

**Ohio Department of Commerce
Division of Real Estate & Professional Licensing**

Home Buyer's Guide



**How to Make the Most of Your
Home Buying Experience**



OHIO DEPARTMENT OF COMMERCE

DIVISION OF REAL ESTATE & PROFESSIONAL LICENSING

Ted Strickland
Governor

Kimberly A. Zurz
Director

The Division of Real Estate & Professional Licensing is a state agency within the Ohio Department of Commerce. The Division licenses and regulates real estate brokers and sales associates who arrange for the sale or lease of real estate, as well as real estate appraisers. Regulation of real estate brokers, sales associates and appraisers is intended to ensure that they conduct their business in a legal and ethical manner.

The laws dealing with real estate can be complicated. Frequently, problems arise simply because the parties involved do not understand the importance of each step of a transaction. The Ohio Division of Real Estate & Professional Licensing has assembled this booklet to assist you with the home buying process. In addition, you might want to utilize the services of professionals in the real estate industry. Professionals such as real estate agents, real estate appraisers, real estate attorneys and qualified inspectors can assist you with and advise you on the details of your purchase.

The Division is pleased to provide the information in this booklet as a service to the general public. In addition, the Division offers an online look-up service at www.com.state.oh.us, which allows you to check the status of real estate agents you may be considering. This guide is intended as general information only. The Ohio Division of Real Estate & Professional Licensing does not and can not warranty or guarantee the accuracy or availability of the content of this booklet. References to third parties are provided exclusively for convenience and are not and should not be interpreted as an endorsement, sponsorship or recommendation of the third party. You should consult your personal attorney, real estate or tax professional for details and advice on your specific situation. Should you need to verify the licensure of a real estate salesperson or brokerage, or need information about filing a formal complaint with the Division, you may contact the Division at 614-466-4100, e-mail at REPLD@com.state.oh.us or visit the Web site at www.com.state.oh.us.

Table of Contents

The More You Know	3	Financing Your Purchase	5
Minimize hassles with knowledge and planning		Monthly mortgage payment table	
		Where to get financing	
Why Buy?	3	Loan pre-approval	
Should You Use a Real Estate Agent?	3	What Do You Want?	4
Choosing an agent		Things to think about as you look for your home.	
		Building a new home	
How Much Can You Afford?	4	Attention to the Details	7
Monthly housing budget table		Looking carefully at the house	
		Residential Property Disclosure	
Get Your Financial House in Order	4	Stigmatized property (Megan's Law)	
Checking you credit report.			
Your Credit Rating	4	The Home Buying Transaction	8
Tips for establishing good credit		The steps to closing the deal	
		Equal Opportunity in Housing	10

The More You Know

When buying a home, as with most endeavors, the more you know, the easier it will be. Proper planning will help you to focus on what you want out of your real estate purchase. Furthermore, planning will help you anticipate and prepare for requests from brokers, lawyers, lenders and a host of other professionals. This will allow you to complete your transaction with a minimum of hassles. (See *appendix A for a checklist.*)

Why Buy?

It is important, first of all, to decide why you want to purchase a home. For instance, home ownership offers several advantages over renting. It can be a strong investment, comes with significant tax advantages, offers fixed housing expenses, gives you control over your environment and provides several intrinsic benefits such as pride of ownership, security and independence.



Advantages of Ownership

- Potential Price Appreciation
- Tax Deductions
- Control Over Your Environment
- Stable Living Costs

More than just a place to live, the real value of home ownership comes from owning a piece of real estate that can increase in value over time. Historically, homes appreciate in value and a profit can be made on the sale of your home. Each monthly house payment you make goes toward paying off your loan and earns you a greater percentage of, or equity in, your home. Monthly rent payments earn you no equity and cannot later be recovered, as mortgage payments can, when you sell.

