



10 Steps of the Home Buying Process

After you have found the Home and Signed a Contract:

- 1. LOAN APPLICATION:** Immediately after you have negotiated a contract of sale (your real estate attorney should help you with the Contract), buyers should apply for any financing necessary to complete the purchase. You should shop for and select a reputable lender whose products and services best meet your needs. During this process, buyers must furnish the lender with pertinent information regarding their assets, income, debts and credit history and other information they require.
- 2. HOME INSPECTION AND REPAIR RESOLUTION:** This is extremely important and the home inspection typically involves a top-to-bottom inspection of the property, performed by an inspector who is chosen and paid by the buyers. After the buyers and their attorney have reviewed the written report, often with pictures, they have the right to ask the seller to address any concerns they have about the property. In NJ, the *home* inspection is *done* **immediately after attorney review** as you have 15 days pursuant to most contracts to contest any unforeseen issues and ask the seller for credits or to share in the expense. **IMPORTANT:** The 15 days includes time to *inspect* and also negotiation time by the buyer and seller's attorneys.
- 3. DUE DILIGENCE:** Buyers arrange financing, conduct evaluations, inspection, appraisals, examination, surveys and testing. The Buyer can also inspect for termites.
- 4. APPRAISAL:** The lender will require the property be appraised to ensure that the value of the property is sufficient to sustain the loan. Even though the price has been agreed to by the buyer and seller, the appraisal must support that price.
- 5. LOAN APPROVAL:** Once the appraisal has been completed, the lender has verified the buyer's income, credit, etc., the lender can make a decision on the loan



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- 6. CLOSING ATTORNEY:** When the loan is approved, an attorney specializing in real estate that the buyers have selected, prepares for and conducts the closing. The closing attorney in NJ often also uses a Title Company to handle the closing. This process includes checking the title to the property, preparing necessary paperwork, and handling the receipt and distribution of all monies in the transaction.
- 7. TERMITE INSPECTION:** This is done at time of home inspection. A licensed pest control operator must certify that the property is free from infestation by termites or other wood destroying organisms. If infestation is discovered, treatment and repair may be required. The costs to correct this and get a termite clearance letter is usually the responsibility of the seller.
- 8. HOMEOWNER'S INSURANCE:** If the home will be subject to a mortgage, the buyers usually need to arrange for a homeowner's insurance policy covering the property. The coverage must be adequate to satisfy the requirements of the lender. These arrangements must be made prior to closing and the policy must be present at the closing—usually the attorney for the buyer will require a copy of the policy prior to the closing. In cases where homeowner's insurance is not required to close, this is usually due to purchasing in a complex where the Association has an insurance policy. *However, this means the buyer's possessions will not be covered. See more information about homeowner's insurance in CJHRC's pre-purchase counseling program.*
- 9. RE-INSPECTION OF PROPERTY:** It is recommended that proof of any repairs be submitted to the buyer's attorney as they are completed by a reputable individual or company. Buyers will normally have the property re-inspected, in some cases, to ensure satisfactory completion. A final walk thru is usually done 3 hours prior to closing to ensure there are no issues with the property. If any issues, you should immediately bring it to your attorney's attention.
- 10. UTILITIES TRANSFER:** Prior to closing, both buyers and sellers should arrange to have the utilities transferred from one to the other. To accomplish this task, a date (usually the possession date) will be agreed upon for the transfer.

