, including the lender and title agent, is that they have to have paperwork squared away earlier. Buyers and sellers also have to be cooperative, to avoid last-minute changes.

“This new law actually benefits everyone involved in the transaction,” said Melchor. “You’re not rushing around at closing trying to settle everything up. It benefits the buyer especially because they’ll have more time to look documents over.”

FINISHED BASEMENTS
SAVE ENERGY AND DELIVER MORE LIVING SPACE

Metro Creative Services
By finishing your basement, you can gain more living space while reducing the amount of energy loss from downstair...