This means it is important to examine a house's potential payoff as well as its curb appeal. How much a home increases in value depends on many different things, like the neighborhood, its age and upkeep and the strength of the housing market. As with other investments, you may also lose money. For example, if you only possess your home for a short time before having to sell, your property may not have appreciated enough to recapture your closing costs.

The federal income tax code also offers several advantages for home owners. The biggest typically comes from the deduction for mortgage interest paid. For instance, if you are making a \$1,000 monthly mortgage payment of which 80 percent goes toward interest, you can deduct around \$9,600 a year. Property taxes are also deductible as are loan origination fees or points and house buying expenses such as legal fees and administrative costs. Consult a tax professional for details or visit www.mysocietyonline.com/visitors.

Unlike rent, which can increase annually, most mortgages have fixed or capped monthly payments. This can provide the financial security that comes from knowing what your housing expenses will be from year to year. Home ownership also allows you to tailor your environment to match your individual tastes and needs. Of course, this means that you are responsible for all of the repairs and maintenance on the property, while if you rent, your landlord likely maintains the property and takes care of any problems.

Selecting a Real Estate Professional

Though no law requires the use of one, a licensed real estate agent can provide a wide range of services and advice to assist you with the home buying process. In addition to finding available properties, the agent may be helpful in other ways.

A good real estate agent will assist you with all the steps of your real estate transaction. He or she will be well acquainted with all the important things you'll want to know about a neighborhood you may be considering, such as what schools are in the district. The agent can supply information on real estate values, taxes, insurance, utility costs and municipal services and facilities.

All the financial details that can seem so mind-boggling to first-time home buyers are something the agent deals with daily. He or she will help you figure the price range you can afford, explain the advantages and disadvantages of different types of mortgages and guide you through the paperwork. The agent can help you prepare an offer to purchase and help with negotiations. The agent can also be of assistance with lining up financing and inspections and during the closing process.

How do I choose a real estate agent? Many people choose an agent on the recommendation of family or friends. You may also search the Division's

Web site at www.com.state.oh.us/real, or contact the local Board of REALTORS for help finding an agent with the experience you require. The Ohio Association of REALTORS and the National Association of REALTORS each maintain Web sites that also provide a great deal of useful information. To visit their sites, go to www.ohiorealtors.com or www.realtor.com.

Once you have found a real estate agent with whom you are comfortable working, he or she, prior to conducting any business on your behalf, will provide you with the Consumer Guide to Agency Relationship. This form is provided to help you understand the role of the real estate agent in your real estate transaction. It is also intended to help you understand the role of other agents who may be involved in your transaction. This form is required by law in the state of Ohio and does not in any way constitute a contract between you and the agent. Read this form carefully.

How Much Can You Afford?

Most lenders suggest devoting no more than 30 percent of your gross monthly income to housing expenses. A house payment typically has four components: principal, interest, taxes and insurance or PITI, which are all rolled into your mortgage. The following table can give you an idea of what you might be able to afford based on your gross income.

Calculating Affordability

Annual Gross Income	Monthly Gross Income	30% of Monthly Income
\$20,000	\$1,667	\$500
\$25,000	\$2,083	\$625
\$30,000	\$2,500	\$750
\$35,000	\$2,917	\$875
\$40,000	\$3,333	\$1,000
\$45,000	\$3,750	\$1,125
\$50,000	\$4,167	\$1,250
\$75,000	\$6,250	\$1,875
\$100,000	\$8,333	\$2,500

Get Your Financial House in Order

Since most people, especially first-time home buyers, must finance part or all of their home purchase with a mortgage, it is very important to have a good credit rating. The best loan terms are reserved for those individuals with the best credit history. The worse your credit rating, the higher your interest rates will likely be, and the more points you may have to pay to secure your loan.

Frequently, people don't start to think about credit until they are ready to purchase a home. For many, this is too late. It is often recommended that for at least one year prior to purchasing your home, you should assure that every credit card bill, rent and utility check, car payment and other debt is paid in full and on time. It is also a good idea to get a copy of your credit report from one or all of the three credit reporting agencies: Equifax, www.equifax.com; Experian, www.experian.com; or TransUnion, www.transunion.com. This will let you check for any discrepancies and correct any errors that may have a negative impact on your ability to secure financing.

