

PURCHASERS PROCEDURE FOR CLOSINGS

Transaction: _____

Purchase price: \$ _____

Mortgage sought: \$ _____

Name _____
Mr. _____ Mrs. _____

SS# _____

Has client been known by any other name in the last 10 years?

Please be aware that this process can and often does average three (3) months.

GENERAL OVERVIEW:

Once you and the seller have agreed upon a purchase price it is recommended that you have an engineer inspect the house and then contact us and let us know when you are ready for us to request contracts from the seller's attorney. Any repair/purchase price negotiations are done through the brokers/sellers, not this office. We cannot request contracts until these matters are settled. Contracts are then forwarded to us by the seller's attorney. Your attorney will review them (generally within a few business days) and once any requested changes are approved by the seller's attorney we will set up an appointment to review the contracts with you and have you sign the contracts. At that time you must bring two checks with you; one for half of our legal fee and the other for the amount of the downpayment on contract. Once you have signed the contracts we forward them back to the seller's attorney for the seller to sign. The attorney then forwards fully executed copies back to us. This may take another 7-10 days. We retain one copy and forward the other to you for you to send to your mortgage company. **You have 45 days from the date the contracts are fully signed to obtain a mortgage commitment. Please keep us informed of the status of your**

mortgage application and send us a copy when received. We cannot proceed any further until we have your mortgage commitment.

As your attorneys, you authorize us, without further consultation, to request an extension of time for you to obtain your written mortgage commitment. This extension is generally 2-3 weeks after your time has expired.

On the same day that we send you the fully executed contract we order the title report and the termite inspection. If the termite inspection has already been done you must provide us with a copy of the termite report at the time of contract signing.

The title report will take a **minimum** of three (3) weeks to come in. If it has any exceptions, or outstanding issues (judgments, open mortgages, missing certificates of occupancy, survey issues, violations, etc;) it can take some extra time for the seller to clear these issues, which is generally granted to them under the contract. **It is up to the seller and their attorney to clear any title issues.**

Once we receive the title report and any outstanding issues are cleared we must check with the bank to see if they have been given clearance to close. If they have, we then check with the bank's attorney to see if they are clear to close and if so then we can call the seller's attorney and see if the seller is ready to close.

On Or About Date _____

The on or about date in the contract gives both parties 30 days from that date to close. The other party cannot force you to close before that outside date and we cannot force them to close before that date. The "thirty (30) days" is not written in stone and may vary depending on the individual facts and circumstances of your file. All closing dates are subject to the bank, bank attorney and title clearance, as well as an agreed upon date by the seller, purchaser and bank attorney.

You must keep this in mind when "locking in" on an interest rate. You must keep your lock in interest rate and commitment in effect until closing. It is highly recommended that these not expire before _____. In any event, we cannot guarantee a closing before your interest rate/commitment expires and you (not the seller) are responsible for any extension fees!

Now comes the hard part, coordinating everyone's schedules, your attorney, the seller's attorney, the bank attorney and the parties. If a co-op is involved, the co-ops attorney and seller's mortgage payoff bank attorney must also be available and clear to close. **Please keep in mind under the new banking regulations (commonly known as "TRID"), your closing date may be five to ten business days or more from the time the file and all parties and attorneys involved are ready to close.**

YOU DO NOT HAVE A CLOSING DATE UNTIL THIS OFFICE CALLS OR EMAILS YOU WITH A DATE, TIME, AND PLACE. FURTHER INSTRUCTIONS TO HELP YOU PREPARE FOR THE CLOSING ARE SENT AT THAT TIME.

FINAL INSPECTION:

You must do a final inspection either the night before or the morning of the closing. If you are getting possession on a later date you will need to do two inspections; one before the closing and another the day you take possession. This inspection is to insure that the premises are in the condition referred to in the contract. The house should be “as is” as of the date of contract, with the exception of reasonable wear and tear. The heating, plumbing, electrical systems, a/c and appliances are to be in working order and the roof free of leaks. If you notice any issues please inform us prior to the closing.

In new construction, the house should be perfect on the date of closing, but probably will not be. Be sure to note all imperfections on the punch list that you will prepare at your final inspection.

Failure to conduct a thorough pre-closing inspection (or second pre-possession inspection) will probably relieve the seller from any liability for the repair of defects discovered after closing. There is no warranty whatsoever on a resale!

FEES:

Closing Costs – Please refer to the Good Faith Estimate (GFE) provided by the bank and title company.

Survey - Required if no existing survey, if the existing survey does not show structural changes made since the survey date or is otherwise unacceptable to the lender or illegible.

