

CONSUMER GUIDE:

STEPS BETWEEN SIGNING AND CLOSING ON A HOME



INTRODUCTION

After signing a purchase agreement for a new home, there are several steps to finalize—or "close"—the transaction. These steps vary by state but generally include the following processes.

1

Understanding Escrow

- What is Escrow?
- A third-party arrangement protecting both buyers and sellers during transactions.
 - Controls payments and releases funds only after both parties meet agreement terms.
- What Goes Into an Escrow Account?
 - Buyer deposits "earnest money" to demonstrate intent to close.
 - Seller's property documents are held securely.
 - At closing, funds are applied toward the down payment and closing costs.



2



Preparing for Closing

- Mortgage Loan Approval
 - Necessary if financing the home.
 - Requires completing tasks like a home appraisal and a title search.
- Insurance Requirements
 - Homeowners insurance is typically mandatory.
 - Additional coverage (e.g., mortgage, flood, or title insurance) may be recommended.

3



Key Processes

- Appraisal
 - Ensures the purchase price matches the home's market value.
 - Some lenders use it to verify home safety conditions.
- Inspection
 - Optional but recommended for identifying potential problems (e.g., radon, asbestos, or lead paint).
 - Provides an added layer of protection for buyers.

4



Timeline and Expectations

- The process may take several weeks, influenced by factors such as:
 - Scheduling inspections.
 - Mortgage approval timelines.
- Buyers should coordinate with their real estate professionals to navigate these timelines efficiently.

5



Closing Day

- What to Expect:
 - Signing documents and exchanging keys.
 - Paying closing costs, which may include:
 - Down payment.
 - Credits.
 - Fees for inspections, loan processing, and insurance policies.

DISCLAIMER

- Real estate practices vary by state and local laws.
- Consult professionals or attorneys for location-specific details.
- Visit facts.realtor for more information.