Your Credit Rating

- **Length of Credit History:** Having had credit accounts for a long time is a positive factor, because your history gives lenders information to evaluate how you typically use credit and repay your debts. Credit reports with approximately 30 years of history are considered optimal. Meanwhile, up to 7 years of credit history is considered short, and less than 3 years of history is considered too little.

- **Credit Accounts:** A high amount of previous credit is a positive factor because it indicates to lenders that other lenders have trusted you by lending you money in the past. *(Note: This is different from high credit card limits. If you are not utilizing the entire limits of your cards, reducing the limits or your total number of cards can improve your credit score.)* Conversely, having a low amount of credit is a negative factor because it indicates that either you are just starting to use credit or you have missed payments in the past. If you are just starting to use credit, lenders do not have information to evaluate how you typically use credit and repay your debts.

- **Payment History:** Missing payments is a negative factor. Some cases are worse than others. For example, if you have not missed any payments recently,



lenders may think you are (or have become) responsible and do not (or will no longer) miss payments. Also, missing payments on only a few accounts is not as harmful as missing payments on most or all of your accounts, because lenders realize that many people miss a payment (or pay late) once in a while. Also, missing a single payment is not as harmful as

missing several consecutive payments because many lenders consider missing 3 or more consecutive payments as an indication that you may not repay them. Finally, it is not as harmful to miss payments on accounts with low balances as it is on accounts with high balances because lenders stand to lose less money on low balances if they remain unpaid.

- **Credit Usage:** High balances are a negative factor (except for some types of installment loans such as mortgages and auto loans), because lenders worry that you are living beyond your means and may not be able to repay them. This is particularly true with credit card debts. Lenders do evaluate how much you owe (your debt) in relation to how much you earn (your income). Meanwhile, low balances are a positive factor because lenders do not stand to lose too much if you become unable to repay them. Never using your credit cards, however, may be considered a negative factor. First, it does not provide lenders with information about how you typically use credit and repay your debts. Second, it also means that you have a lot of available credit, which you may decide to use if you experience financial trouble.

- **Credit Applications:** When you apply for any type of credit (such as a mortgage, auto loan, credit card, department store card, etc.), the lender considering your application checks your credit history, and it is noted on your report as an “inquiry.” Although inquiries are a natural result of applying for credit, lenders dislike seeing many within a short period of time. This is because it is hard for them to determine whether you are applying with different lenders in search of the best offer or if you are desperately trying to obtain credit because of financial trouble. Remember, making many applications in a short period of time could hurt your credit score. Therefore, try to limit your comparison to a small number of lenders when “shopping” for the best offer.

Financing Your Purchase

Nearly 90 percent of home buyers finance their purchase. That means virtually all buyers require some sort of loan. The real issue with real estate financing isn’t getting a loan (virtually anyone willing to pay lofty interest rates can find a mortgage). The issue is getting the loan that is right for you – one with the lowest cost and best terms.

The vast majority of home loans are secured with a mortgage. A mortgage makes the home itself the security for the loan. The buyer receives the deed from the seller, and so becomes the legal owner, but the buyer gives the lender the right to take possession of the house in the event the buyer defaults on the loan. There are several types of available mortgage options, which your agent can assist you with. Following are some terms to be familiar with.

