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THE DANCE STEPS
FOR BUYING A NEW
HOME



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Congratulations! You've finally found your dream home, and the Seller accepted your offer! What now? The road from contract to close looks like this:

Attorney Review & Inspection

Almost certainly, your Realtor has used either the Multiboard 6.1 contract form or a form from the Chicago Association of Realtors. That is great news, because these are good forms drafted by committees of attorneys who are experts in real estate transactions in the Chicago area. An experienced real estate attorney has seen this form many times and is very familiar with it. In most cases, these forms provide fair contract terms that adequately protect the buyer.

Each of the commonly used real estate contract forms has an attorney review provision, as well as a provision allowing the buyer to have the property inspected. The attorney review provision allows an attorney to suggest modifications of the contract to the seller. An experienced real estate attorney will have a handful of standard requests to make on behalf of a buyer in order to provide the buyer with protections above and beyond those provided for in the contract. For example, the attorney will request an appraisal contingency, clarify any parking or roof rights and ensure the amount of the real estate tax credit is sufficient. These are all important issues to sort out when purchasing a new home! The attorney will also review the contract and consult the client and agent to determine whether additional requests are appropriate. It is crucial for the client and attorney to have an open line of communication during this important part of the process.


The professional inspection is a critical part of the real estate transaction. This is the buyer's opportunity to bring in a professional to assess the true condition of the property. Prior to making an offer, the buyer may spend 30-60 minutes in the property. During inspection, the buyer may spend several hours in the property with a professional inspector to evaluate its condition. The inspector will offer some insight during the inspection and issue a detailed written report identifying all observed defects afterward. Importantly, the inspection report is not a warranty of the condition of the property. For this reason, choosing a good inspector, who will make a thorough inspection of the property, is crucial. Once the inspector issues the report, the attorney will go through the report with the buyer (and the agent) to determine what requests to make of the seller. The requests will be for the seller to make repairs to the property or give a credit at closing in lieu of making repairs.

The parties will usually go back and forth once or twice during attorney review and inspection. If the inspection identifies a defect beyond what the buyer is willing to accept, or the parties simply cannot come to an accord on the issues, the transaction will terminate. If the contract terminates at this stage, the buyer's earnest money is refunded. In most cases, the parties will resolve the issues and the transaction will proceed to the next stage, which is the buyer's loan approval.

Loan Approval (N/A For A Cash Transaction)

Once attorney review and inspection is complete, the next step for a buyer is to work with his or her lender to obtain final approval for the purchase loan. This process happens without much intervention from the Realtor or attorney. The best practice during this phase of the transaction is to provide the lender with any and all requested documents as quickly as possible. The lender will almost certainly request every document under the sun, in triplicate. Lenders are subject to volumes upon volumes of regulations, which often make for some absurd requests. When the lender requests for a copy of your dog license or grammar school transcripts, the quicker you provide them to the lender the better. Ultimately, the buyer cannot control the inevitable delays on the lender's side. On the other hand, you are entirely in control of the time it takes to respond to lender requests.

Importantly, most transactions are contingent upon the buyer obtaining a final unconditional loan approval from the lender, also known as 'clear to close.' The contingency remains in place until a date identified in the contract (usually 30 to 45 days from the contract date). If the mortgage contingency date passes without the buyer terminating the transaction based on the inability to obtain a loan, or requests an extension of the contingency, the contingency is waived by the buyer. A day or so before the mortgage contingency deadline, the attorney will contact your lender to determine whether the clear to close has been issued. If the loan is not clear to close, the attorney will request an extension of the mortgage contingency. This way, the buyer retains the ability to receive a refund of the earnest money in the rare instance that financing cannot be obtained.



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Final Walk Through and Closing

Once the lender issues the clear to close, your attorney will contact the seller's attorney to schedule the closing. After the closing has been scheduled, your Realtor will contact the seller's agent to schedule a final walk through the morning of, or the evening before, the closing. During the final walk through, the buyer will make sure any repairs the seller agreed to do were completed and test all of the systems and appliances in the property. The buyer should also note any damage to the property that occurred after the date of the contract. Any problems should be relayed to the buyer's attorney as soon as possible, so that the issue can be resolved before closing, if possible. Otherwise, the walk through issues will be addressed at the closing table.

The closing will almost certainly take place at a title company in the vicinity of the property. At least three business days before the closing, the lender will give the buyer the Closing Disclosure along with instructions as to how to transmit the balance of the closing proceeds to the title company. The attorney may assist in this process. At the closing, the attorney will go through all of the loan documents and seller's documents with the buyer. Once the buyer is satisfied that the paperwork is in order, and the lender gives funding authorization, the transaction is complete, and the new home is yours!

Denouement

If it's your first time buying a home, or it's just been awhile since your last one, the process of purchasing a new home can seem like a daunting task. It cannot be overstated that this purchase is almost certainly the most money you have ever spent at one time, and everyone involved must approach the transaction with that in mind. Fortunately, you have a team of professionals, especially your Realtor and attorney, on your side to guide you through the process. With their help, you will obtain a fantastic result in your purchase, and after that, it's up to you to create the memories that will turn your new house into your home.

I am always happy to take the time to answer questions for prospective buyers. Please email me at patrick@loftus-law.com or call me at 773-632-8330. This is my cell phone number. All my clients always have direct access to me. My personal service sets me apart from other attorneys in this field. To see what my clients have to say about me, please feel free to visit this [link](#).