



Ten Steps to a Closing – Buyers Side

1. **Determine How Much You Can Afford** — The first step for buying a home is to get pre-qualified for a loan amount. Having the pre-qualified letter in hand allows you to move forward when you find the right home, especially when there are other interested parties. The letter also proves to the seller that you are ready, willing and able to purchase the property. This is also a good time to start shopping with lenders to educate you about different loan options and rates that are charged.
2. **Offer, Acceptance & Earnest Money** — Once you have found a house you would like to purchase, you and your real estate agent will write up an offer for the purchase of the property. If the seller accepts the offer, a contract is written up. The purchase and sale agreement is a legal and binding document. When entering into this agreement the buyer is required to purchase the property if all of the contingencies are met. The contract outlines all of the details, such as the sale price, the closing date, the possession date, a description of the property and any applicable contingencies. After the offer is accepted the buyer should write a check for the "earnest money deposit." This lets the seller know of your interest in purchasing the property. The money is returned to the buyer at closing.
3. **Applying for a Mortgage** — After your offer has been accepted, it's time to make application with the lender of your choice.
4. **Disclosures, Inspections, and Contingencies** — The Seller is obligated to disclose any known material defects about the property. The Buyer and their agent will arrange for the building inspection on the property. In the purchase and sale contract the Buyer will elect which inspection items they wish to undergo.
5. **Property Appraisal** — After the application is completed, the lender will arrange for the property to be appraised. The appraiser's report will exemplify the physical characteristics of the property and compare the property to others in the area to determine the property value. The appraisal report will be released to the buyer before closing.

6. **Title Work** — After the application is completed, the lender will order title work to be done. That means that a Para-Legal from the title company, will research the title of the property to make sure it is clean of any liens before you purchase. The title company will also conduct the closing where you will sign the paperwork to transfer title from seller to buyer.
7. **Obtain Homeowners Insurance** — Call your insurance company two weeks prior to closing. You must have proof of Homeowners Insurance at the time of the closing. Have the property disclosure handy to reference in case they ask you specific questions about the property. You can refer then to your agent if they have specific property related questions that you cannot answer.
8. **Utilities** — Call utility companies five days prior to closing to set-up accounts. When the sellers call to close their accounts, the service company will transfer service into your name without any interruption in service.
9. **Walk-through** — Usually the morning of or the night before the closing, the buyer and the buyer's agent will do a final walk through of the property to insure that the property is in the condition the offer was settled on.
10. **Closing, Settlement statement/ HUD-1** — This is a document that the Department of Housing and Urban Development (HUD) requires as explanation for all financial items surrounding the purchase and sale of a home. It shows a list of the funds that were paid at closing by both the buyer and the seller. This settlement statement is usually issued at least one day prior to closing. As a guideline you can compare these figures to your Good Faith estimate, which was given to you during the loan application process. After satisfactory review you can obtain a certified check from your bank made out to the Title Company for the amount stated as "funds from borrower." That check is brought with you to closing.