- **Loan Term:** The life, or length of a mortgage is typically 30 years, but 15 and 20-year loans are also available. A longer term means a lower monthly payment but higher total interest paid.
- **Principal:** This is the sum of money borrowed to buy your home. Before the principal is financed, you can give the lender a sum of cash called a down payment to reduce that amount.
- **Interest:** Usually expressed as a percentage called the interest rate, interest is what the lender charges you to use the money you borrow.
- **Point(s):** Additional loan costs are often expressed in points. A point is one percent of the financed amount of the loan. These costs are generally rolled into your mortgage payment.
- **Fixed-Rate Mortgage:** With a fixed-rate mortgage, your interest rate stays the same for the term of the mortgage. Your principal and interest payment remains stable, making it easier to plan a monthly budget. Initial interest rates tend to be higher than with other types of loans, but protect you from the risk of rising interest rates.
- **Adjustable-Rate Mortgage:** ARMs usually offer a lower initial interest rate than do fixed rate loans, but your rate and payments can go up or down, depending on which way interest rates in general are going.
- **Private Mortgage Insurance (PMI):** Lenders typically require a down payment of 20 percent. If your down payment is less than 20 percent, your lender considers your loan riskier than those with larger down payments. To offset that risk, lenders will need the

Per-Month Payments (Based on a 30-Year Loan)

Loan Amount	6%	6.5%	7 %	7.5%	8%	8.5%	9%	9.5%	10%
\$50,000	\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500
\$60,000	\$360	\$390	\$420	\$450	\$480	\$510	\$540	\$570	\$600
\$70,000	\$420	\$455	\$490	\$525	\$560	\$595	\$630	\$665	\$700
\$80,000	\$480	\$520	\$560	\$600	\$640	\$680	\$720	\$760	\$800
\$90,000	\$540	\$585	\$630	\$675	\$720	\$765	\$810	\$855	\$900
\$100,000	\$600	\$650	\$700	\$750	\$800	\$850	\$900	\$950	\$1,000
\$110,000	\$660	\$715	\$770	\$825	\$880	\$935	\$990	\$1,045	\$1,100
\$120,000	\$720	\$780	\$840	\$900	\$960	\$1,020	\$1,080	\$1,140	\$1,200
\$130,000	\$780	\$845	\$910	\$975	\$1,040	\$1,105	\$1,170	\$1,235	\$1,300
\$140,000	\$840	\$910	\$980	\$1,050	\$1,120	\$1,190	\$1,260	\$1,330	\$1,400
\$150,000	\$900	\$975	\$1,050	\$1,125	\$1,200	\$1,275	\$1,350	\$1,425	\$1,500

mortgage guaranteed by an outside organization such as the Veteran's Administration, the Federal Housing Administration or a private mortgage insurer. This protects the lender against any mortgage defaults. Without it, many buyers could not otherwise afford to buy a home. You can usually cancel your PMI when your equity in you home reaches around 20 percent. Ask your insurer for complete details.

- **Mortgage financing** can be obtained from mortgage bankers, mortgage brokers, savings and loan associations, mutual savings banks, commercial banks, credit unions, and insurance companies. To apply for a loan you must complete a written loan application and provide supporting documentation such as pay stubs, tax returns and rental checks.

The table above details what you could expect to pay per month for a given loan amount at the given interest rate. This table is based on a 30-year term.

- **Should I be pre-approved for a loan?** Before you begin to make offers on properties, it might be in your interest to get pre-approved for a loan. Pre-approval means you have met with a loan officer, your credit files have been reviewed and the loan officer believes you can readily qualify for a given loan amount with one or more specific mortgage programs. Based on this information, the lender will provide a pre-approval letter, which shows your borrowing power.

Although it is not a final loan commitment, the pre-approval letter can be shown to the listing agent or seller when bidding on a home. It shows you have the ability to go through with a purchase, which is important because sellers do not want to accept an offer that is likely to fall through because financing cannot be obtained.

What Do You Want?

