

10 KEY STEPS TO GET TO YOUR CLOSING DAY!



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Celebrate!

Take a moment to breathe and recognize the hard work you have put in to get to this point. Take a night off from home-search related things and prepare for the final journey ahead. Your new keys are not too far off!

Deliver Your Earnest Money

A few days after your offer is accepted, you will have to deliver your earnest money ("good faith deposit") to the title or escrow company, who will hold the funds during the transaction. This is a portion of your down payment and is typically 2-3% of the total cost of the home. This money is your commitment and shows the seller you are serious about buying the home. Often, if you back out of a deal without a contingency, you will forfeit this money.

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Get Homeowner's + Title Insurance

Lenders and Landed require you to have homeowner's insurance to help protect you from loss or damage in certain events. Title insurance protects you from other parties making claims against the title of your property and trying to take your home from you.

Get a Home Inspection

If a home inspection was not completed recently and shared with you prior (this generally only happens in few markets, like the San Francisco Bay Area), you will need to order a final home inspection. It provides helpful information about the condition of the home and includes insights into future maintenance that may be required. This information can sometimes help you negotiate the final price or seller credits.

If you're working with Landed, we will provide expert property reviews of all of the home inspection reports and send you back condensed and simplified notes. We've found it's helpful knowing an extra set of eyes looked over them, so you don't miss any key details!

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Review the Final Home Appraisal

The home appraisal is typically ordered by your lender. The lender uses this to confirm what the house is actually worth and how much they can lend you. If the home "appraises," which means the appraised value of the home comes in at or higher than your offer price, congratulations – you've passed a major milestone! If the home appraises for lower than the purchase price, this may impact the amount the lender can loan. This is because often lenders can only lend up to 80% of the appraised price, which leaves the buyer with a gap of money to fill. A home appraisal contingency allows the buyer to back out or renegotiate a sale price if this were to happen.

Finalize Your Mortgage

Your mortgage provider will take additional steps to verify your application (such as asking for updated financial statements) and evaluate the property. During this time, you will also "lock in" your interest rate.

TIP: Do not make any big purchases or apply for a new credit card or loan during this time. It's important that your credit and debt-to-income ratio stay stable so that you can qualify for your official mortgage approval.

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Remove Contingencies

As you receive more information about the property, you will need to remove the contingencies. In some states, once you have passed the contingency date, they are automatically removed. Depending on the information you receive, you may choose to back out of your offer during your contingency window and have your earnest money returned.

Complete Escrow Instructions and Steps

As your closing date nears, all parties in the transaction (including Landed, if you are using down payment funds) will receive instructions for finalizing the purchase. A key step in this is depositing funds into the escrow account.

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Review Closing Costs and Closing Disclosure

As part of the final escrow instructions, you will receive a closing disclosure with a detailed list of all costs associated with your home purchase and which party is responsible for paying them. Costs included are prorated property taxes, transfer taxes, title fees, escrow fees, brokerage fees, and others (read more in Landed's guide to closing costs).

Final Closing

On closing day, you will sign a stack of paperwork that transfers ownership and releases all funds from escrow. All documents for your mortgage loan, purchase contract, and Landed's option contract (if using down payment funds) will be provided for you at closing. In some states, signing happens before closing. Once all documents are signed and money has been deposited, you are the new owner of the home!

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