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WHAT TO EXPECT WHEN BUYING A HOUSE

1. Sign the Contract. The first step when buying a house is to sign the Contract. Your realtor will prepare the Contract and give it to you to sign. Make sure that all of the terms of the Contract are agreeable to you. Be sure to tell your realtor and your attorney if there is anything special about your deal that is not in the Contract. Remember - if it is not in writing it is not a part of the deal.

The Closing Date in your Contract is APPROXIMATE! Please do not expect your closing to take place exactly on that date. You will understand the process a bit more as you continue to read below

2. Home Inspection. After you sign the Contract, you have a small window of time to order a home inspection. You are responsible for paying the home inspector at this time, and your realtor will help you to schedule the home inspection with the seller. Perfection Home Inspection at 716-312-2303 can do your home inspection for you if you wish. The home inspector will then prepare a written report for you to review. At this point, you can either sign a Release of the home inspection provided to you by your realtor, or you can try to negotiate repairs or credits for items that may have revealed themselves as a concern.

3. Attorney Approval. After the home inspection, your attorney and the seller's attorney must approve the terms of the Contract in writing. The deal is always contingent upon this step being completed.

4. Mortgage. Skip this step if you are lucky enough to have cash to buy your property. If you do not have cash and are seeking financing, you will need to work diligently with a bank to apply for the mortgage. If all goes well, you will be issued an initial Approval letter with conditions. After you clear the conditions, your bank will then issue a final Mortgage Commitment, which may or may not have more conditions that you will need to clear up. Your bank will then send the Mortgage Commitment to your attorney.

5. Updating the Search and Survey. Once your Mortgage Commitment is received by your attorney, your attorney will then forward a copy to the Seller's attorney. When the Seller's attorney receives it, the Seller is then obligated to start the process of updating the Search and Survey. If the documents are lost, it will take approximately three to four weeks to order. If the documents are available and simply need updating, the process will take approximately two weeks at the most.

6. Ordering Title Insurance. The Seller's attorney will forward the search and survey to your attorney after those documents are updated. Once received, your attorney will order Title Insurance to protect you and your bank from any liens or claims that others may try to make to your property. The title insurance that you purchase is a one time fee, paid by you out of your loan proceeds. It will insure you for your lifetime as long as you continue to own the property. It takes approximately one to two weeks for the title company to prepare your preliminary title report.

If you are financing your purchase with a bank, the Mortgage policy is mandatory. The Owners policy is optional. The title insurance company's rates for title insurance are regulated by New York State, and if you elect to order an Owners policy along with the mandatory Mortgage policy, you will get the benefit of a steep discount on the Owners policy (we call this the Simultaneous Rate).

It is our policy to order both the Owners Policy and Mortgage Policy for you for your protection (please see the attached Chicago Title handout which explains the importance of title insurance). If you choose not to purchase the Owners Policy, you must inform your attorney as soon as possible.

7. The Preliminary Title Report. The title company will send the preliminary title report to your attorney when complete. The preliminary title report will reveal a list of items that the attorneys must gather in order to insure that the title to the property is clear. These items consist of mortgages, judgments, liens, etc. Your attorney will gather the items on the list and will schedule the closing after receiving all of the necessary items.

8. Insurance. Once title is clear, you will need to order your homeowners insurance binder and paid receipt. Both items must be faxed to your attorney before the closing can be scheduled.

9. Scheduling Closing. Your attorney will be able to schedule the closing after the above steps are complete. The banks usually need three business days from the completion of the above to schedule. Your attorney will coordinate the date and time of the closing with the seller's attorney and the bank's attorney, and everyone will meet at the Erie County Clerk's office at 92 Franklin Street, Buffalo, NY 14202 at that time. You will need to bring your driver's license with you.

10. Receiving your Final Figures. Once you have a closing date, the Seller's attorney prepares a closing statement which itemizes the total amount due to purchase your house. The closing statement will show the purchase price, a credit for your downpayment, a home inspection credit, if any, rent adjustments and security deposits, if any, and adjustments for taxes. We adjust for taxes because the seller pays the taxes for the whole year, so since you own the property for part of the year, you are responsible for reimbursing the seller for the number of

days that the seller paid the taxes while you own the property. The same thing goes for rent if applicable.