Each of us is different, so it is important to formulate a list of the features and benefits you want in a home. Consider things such as pricing, location, size, amenities and design. It often pays to attend several open houses where sellers open up their homes to potential buyers. You can see a variety of options to help you develop a list of your requirements. The attached worksheet can provide you with a framework as you begin your search. (*See Appendix B for Wants and Needs Worksheet.*)

These issues should also be considered as you narrow your search:

- Quality and availability of schools and libraries;
- Immediacy of shopping, religious centers and recreation facilities/parks;
- Property tax rates, income tax rates and other community expenses as compared with similar homes in other neighborhoods;
- Utility expenses, trash collection and sewage disposal. Past utility expenses are available from the utility company;
- Availability of public services such as police and fire protection;
- Local zoning ordinances and condition of other properties in the neighborhood;
- Proximity to work.

Next, it is important to consider your priorities. If you can't get a home at your price with all the features you want, then what features are most important?

Would you trade a big kitchen for more bedrooms? A bigger yard for a shorter commute? Write out this list and share it with your agent. (See Appendix B.) This will help your agent limit the search to only those houses of interest to you.

If you look at more than a few homes, they can quickly become a blur. To help keep track, refer to your list of priorities and make notes of which of your desired features are in each house. It is easiest to do this on the listing sheets with all of the information about the property that your agent provides you. Take pictures or videos of each house, and afterwards compile a worksheet based on your priorities and rate each house's features.

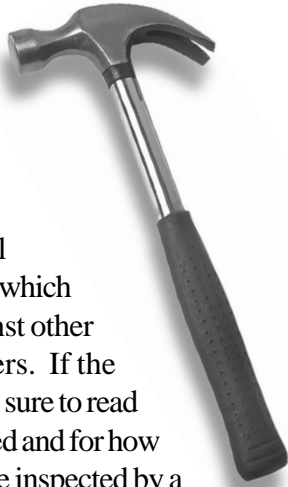
Building a new home presents its own set of complications. First, you must find a reputable builder who is involved in an area in which you would like to live. Then you must evaluate various lots within the development and select a floor plan which suits your needs.

Frequently, the builder will have its own financing package, which you will want to compare against other mortgages from various lenders. If the home comes with a warranty, be sure to read carefully and note what is covered and for how long. And always have the home inspected by a professional third party.

It is very important to find out what is included with the basic home and what are considered upgrades. Don't assume what you see in the builders model is all standard. Most builders offer a wide range of options from doors and windows to flooring to countertops and fixtures.

Attention to the Details

Once you have begun to narrow down specific properties, look carefully at each house, examining the physical details, construction and neighborhood. You may also want to have a qualified home inspector visit the house before you close on the deal. One place to look for an inspector is the American Society of Home Inspectors, 800-743-2744, www.ashi.com. Whatever you decide, you should pay particular attention to the following:



- Condition and age of the roof – are there any leaks or recent repairs? If only part of the roof was repaired, will the rest cause trouble?
- Are the roof gutters and downspouts correctly installed and in good repair? Do they drain properly?
- Are the interior walls solid and suitably finished? Is there any evidence of leaks or cracks?
- Are the floors firm and level? What about the condition of floorboards and supports? What type of flooring is under carpeting/other floor covering?
- Do the ceilings sag or have evidence of leaks or cracks?
- Are stairs and door frames level and well joined? Are windows and doors properly maintained and do they open and close easily?
- Is there any evidence of termites or dry rot?
- What is the condition of the plumbing system? Check for suitable water pressure and drainage.
- What is the condition of the heating and cooling system? Is it noisy? Is it forced air, gravity, gas or electric?
- What is the condition of the electrical system? Is there enough power and adequate outlets for your needs? What is the fuse arrangement?
- Is the property well drained? Landscaped?
- Is the foundation in good condition? Is there any evidence of excessive cracks or uneven settlement? Is the basement dry?
- In what condition is the attic or crawl space? Is there evidence of leaks or dry rot? Does the insulation meet specifications?
- Check driveways, decks and patios for signs of problems.

