

The Steps To Buying Property

1. SIGN THE PURCHASE CONTRACT. You will make the offer and your agent (or perhaps the listing agent, if they were the one who showed them the house –See New York State Agency Disclosure) will prepare it for presentation to you. The Seller may accept, reject or counter the offer. Several counters back and forth are possible, as you negotiate the price and what items are included in the sale. Make sure you agree with all of the terms in the contract: price, deposit, closing date*, inclusions/exclusions, etc. If it is NOT in WRITING, it isn't part of the deal.

*Do not expect your closing to take place exactly on the date specified in your Contract. The Closing Date is APPROXIMATE! The process toward Closing is complicated, as you will see as you continue to read through these steps.

2. ATTORNEY APPROVAL. Once the contract is Fully Executed (all items signed and agreed by both Seller and Purchaser), attorneys for both Seller and Purchaser have 3 business days to approve or reject the contract. The attorneys may make special notes about conditions to their approval. The attorneys send letters to both Seller and Purchaser respectively, and the Listing and Selling Agents respectively.

3. HOME INSPECTION: After you sign the Contract, you have a certain number of days to order/conduct a Home Inspection (typically 7 day, but may be as long as 10 days if you live out of town and have to make special arrangements). You are responsible for paying the home inspector at this time, and your Realtor will help you schedule the inspection with the seller. Ask Team Pritchard for a list of local home inspectors. The Home Inspector will prepare a written report for you to review. You will then sign a form stating that you are either satisfied with the results of the home inspection, or that there are items you want the Seller to address prior to Closing. You can then either try to negotiate money off of the purchase price or ask for a credit at closing for items you agree to repair on your own after closing.

4. MORTGAGE: If you are paying cash for your new property, this step does not apply. If you are seeking financing, several other steps toward your closing won't begin until your bank issues a Mortgage Commitment, which means the bank is definitely loaning you the money to purchase your property. You will have work closely with your bank. The bank may have more conditions you will have to address in order to obtain your Mortgage Commitment. This process can take a month or longer, and it may require both the Seller and Buyer to sign a form allowing for more time for the Purchaser to obtain the Mortgage Commitment. Once the Mortgage Commitment is issued, the bank will send it to your attorney.

5. UPDATING THE SEARCH & SURVEY: Once your attorney receives your Mortgage Commitment, your attorney will forward a copy to the Seller's attorney. Then the Seller's attorney must start the process of updating the Search and Survey. If the Seller can't find the documents, it may take several weeks to order and obtain a new Search and Survey. If the Search is available and only needs updating, it may take a couple of weeks to complete that process.

6. ORDERING TITLE INSURANCE: The Seller's attorney will forward the Search and Survey to your attorney after those documents are updated. Once received, your attorney will order Title Insurance to protect you and your bank (if applicable) from any liens or claims that others may try to make to your property. It will insure you for your lifetime as long as you continue to own the property. It takes about one to two weeks for the title company to prepare your preliminary title review.

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If you are financing your purchase with a bank, the Mortgage policy is mandatory. The Owners policy is optional. The title insurance company's rates for title insurance are regulated by New York State, and if you chose to order an Owners policy along with the mandatory Mortgage policy, you will get the benefit of a significant discount on the Owners policy (referred to as the Simultaneous Rate).

It may be your attorney's policy to order both the Owners Policy and Mortgage Policy for you for your protection. If you choose not to purchase the Owners Policy, you must inform your attorney right away.

Please refer to these links for more information about Title Insurance:

http://en.wikipedia.org/wiki/Title_insurance

<http://www.homeclosing101.org/whyneed.cfm>

<http://www.bankrate.com/finance/mortgages/6-questions-to-ask-about-title-insurance-1.aspx>

7. PRELIMINARY TITLE REPORT: The title company will send the preliminary title review to your attorney when completed. This will disclose various items the attorneys must gather in order to insure clear title to the property. These items include mortgages, judgments, liens, etc. Your attorney will gather the items on the list and will schedule the closing after receiving all of the necessary items.

8. INSURANCE: Once title is clear, you will need to order your homeowners insurance binder and paid receipt. Both items must be faxed to your attorney BEFORE the closing can be scheduled.

9. SCHEDULE CLOSING: Your attorney will be able to schedule the closing after the above steps are complete. The banks usually need 3 business days from the completion of the above items to schedule Closing. Your attorney will coordinate the date, time and place of the closing with the Seller's attorney and if applicable, the Purchaser's bank's attorney. You will need your driver's license.

10. RECEIVING YOUR FINAL FIGURES: Once the Closing date is set, the Seller's attorney prepares a Closing Statement which itemizes the total amount due to purchase your new property. The Closing Statement will reflect the purchase price, a credit for your down payment, a credit for items you listed as a result of your Home Inspection (if any), rent adjustments and security deposits (if any), and adjustments for taxes. Because the seller pays the taxes for the entire year, taxes are adjusted because you will own the property for part of that year. So you must reimburse the Seller for the number of days they already paid for the taxes.

11. RECORDING THE SALE: Your attorney will record certain documents from the sale with the County.

12. AFTER THE CLOSING: The County Clerk will mail you the original deed about two to three weeks after the Closing. Your attorney will mail you the original Search and title insurance policy about two to three months after the closing. PLEASE KEEP THE SEARCH IN A SAFE PLACE. YOU WILL NEED THE ORIGINAL WHEN YOU GO TO SELL THE PROPERTY. IF YOU DON'T HAVE IT THEN, IT CAN COST UP TO \$800 TO REPLACE.

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