A new survey generally runs between \$600-\$1,000 depending on the size and layout of the plot. **A new survey takes a minimum of two weeks and is not ordered until you send us your mortgage commitment.**

WE MAKE EVERY EFFORT TO FIND A USABLE SURVEY. IF YOU HAVE ACCESS TO ONE, PLEASE PROVIDE IT TO US IMMEDIATELY.

Note: if new fences, structures and/or a driveway, etc; have been noted on the survey inspection this could create out of possession/encroachment issues, which can only be ascertained by having a new survey prepared by a licensed surveying company. By signing at the end of this checklist and checking the applicable box, this will acknowledge that if these items do appear on the inspection, you have either waived a new survey or authorized our firm to order you a new survey.

_____ Waived new survey (Please note that “waived new survey” still means we will order a new survey if there is no existing survey, or if the survey is illegible or not guaranteed)

_____ Requested FK&M to order new survey

Termite Inspection – approximately \$95

The purchaser is responsible for the inspection fee; however, the seller is generally responsible for providing the purchaser with a clean termite report and therefore the expense for treatment/repairs.

Fed Ex Charges - \$20 per mailing

You expressly give the office permission to use overnight mailings as necessary.

Attorney Fees -

\$ _____, plus \$45.00 disbursements

Note: The above fees are for a "standard" real estate transaction, from contract through closing and with up to one hour of post-closing services. Extraordinary services, such as escrow problems, litigation, and the like, will be billed at the rate of \$ _____ per hour (or as per your legal plan). Should the deal "fall through", payment for services rendered to that point will be equal to the retainer or \$150 if there is no retainer (i.e. "free" legal plans).

ADJUSTMENTS:

Taxes - The seller(s) are reimbursed for prepaid taxes from the date of closing or possession, if later, to the end of the prepaid period.

Fuel oil/propane - The seller(s) are reimbursed for the fuel left in the tank at the time of closing.

Utilities – Once the closing has been scheduled and a possession date set, arrange to have the gas, water, telephone, electric, cable and internet services switched into your name as of the closing or possession date.

OTHER MATTERS:

- 1) Your contract is not contingent on the sale or lease of your current home. In addition, if your mortgage commitment is contingent upon the sale or rental of real estate, and your sale does not go through for any reason whatsoever, your downpayment is at risk. (If this is new construction, you also risk the money paid for extras/options/upgrades.)
- 2) If this is a **sale/buy**, we cannot guarantee a “seamless” move, and although this occurs in most cases, you should nevertheless make arrangements for alternative living arrangements, if necessary (especially when purchasing new construction).
- 3) If this is a **co-op**, once you are in contract you need to apply for and receive approval from the board at your own cost. In addition, for a co-op, condominium

or HOA, you are subject to certain rules and regulations and fees, which you should familiarize yourself with **before** signing contracts.

- 4) We are a professional office and represent **YOUR** interests. As such, we only deal with you, the attorneys and the title company involved in the transaction. All phone calls and emails are responded to within one business day and in most cases sooner. This is a high volume, yet personal practice. As such, we unfortunately cannot respond to calls or emails from real estate agents.

- 5) Tax Exemptions:

You should apply for any tax exemptions you are eligible for (including but not limited to STAR) as soon as possible after closing.

- 6) Underground Oil Tanks:

Homeowners are held liable for the potentially huge cost of cleaning up leakage from an underground oil tank. Non-invasive leakage testing is available from \$300.00-\$1,500.00, plus tax. If you elect to not have the tank tested, make it a priority to have the existing tank abandoned and replaced or relocated above ground as soon as practicable.

- 7) Homeowner(s)' Insurance:

For a condominium or co-op – you must arrange for the “blanket policy” with your bank as mortgagee and have the original brought to closing. You should also buy contents insurance.

For a house – you must fax/email the binder and one year paid receipt to the bank attorney immediately upon our office notifying you of a closing date.

- 8) Possession:

The sellers retain the right to remain in possession of the premises for _____ days after closing. If the sellers choose to exercise that right, \$_____ will remain in escrow until possession is delivered to you. The sellers will pay taxes, utilities and your per diem mortgage interest during the holdover; the sellers will not pay your homeowner's insurance, p.m.i/m.i.p. (if any), or mortgage principal.

- 9) Other matters specific to your contract (if any):

10) Contact Information:

Attorney: Daniel J. DeRosso, Esq. 631-231-1450 x 224 dderosso@fkmlaw.com

Paralegal: Leandra Conde 631-231-1450 x 281 lconde@fkmlaw.com

Fax: 631-231-4732

Copy received and read:

Date _____
