

Sending a Wire – Will It Help You or Hurt You?

It's time to buy your new house! Are you ready? One of the most important tasks that you will have to complete before closing is to send funds to your attorney so that you can purchase your new home. The funds that you send may represent your down payment for your loan and can cover closing costs that have not been rolled in to your loan. The amount is determined by your attorney by coordinating all of the costs involved with your lender and the seller's attorney. Once the costs are approved by all of the parties involved, the documents for your closing are generated by your lender and provided to your attorney for you to sign. Within these documents, the costs that you are responsible for can be found in your closing disclosure. Prior to your closing, your attorney will provide you the amount that you are responsible to bring to closing, which is found at the bottom of the first page of that closing disclosure.

At closing you will sign documents with your attorney, who will submit these documents to your lender for approval. Your lender will send a wire to your attorney for the amount you borrowed, deducting any costs incurred by your lender as well as funds to set up your new escrow account (if applicable). Once approved, your lender will authorize your attorney to send these funds from the attorney's escrow account to all of the appropriate parties, including the seller. The seller's attorney will also provide documents to your attorney for review, including the deed conveying the property to you. If these documents are acceptable to your attorney, the funds will be sent to the seller's attorney to provide to the seller. Once the seller's attorney receives the funds, you will be given the keys to the property and can move in.

What can delay you from closing? There are so many moving parts to a closing that could go haywire that it's hard to pinpoint one part of the process. The best you can do is to ensure that you do all that you need to do before closing, which includes preparing the funds to send to your attorney. With all of the wire fraud and scams that are out there, you want to ensure that you take the appropriate steps to securely provide your attorney with the correct funds for closing so that there is no delay.

First, time is important. Make sure that you have set aside enough time to go to the bank and get the funds you need to close, whether you are obtaining a certified bank check or sending a wire. You will also have to do a final walk through before closing as well, so keep that in mind before you schedule an appointment with your bank. Second, verify with your attorney what forms of payment are acceptable. Attorneys will not take personal checks or money orders for closing. You will have to provide a certified bank check or wire for closing. Certified bank checks can get tricky, as they can still take 1-2 business days to clear the attorney's trust account. If the funds are not ready by the time of your closing, you will not be able to move in to your new property until they are. Still, if you have enough time and want to obtain a check, verify the payee for the check with your attorney's office and drop the check off a day or two before closing so that your attorney can deposit it at the bank and have it clear before your closing.

Lastly, check, double check and then triple check the payee's information and amount when sending funds. A wire will be cleared to use in a few hours by your attorney, but you must ensure it goes to the right place. If you are going to send a wire, verify the wiring instructions with someone you have been speaking to at the attorney's office. Do not call or email the attorney's office based on contact information that may be listed on wire instructions; call the person you know from your attorney's office and ensure that the instructions are correct before sending out your wire. After sending the wire, ask your bank for a confirmation of the wire that has a federal tracking reference number so that you can provide that to your attorney. If for some reason the funds are not in your attorney's account, you or your attorney will be able to call the bank and track the wire.

Sending a wire is the most effective way to close on your new home but it has to be done properly! Make sure to follow the steps above to avoid an unnecessary delay on your closing day. Legal Advocates, LLC is a boutique law firm with a number of attorneys that each practice primarily one area of law. Nothing in this article should be constituted as legal advice, feel free to call us at (203) 440-0049 to speak with one of our real estate attorneys. Our managing partner, who primarily practices in real estate, has over ten years of experience in the practice of law in the State of Connecticut.

