

What Happens After Your Offer to Buy Has Been Accepted

Finding a home to buy and negotiating the purchase is rarely easy. After you've successfully completed the negotiations, it's time to celebrate. As soon as the euphoria wears off, you may be wondering what happens next.

Within a few days after the sellers accept your offer, your good faith deposit check is cashed. A neutral depository holds the money until the sale is either closed or cancelled. Who holds your money depends on where you're buying. Some states, like California, use escrow accounts to handle the financial aspects of a home sale. In other states, your broker or attorney may take care of these details.

Make sure that you have sufficient funds in the account on which you wrote the deposit check. If you need to transfer funds from one account to another, let your agent or transaction coordinator know.

Your contract should include contingencies to protect you. A contingency is a condition that must be satisfied for the sale to go through. If a contingency can't be satisfied, the sale is usually cancelled and the buyer's deposit returned.

Common contract contingencies are for inspections and financing. An inspection contingency usually entitles the buyers to inspect the property to their satisfaction. A financing contingency makes the purchase contingent on the buyers obtaining the financing they'll need to close the sale. Your contract may include other contingencies, such as for the sale of another property.

House Hunting Tip: Contingencies should have time periods for performance. For example, the inspection contingency might run for 7 or 10 days following acceptance. Ask your real estate agent to prepare a summary sheet detailing the important contract dates. Most contracts include a provision stating that time is of the essence. This means that if you fail to meet a deadline, you could jeopardize the transaction.

Even though you may have a week or more to complete inspections, you should order a home inspection promptly after your offer is accepted. The home inspector may recommend further inspections, which will take additional time to complete.

A delayed closing can wreck havoc on your moving plans. In most cases, the buyers can't move in to their new home until title to the property is transferred to them from the sellers. The title transfer doesn't occur until the all of the buyers' money is accounted for. Most buyers use mortgages to pay for a good portion of the purchase price. Snafus in the mortgage process are the most common reason a closing is delayed.

To obtain a mortgage, both you and the property you're buying must be acceptable to the lender. Stay in close touch with your lender or mortgage broker to make sure that you have furnished all the required financial documents. Also follow up to ensure that the property appraisal is ordered quickly.

The lender will require that you obtain a fire insurance policy to cover the home, with the lender named as loss payee. The lender will also require that you buy a title insurance policy to protect the lender's interest in the property. It's a good idea for buyers to purchase a title insurance policy to protect their own interests as well.

During the course of your purchase transaction, a title expert will inspect the title record on the property to make sure that you will receive good title to the property. You will need to decide how you want to hold title to the property.

