CENTRAL JERSEY HOUSING RESOURCE CENTER (CJHRC)
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EQUAL HOUSING OPPORTUNITY

10 Steps of the Home Buying Process

After you have found the Home and Signed a Contract of Sale:

1. **LOAN APPLICATION:** After you have a fully negotiated Contract of Sale, buyers should immediately begin the financing process. Your real estate attorney will guide you through the contract, but it's important to apply for any mortgage financing needed to complete the purchase as soon as possible. Buyers should research and select a reputable lender whose loan products and services best fit their needs. During the application process, you will be required to provide detailed financial information, including income, assets, debts, credit history, and any additional documentation the lender requests.
2. **HOME INSPECTION AND REPAIR RESOLUTION:** A licensed inspector—chosen and paid for by the buyers—conducts a top-to-bottom review of the property. After receiving the written report (often with photos), buyers and their attorney have the right to request that the seller address any issues or concerns identified. In New Jersey, the home inspection takes place immediately after attorney review. Most contracts give buyers **15 days** to complete the inspection *and* for both attorneys to negotiate any unforeseen issues. During this period, buyers may request repairs, credits, or cost-sharing from the seller. **Important:** The 15-day window includes both the inspection time and the attorney-to-attorney negotiation period.
3. **DUE DILIGENCE:** Buyers are responsible for arranging their financing and completing all required evaluations, including the home inspection, appraisal, title examination, survey, and any necessary testing. Buyers may also choose to have the property inspected for termites.

4. **APPRAISAL:** The lender will require an appraisal of the property to confirm that its value is sufficient to support the mortgage loan. Even though the buyer and seller have agreed on a purchase price, the appraised value must support that price for the loan to be approved.

5. **LOAN APPROVAL:** Once the appraisal has been completed, the lender has verified the buyer's income, credit, etc., the lender can make a decision on the loan.

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10 Steps of the Home Buying Process (cont.)

6. **CLOSING ATTORNEY:** Once the loan is approved, the buyers' real estate attorney will prepare for and conduct the closing. In New Jersey, the closing attorney often works with a Title Company to help manage the process. This includes reviewing the property's title, preparing all required documents, and handling the receipt and distribution of funds for the transaction.

7. **TERMITE INSPECTION:** This is done around the same time as a home inspection. A licensed pest control operator must certify that the property is free of termites or other wood-destroying organisms. If any infestation is found, treatment and repairs may be required. The cost to correct the issue and obtain a termite clearance letter is typically the seller's responsibility.

8. **HOMEOWNER'S INSURANCE:** If the home will be financed with a mortgage, buyers must arrange for a homeowner's insurance policy that meets the lender's coverage requirements. This policy must be secured **before closing**, and the buyer's attorney will typically require a copy in advance. In some cases—such as purchasing a home within a community where the Association carries a master insurance policy—individual homeowner's insurance may not be required for closing. However, this master policy does not cover the buyer's personal belongings. More information about homeowner's insurance is included in CJHRC's pre-purchase counseling program.

9. **RE-INSPECTION OF PROPERTY:** It is recommended that proof of any agreed-upon repairs be provided to the buyer's attorney as the work is completed by a reputable contractor or company. In some cases, buyers may choose to have the property re-inspected to confirm that repairs were done properly. A final walk-through is typically completed about 3 hours before closing to ensure the property is in the expected condition. If any issues are discovered, notify your attorney immediately.

10. **UTILITIES TRANSFER:** Before closing, buyers and sellers should arrange to have all utilities transferred from one party to the other. A specific transfer date—usually the possession date—will be agreed upon to ensure a smooth transition.