Your attorney will send the closing statement to the bank's attorney, and the bank's attorney will in turn prepare a HUD-1 closing statement. The HUD-1 closing statement is a form that the bank must prepare as per the Federal Government, and its purpose is to inform you of all of the fees that you have to pay in connection with your mortgage. The HUD-1 won't be ready until the last minute - usually the day before the closing or the morning of the closing . The HUD-1 will itemize the amount of your mortgage loan, and any fees that the bank is charging you in connection with the loan. Most important, the HUD-1 has a line which shows the difference between what you owe the seller and what the bank is giving you to purchase the property.

Your attorney will call you and let you know the amount of the checks that you will need to bring to closing after the HUD-1 is ready. If you are nervous about having enough money set aside to close, you should meet with your mortgage broker at the bank to get a rough estimate.

*****ALL MORTGAGE DOCUMENTS ARE PREPARED BY THE BANK AND FORWARDED TO THE BANK'S ATTORNEY THE DAY BEFORE CLOSING. YOUR ATTORNEY IS NOT PROVIDED WITH COPIES OF THESE DOCUMENTS PRIOR TO CLOSING, AND AS SUCH, IS NOT RESPONSIBLE FOR REVIEWING THESE DOCUMENTS FOR ERRORS. UNFORTUNATELY, IF THERE ARE ANY ERRORS TO MORTGAGE DOCUMENTS AT THE CLOSING, YOUR BANK MAY NOT BE WILLING TO MAKE THE CHANGES AT THAT TIME WHICH MAY RESULT IN RESCHEDULING YOUR CLOSING.**

10. Attending the Closing. You will meet with the bank's attorney first to sign all of your mortgage documents. While you do that, your attorney will take your search back to the title company to have them run it out to make sure that there are no surprise liens filed on the property at the last minute. Once all of the documents are signed, the bank's attorney will hand over the checks from the bank representing the money that you borrowed. The seller's attorney will check the numbers, sign the closing statement, and then everyone will record the deed. This process will take approximately 40 minutes to an hour.

11. After the Closing. The Erie County Clerk will mail you the original deed approximately two to three weeks after the closing. Your attorney will mail you the original Search and title insurance policy approximately two to three months after the closing. PLEASE KEEP THE SEARCH IN A SAFE PLACE. YOU WILL NEED THE ORIGINAL WHEN YOU SELL THE PROPERTY AND IT COSTS UPWARDS OF \$800 TO REPLACE.



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What Title Insurance Protects Against

- False impersonation of the true owner
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Invalid or expired power of attorney
- Mistakes in recording
- Mistakes in indexing at the county clerk's
- Misinterpretation of instruments
- Clerical errors
- Deed was delivered without the consent of an owner or after their death
- Improper or unauthorized signatures (ex. corporation, partnership, etc.)
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons mis-stating their marital status
- Instrument was not signed by a necessary party
- Abstractor missed a matter affecting title
- Liens for unpaid taxes
- Fraud
- Confusion of identity due to similar names

Top Ten Reasons to Obtain a Fee (Owner's) Policy

10. An attorney who relies on local, parochial community standards of practice is taking a risk in light of large and impersonal global market forces.
9. Lenders go to great lengths to minimize their risk of lending to you by obtaining a loan policy. Sophisticated commercial buyers insist on title insurance; so should you.
8. When purchased with a loan policy, the premium is substantially reduced. The cost is very small compared with the benefit and security a policy offers.
7. The premium is paid once for as long as you, or your heirs, own your home.
6. Without a policy, you pay all the costs of defending title to your property; including court costs and legal fees. If unsuccessful, the result could be a total loss of title. (And you may still owe the remaining balance on your note). With a policy, the title company pays to defend your title and either clears up the problem or pays the insured's (your) losses. Title insurance is a strict form of assurance. No showing of fault is required.
5. Even the most thorough search cannot absolutely assure that no title hazards are present, despite the knowledge and experience of professional title examiners.
4. The attorney, county clerk and abstractor may not be liable for a title defect, based upon local community standards of practice, or the statute of limitations for malpractice or negligence may have run, even if they were liable, so you, the homeowner, may have no recourse in the event a defect does arise.
3. Correcting title problems is very costly and time-consuming.
2. You are protected up to the full amount of the policy (usually what you paid for your property). You can obtain a rider that increases the coverage as the value of the home increases.
1. Protects the title to possibly the most important investment you'll ever make - your home

CHICAGO TITLE has the experience, financial strength, problem-solving skills and commitment to customer satisfaction so that your home is protected by the best title insurance available.

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