What Happens at a Real Estate Closing? Answers to Common Questions

I witness between 30 and 50 real estate closings each year, but I realize that even a sophisticated buyer or seller can wonder what is expected of them, how utilities are transferred, how funds should be brought or taken, etc. This week I'll answer some of those questions which I hear most frequently.

Do you need a lawyer? In some states, there can be as many as four lawyers involved in each closing, but in Colorado, I rarely see a lawyer involved in a real estate transaction. You'll sign listing agreements and transaction documents containing a warning to consult a lawyer (and tax advisor), but it doesn't happen much. Here in Colorado, real estate licensees are granted by statute "limited legal authority" to interpret the state approved real estate forms. We can tell you what the various terms and conditions mean without engaging in the practice of law, which would be illegal (unless your agent is also a lawyer admitted to the state bar).

What utilities should you notify? You'll want to notify the gas & electric utility just prior to closing so they can take final meter readings. They will not turn off their services, but merely wait for the buyer to identify himself, at which point your final readings becomes their initial readings. You do not notify the water and sewer utilities. That is handled by the title company, which will escrow money from the seller at closing and send you a check for what's left over after paying the bill. The title company handles water & sewer because an unpaid water bill can become a lien against the property and they are insuring for the buyer that they are getting clear title to the property. By the way, in Colorado, unlike many states, the seller pays for the owner's title policy, which can be a major closing cost.

Of course, you also notify your telephone, cable and trash providers to terminate service. The buyer will have to order new service. It’s great that nowadays you can keep your existing landline telephone number if you move within the same area code, although most people seem to be dispensing with landlines. (They’re not required for DSL broadband service.)

I'd be happy to answer your real estate closing questions, too.