Lead Paint: Old lead-based paint is the most significant source of lead exposure in the U.S. today. Most homes built before 1960 contain heavily leaded paint. Some homes built as recently as 1978 may also contain lead paint. In houses built prior to 1978, the seller is to provide notice that if lead based paint exists, it may present a danger, provide a lead-based paint disclosure form (www.hud.gov/lea/leadsale.html), and provide information on hazards from inspections in the sellers possession. You may want to have all painted surfaces tested for the presence of lead. For more information visit www.hud.gov/offices/lead/leadhelp.cfm.

Toxic Mold: Contamination can lead to a variety of health and respiratory problems. Make certain your inspector checks attics and crawl spaces for leaks and moisture that could support mold. For more information visit www.toxicmold.homestead.com/Basic.html.

Radon: This is a colorless, odorless gas that, when trapped in buildings, can be harmful at elevated levels. Ask your inspector if Radon is a problem in your area and if it will be part of the inspection. For more information visit www.epa.gov/ehtpages/airindoorairpollution.html.

Asbestos: Prior to the 1970s, asbestos was used in many different insulation and fireproofing applications. You can't tell whether a material contains asbestos simply by looking at it unless it is labeled. If in doubt, treat the material as if it contains asbestos or have it sampled and analyzed by a qualified professional. A professional should take samples for analysis, since if done incorrectly, sampling can be more hazardous than leaving the material alone. Material that is in good

condition and will not be disturbed (by remodeling, for example) should be left alone. Only material that is damaged or will be disturbed should be sampled. For more information visit www.epa.gov/iaq/pubs/asbestos.html.

- **Residential Property Disclosure Form:**

The seller must disclose the condition of the property in the Residential Property Disclosure Form

(www.com.state.oh.us/odoc/real/app/resdiscl.pdf). Unless otherwise advised, you

can assume that the form says the seller doesn't know anything more about the property than a careful inspection would show. If the Disclosure is not provided, the buyer has the right to rescind the Offer to Purchase by whichever comes first: closing or thirty days after seller accepts buyer's offer.

- **Stigmatized Property:** Though the Disclosure Form includes only material issues, many home buyers are also interested in less tangible facts. Stigmatized property is property that is in some way tainted--for instance, by a crime which may have occurred there. Legally, the seller is not obligated to disclose these issues.

To guard against discovering this kind of information after you have purchased your home, you should ask questions. If you ask a question about which the seller or his agent has information and it is not disclosed, you may then have recourse.

The greatest protection comes from doing research--or having research done on your behalf--about the property in which you are interested. For instance, **Megan's Law** notifications are public record. You may consult the county sheriff's office for information regarding instances of Megan's Law notifications of sexually oriented offenders residing in the neighborhood in which you are interested. Visit www.meganslaw.org for more information and ask your agent about additional instances of stigmatized property.

Steps in the Home Buying Transaction

Once you make the decision to buy a particular house, there are several phases remaining in the process that must occur before you become its legal owner.

Offer to Purchase. You, as the prospective buyer, must sign an offer to purchase the property. This is an extremely important document. When the seller accepts it, it becomes a contract and you can be compelled to buy the property on the terms stated. (*See appendix C for a checklist of steps in the offer to purchase.*)



Most real estate agents use standard forms for offers, on which they fill in the exact terms. You should be very careful about what is written. The terms of the offer will become the terms of the sale if it is accepted. For this reason, it is advisable to have a real estate attorney prepare or review your offer for you. While this is an additional expense, the cost of attorney fees if legal action results will be much higher. Visit www.ohioabar.org for more information.

Your offer to purchase should clearly set forth the following terms:

- The total price you agree to pay;
- Anything in the house or attached to it you intend to buy. Many misunderstandings arise over this. If you want the appliances, drapes, carpets, fireplace tools, or anything else to remain with the house, it must be included in your offer;

- The amount of down payment you will make;
- The amount of earnest money accompanying the offer;
- How long after the offer is accepted you will have to arrange financing;
- When the transaction will “close” or title will transfer;
- When you will take possession of the property;
- Provisions for title searches, insect, structural and other inspections.

