BROWN BROTHERS HARRIMAN nextgen **BUYING A HOME GUIDE**

START

PREAPPROVAL/PROOF OF FUNDS/ **PRECOMMITMENT**

The amount of financing you qualify for is determined based on income and asset documentation and your credit report. You should consider your available outside assets such as intrafamily loans and trusts.



MAKE AN OFFER

Present your preapproval letter. Once your

offer is accepted, sign relevant forms

provided by your agent and order

an inspection.

FIND A HOME

Work with a real estate agent to identify homes in the past can offer a list of agents. your financial advisor will also have referrals for trustworthy agents.

the best home to fit your needs. Utilizing friends or family who have purchased

SECOND DEPOSIT

Upon completion of attorney review, pay second deposit.

CONTRACT AND ATTORNEY REVIEW

Review local real estate attorneys and see if your circle has referrals available. Review your contract of sale with your real estate attorney. Sign. Provide initial down payment check.

MORTGAGE APPLICATION **PROCESS**

Submit fully executed contract of sale and required documents. Sign application and disclosures.

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INSURANCE Obtain a binder of required insurance coverage per your loan processor.

Identify and interview insurance

providers to meet your needs.

APPRAISAL REPORT

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Receive and review the appraisal report. The loan processor will update you about any outstanding conditions pending conditional approval.



HOME INSPECTION

Conduct a professional inspection on the property. A qualified inspector can discover any hidden problems that may cost you money after purchasing your home.

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PROCESSING

Your loan processor will order the house appraisal and verify your credit, employment, and assets.

ARRANGE MOVING COMPANY

Research and schedule a reputable moving company.



DOS:

Do save and submit all future paystubs and bank

Do carefully considering your housing budget

UTILITIES

Set up utilities in your name. Remember

to remove your name from your old

utilities.

statements (complete with all pages)

Check your credit scores

SCHEDULE CLOSING

DON'TS:

Don't apply for any credit

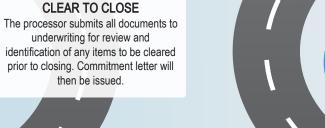
Don't change your credit

Don't make any large purchases

Don't end up house poor by overspending

Upon notification that the loan is clear to close, schedule a closing date.

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TITLE REPORT

Your attorney submits the title report to the bank attorney for review and



clearance.

MORTGAGE COMMITMENT AND



FINISH

CLOSING

Conduct your final walk-through. All parties sign closing documents. Payment instructions will be provided prior to closing.



HOW CLOSING COSTS WORK

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CLOSING COSTS

SELLER

1/2 of titles & escrow fees

 Fees such as transfer taxes, title insurance, notary fees, etc.

Commissions

 Average real estate commission is between 5% and 6%

Loan Payoff

 Outstanding mortgage balances will be satisfied at closing

BUYER

1/2 of titles & escrow fees

 Fees such as transfer taxes, title insurance, notary fees, etc.

Lender Fees

• For obtaining a mortgage, including the appraisal

Homeowners Insurance

- Typically one year of your hazard or homeowner's insurance is paid up front at closing
- In addition to your homeowners insurance you should consider if you need flood insurance, earthquake insurance or any other type of insurance



ADDITIONAL COSTS

SFLLER

- Home warranty (optional)
- Property taxes (prorated)
- Real estate brokerage administrative fees
- Pest or septic inspection
- HOA fees (prorated, if required)

BUYFR

- Owner's title insurance
- Inspection fees (in escrow)
- Earnest money (credit at close)
- Real estate administrative fee (if applicable)
- Credit report fee

ADDITIONAL TIPS & INFORMATION

- Most fees and charges can be negotiated
- Be prepared to budget for necessary repairs based on inspection
- Tax prorations vary by state and you should consult a professional
- You can ask for closing cost assistance from the seller as part of the offer
- A \$1,000 increase in purchase price usually equates to less than \$10 per month



DID YOU KNOW?

Federal law requires that sellers and buyers receive a copy of a HUD-1, or settlement statement form, outlining all charges in real estate transaction.

DO YOUR HOMEWORK

Don't be shocked at closing! Ask your lender, agen or title representative to explain all of your costs well before going in to sign your final papers.



SELLER AND BUYER

GOOD FAITH ESTIMATE (GFE)

Request a copy of this estimate from your agent or lender. You're legally entitled to receive one within a few days of applying for a loan.

Note that this is an estimate.

SETTLEMENT STATEMENT (HUD-1)

You should be able to receive a copy of this document within a few days of closing.

Review the charges, compare your GFE, and be sure to ask any questions that you have!



These two documents are identical on everything except the price. Any difference in charge should always be within 10% of the GFE value. Ask your attorney/agent to explain any changes.

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