



Please note that this is the first two pages of a nine page document. [Log in](#) to obtain access to the complete tutorial. If you don't have a username yet, [registration](#) is free. We do not spam our user community.

Step 10: Obtain Offer Acceptance

If all goes well, the seller eventually accepts your offer subject to any contingencies in it. Many activities must be completed before the closing date to ensure a successful sale. Most of them depend on you.

Any time lag or missed deadline can derail your purchase and require you to start from the beginning. Therefore, it pays to remain aware of how the process unfolds to make sure everything happens in an orderly fashion.

The order of operations is generally as follows:

- Escrow is opened. The buyer's deposit is deposited in an escrow account, and an escrow officer is appointed to shepherd the process. The escrow officer works with representatives of the buyer, seller, and lender to ensure that appropriate paperwork is completed, the new loan is properly documented, a title search is performed, and new ownership is properly recorded in the city or county records.
- The buyer qualifies and obtains financing. In order for this to occur, the buyer must be approved for a loan and the house must be appraised. The appraisal must substantiate the purchase price. A lender can approve a conventional first loan for up to 95% of the value of the house depending on the creditworthiness of the buyer. If the purchase price is too high, the buyer may not be able to obtain a large enough loan. If the buyer cannot obtain supplementary financing, the purchase will not occur.
- Educated buyers may require an inspection with satisfactory results to be performed. The home must be inspected by an inspector of the buyer's choosing. Typically an inspector will review the property and indicate repairs that must be made. You and the seller must agree on who will be responsible for the repairs. If the repairs are significant, you should ask for either a price reduction or a repair credit at closing, otherwise, you have a right to cancel the purchase.
- Once all paperwork is completed, a **closing** meeting takes place where buyers and sellers sign a multitude of paperwork paying off loans, issuing new loans, and transferring ownership. In an "around the table" close, buyer, seller, agent, attorneys, lender representative, and escrow agent are present to oversee the transfer. In an escrow close, the buyer and seller never meet; the escrow agent is the document traffic controller who delivers documentation to all, requests signed documentation back, and properly records all appropriate liens and discharges.

Escrow

If you are working with a real estate agent, the agent will typically handle all the closing details. Other than asking for signatures or other general questions, the agent controls the process, notifies you when, where, and what to bring to the closing, and lets you go on with your life. Some agents are more attentive to the details and keep you better informed than others.





If you are buying the house unassisted, you will have to take a little more ownership of the closing process. Your attorney should advise you as to what your responsibilities are. Generally, someone must **establish escrow**, or choose the escrow agent. It is custom to allow the buyer to choose the escrow agent, however, in order to save time, the seller may have chosen an agent already. If you are satisfied with the escrow agent, use the seller's, but feel free to choose your own. Escrow agents, who may be an attorney, escrow firm, title company, or bank, are expected to be neutral third parties, therefore, it should not really make that much difference who picks the firm. Escrow agents are intended to be fiduciary referees. They cannot offer advice, conduct negotiations, or reveal any details of the transaction to outside parties.

There is no precise method of choosing an escrow agent. If you can't get one by referral, use the telephone book and ask for price quotes. If you want to use your lender and it provides escrow services, go ahead. Experts say banks can be a good source if you have had good data processing experiences with them before. However, if you have not, don't use a bank for an escrow agent. Choose an agent who performs escrow services regularly; don't choose an attorney who has performed escrow services once or twice before.

Escrow fees range from a few hundred to a few thousand dollars depending on the locale. Typically it is a small percentage of the asking price. Buyers and sellers generally split the escrow cost, but it is a negotiable item. You probably can't expect the seller to pay more than half the escrow fees unless you have specifically negotiated for the seller to pay more closing fees. Don't forget that if you represented yourself in a transaction involving a seller's agent, you have a right to ask that half the agent's commission be credited towards your closing costs.

You should ask the escrow agent for a **preliminary closing statement** early in the process. This is an estimated accounting of all known closing costs at the date of close. It will not be perfect, however, it should give you a general idea of the costs that will be involved. Review it for reasonableness.

Escrow agents perform all of the following:

- accept documents
- prepare documents
- issue documents for signature
- retrieve documents after signature
- manage title search process
- document seller loan payoff
- originate new buyer mortgage
- investigate title defects
- order property survey
- calculate and document closing costs

Information in this document is deemed reliable but is not guaranteed.

This document copyright 1999-2002 by hometoday.com and may not be reproduced or retransmitted for commercial purposes without the express written permission of the authors.

