

# Morreale Real Estate Services, Inc. Service Announcement

Homebuyer Credit Closing Deadline- June 30, 2010

## Preparing for June 30, 2010

The deadline is approaching. Homebuyers who qualify and are to receive a homebuyer tax credit must close by 6/30/10- NO EXCEPTIONS.

Real estate service providers (appraisers, lenders, inspection companies, etc.) have encountered challenges adjusting to the high volume of sales. These challenges include staffing issues and extended hours, causing delays in the contract closing process.

Many contracts signed on or before 4/30/10 have had successful closings, but make sure you are prepared for potential challenges in the next few weeks. We recommend closing prior to 6/30/10 when possible to provide a buffer for any closing issues.

## Potential Challenges To Be Prepared For:

**Home sale acquisition and negative equity** - Contracts with closing dates for 6/30/10 and are contingent on "contractual ownership" must be reviewed closely. Make sure you are prepared to successfully complete your home sale acquisition and collect any employee negative equity payments, if applicable, as far in advance as possible.



**Contract contingencies**-If contract contingencies are not met, the closing will not occur. Encourage your service partners to keep you notified of any seller contract requirements that could potentially delay the closing.

**Final walk through issues** -This is a common culprit for delayed closings. When possible, schedule the buyer's final walk through at least 3 days in advance and address any issues prior to arriving at the closing table.

**The 11th hour**-Due to the credit deadline, we anticipate an unexpected volume of previously delayed closings to occur on 6/30/10 and negative proceeds funding to be at an all time high. To avoid closing delays due to last minute HUD 1 changes (requiring the seller to owe more money to close than originally expected), consider funding an "estimated" negative proceeds in advance to be used at the final closing. Any surplus will immediately be returned once final closing has occurred.

## To Qualify for the Homebuyer Credit:

You must have bought or entered into a binding contract to buy a principal residence on or before April 30, 2010. If you entered into a binding contract by April 30, 2010, you must close (go to settlement) on the home on or before June 30, 2010

## How to Avoid Closing Delays:

### > **Stay Connected.**

When there are many people involved (real estate attorneys, escrow agents, settlement agents, lenders, buyer, etc.), communication could be fuzzy. This deadline changes everything. Be sure that everyone is talking to each other and communicating.

> **Be Prepared.** Delays often happen, but with a credit of thousands on the line, we all need to bring our "A" game. Schedule closings before 6/30/10 to avoid delays. Get the information ahead of time, find out what is needed the day of closing, and have it ready.

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