Payment of deposit, or earnest money. A deposit is put down upon acceptance of the offer. You initially determine the amount of the earnest money deposited. While you are not required to make such a deposit, one is usually made to indicate to the seller how serious you are about buying the property.

The seller may require a larger deposit to insure that interest on your part. The final amount may be the result of negotiations between you and the seller.

When using an agent’s services, the real estate brokerage will hold this deposit. If the sale goes through, it is usually applied to the purchase price. If the offer is not accepted, you are usually entitled to a refund of your deposit. If the transaction does not close, there may be a dispute over who is entitled to the deposit. The matter could wind up in court for resolution.



The contract may contain terms for the return or forfeiture of any earnest money deposit. Therefore, you should read this section of your offer carefully.

Acceptance of the offer. When using an agent’s services, the agent will present your offer to the seller. If after making this offer you decide you do not want to purchase the property, you may revoke the offer, but **only** if it has not been accepted. If it has not, and you want to revoke your offer, you should immediately notify your real estate agent. If you cannot contact the agent, try to contact the seller directly. Any oral revocation of an offer should be put in writing as soon as possible.

Many legal problems can arise from revocation. If possible, you should deliver a written notice with a witness, and carefully note the time of delivery and obtain a signed receipt of the notice. If your offer is accepted, there is a contract between you and the

seller. Either of you can go to court to compel the other to perform per the contract.

During the period of time from acceptance of the offer until the title actually transfers at the closing, you as the buyer are considered to be the “equitable owner” of the property. This may mean that if the property is damaged (for example, by a fire) the buyer might bear the risk of the loss as of the date the offer is accepted. However, many purchase agreements provide that the seller is to maintain insurance on the property up until closing. If it does not, you should consider obtaining insurance at once.

Title examination and inspections. Most purchase agreements are conditioned upon a title search that guarantees that there are no liens on the property, including whether the seller is involved in a bankruptcy. This is done by professionals who examine the records of the transfers of ownership of the property, mortgages, and other claims on it. If someone else has a claim to the property, the seller’s title to it is not “clear.” You are not obligated to complete the purchase in that case. Your real estate attorney can evaluate the title and advise you if it is clear or not. You may also want title insurance, which protects you up to the purchase price of the property in the event that title to the property is found to be invalid. This is often purchased with a onetime fee at closing time.

If a termite or other kind of inspection is called for, it is made before closing. If you have any doubts as to the condition of the property (such as roof, furnace, plumbing, etc.), you should make the favorable inspection a condition of the contract. Without such a contingency, an unfavorable inspection will not be grounds for failing to purchase the property.

Arranging financing. You are expected to arrange financing as soon as possible after your offer has been accepted. If you haven’t been pre-approved, loan processing can take from 30 to 90 days. If a broker or salesperson is involved in the transactions they may assist you. (See, “*Financing Your Purchase*” pg. 5.)

Obtaining insurance. Lenders typically will not let you close the deal on your home purchase if you do not have home insurance. If you have not already obtained insurance you will need to do so now. The companies you deal with for your other kinds of insurance may also be able to insure your home, but here too, it could pay to shop around. Visit

www.ohioinsurance.org or www.ohioinsurance.gov for further information.

Closing. In many parts of Ohio, this is done in a face-to-face meeting of the buyer, the seller, the real estate agents, the lawyers, and the representative of the lender. The meeting usually takes place at the lender's office. All the papers are signed and exchanged, and the seller is paid. The buyer will generally have to pay money at the time to cover the down payment and closing costs. The lender should provide you with a good faith estimate in advance of the closing so that you will be aware of how much money will be required, as well as acceptable methods of payment. In most cases this will need to be by certified or cashier's check, made out in advance.

In some parts of Ohio, the closing is done through an "escrow agent." The agent is given all the documents and payments, and when everything is complete, performs the exchange of money and title. The escrow agent acts as the agent for both parties, and is paid by both. In this case there is no face-to-face meeting.

