

Home Buyers Pre-Closing Checklist

Resolve Contingencies

The contract to purchase will have contingencies that need to be met before the transaction is finalized or closed. The most common contingencies are home inspection, appraisal, and financing. The steps below will cover these contingencies and other common transaction conditions.

Order A Home Inspection

It is highly recommended to have a professional home inspection conducted by a licensed home inspector. The inspection is the buyer's opportunity to identify any significant issues, known as defects, before closing. The home inspection is also a chance for a buyer to learn more about the features of the home. There are many systems and features for the inspector to check. Once the inspection is finished, the inspector will create a report that notes any defects that were identified during the physical inspection.

If the home inspection or test identifies defects in the property, it may be worthwhile to negotiate with the sellers for a credit/price reduction or for the repairs to be completed prior to closing.

Order An Appraisal

Lenders may require the real estate to be appraised and will not commit or approve a loan until the appraisal is completed. For this step, an appraiser may visit the property and ensure that the purchase price is considered fair market value.

Order A Survey

As the buyer, you may be interested in having a survey of the property conducted. In some cases, there may already be a recent survey on record.

Get Final Mortgage Approval & Lock In Your Rates

Buyers usually finance their purchase with a mortgage from a bank, credit union, or other commercial lenders. Once your final contract has been signed, it is vital to provide your lender a copy. Before closing, it is beneficial to discuss the interest rate with the lender. Locking in the interest rate is important because even small fluctuations in the rate can increase your monthly payments.

Shortly before closing, your lender will be able to provide you with a loan commitment; the commitment states that you will receive a loan from the lender in the amount necessary to purchase the real estate.

Note: All interested home buyers should be pre-qualified for a mortgage loan before beginning a home search. Pre-qualification makes the offer to purchase and final approval process quicker.



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Check The Property Title

Prior to closing, your attorney will conduct a full review of the property title to ensure that the seller is legally able to sell the property. A title search is an essential step in the pre-closing process. A title search verifies that the seller can legally transfer ownership of the property and that the property has no easements, disputes, or liens.

In this step, all existing records, including deeds, mortgages, paving assessments, divorce settlements, liens, and other public documents are thoroughly reviewed and examined. A property owner must fix errors, disputes, tax debts, and liens on the title prior to closing. Buyers should have a real estate lawyer review the title insurance commitment for an additional layer of protection against issues with the title.

Purchase Homeowners Insurance

All lenders require that buyers purchase homeowners' insurance. This type of insurance protects the lender from a loss if the home is damaged or destroyed. Some lenders only require you to purchase homeowners' insurance in the amount equal to your loan. It is recommended to have coverage equal to your property value and personal belongings replacement cost.

Conduct A Final Walk-Through Of The Home

The final walk-through allows the buyer to confirm that the condition of the property has not changed since the Offer was accepted. Typically, the final walk-through occurs in the 24 hours before the closing. This step enables buyers to check that the home is vacated, clean, and in the expected condition. During the final walk-through, take your time to verify all repairs and that all items/appliances/furniture included in the Offer to Purchase are correct.

Review The Closing Disclosures (CD)

The Closing Disclosure is a document sent to a Buyer from their lender. This document will include important information about your mortgage, including your monthly mortgage payments, loan interest rate, length of your mortgage, and additional fees related to the closing. The buyer must sign the CD at least three business days prior to closing to ensure there are no issues.