It is extremely important that you read all documents presented to you at the closing before signing them. Once you have signed them, it is presumed you agree with, and are subsequently bound by, the terms therein. Ask your real estate agent about obtaining a copy of these documents before the closing so that you may review them at your leisure.

Recording. To establish your clear title to the property, the deed you receive must be recorded in the Recorder's office of the county where the property is located. This will usually be done by the escrow agent, the lender, or by your attorney. You should be sure this has been arranged and will be done as soon as possible after the closing. Request a copy be provided for you.



Equal Opportunity in Housing

Ohio and federal law both prohibit discrimination in the buying, selling, or renting of real estate based on race, color, religion, sex, ancestry, disability, familial status, or national origin. The law covers discrimination in offering, showing, selling and renting house, apartments, condominiums, and cooperatives. Anyone who feels that he or she has been discriminated against should contact the Ohio Civil Rights Commission or the U.S. Department of Housing and Urban Development.

APPENDIX A

Homebuyer's Checklist

- ☐ Real Estate Agent
- ☐ Mortgage Budget
- ☐ Self Credit Check
- ☐ Loan Pre-Approval
- ☐ Wants and Needs Worksheet (*See appendix B*)
- ☐ Real Estate Attorney
- ☐ Offer to Purchase (*See appendix C.*)
- ☐ Deposit of Earnest Money
- ☐ Housing Inspections
 - ☐ Appraisal
 - ☐ Structural Inspection
 - ☐ Termite Inspection
 - ☐ Title Search
- ☐ Arrange Financing
- ☐ Obtain Insurance
 - ☐ Homeowner's Insurance
 - ☐ Title Insurance
 - ☐ Private Mortgage Insurance
- ☐ Closing
- ☐ Record the Deed

APPENDIX B

Wants and Needs Worksheet

Price Range \$_____ to \$_____

Age of Home ___New ___Existing (___years old)

House Size _____ square feet

Rooms # Bath___ # Bed___
 ___ Finished Basement
 ___ Den/Study ___ Dining
 ___ Family ___ Living
 ___ Laundry ___ Porch
 ___ Deck/Patio ___ Garage
 ___ Other _____, _____

Heat ___ Gas ___ Electric ___ Oil
 ___ Forced Air ___ Radiator

Extras ___ Air Conditioning
 ___ Ceiling Fans ___ Fireplace
 ___ Alarm System ___ Dishwasher
 Range: ___ Gas ___ Electric
 ___ Refrigerator
 Driveway: ___ Asphalt ___ Concrete

APPENDIX C

Offer to Purchase Checklist

- ☐ **Step 1:** Prepare to make an offer.
 - ☐ Revisit the neighborhood at various times of day and night.
 - ☐ Talk with prospective neighbors to discuss what it is like to live in the area.
- Review:
 - ☐ Market value of the home
 - ☐ Home's condition
 - ☐ Any special circumstances
- ☐ **Step 2:** Review loan pre-qualification.
 - ☐ Finalize the exact amount you can pay for a home.
 - ☐ Seek advice from your real estate agent, the Ohio Association of Realtors, or your county auditor's office regarding comparable homes in the neighborhood and any other relevant information.
- ☐ **Step 3:** Make an offer
 - ☐ Submit purchase and sale agreement to your real estate agent. This document should include:
 - ☐ Description of property
 - ☐ Price offered
 - ☐ Amount of down payment
 - ☐ Earnest money
 - ☐ Financing
 - ☐ Contingencies, including inspections
 - ☐ Closing date
 - ☐ Occupancy date (date you take possession)
 - ☐ Length of time offer is valid
 - ☐ Any other requirements based on advice from your real state agent or other professional
- ☐ **Step 4:** Seller response
 - ☐ Acceptance
 - ☐ Counteroffer
 - ☐ Rejection

The Ohio Department of Commerce is an Equal Opportunity Employer and Service Provider.