



Real Estate Purchase Engagement Letter

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Sent via email or first class mail

To: BUYER NAME
RE: Purchase of property located at:
PROPERTY ADDRESS
North Carolina

Dear Client:

Thank you for permitting our firm to assist with your purchase of the above-referenced real property. We look forward to working with you, and will do our best to handle this closing to your satisfaction.

CLOSING DATE:

Your closing is scheduled to occur at our office unless we inform you of a different location. From time to time closings might be performed elsewhere such as at a realtor's office or bank. Should your closing be scheduled to close at another location, we will let you know.

If a time and date for your closing has not already been set, we will be in touch with you as soon as possible to confirm your closing date and time. Closings are scheduled to last approximately one hour.

SPOUSE NEEDED:

PLEASE NOTE that even if you are obtaining a loan to purchase the property in your name only, **your spouse WILL NEED TO execute certain loan documents**. Therefore, if your spouse is not able to attend closing, please make prior arrangements (such as execution of a Power of Attorney) with us well in advance of your closing date. Also, please bring to closing a valid drivers license or other photo identification for use by the notary public.

BRING IDENTIFICATION

YOU MUST BRING A VALID (UNEXPIRED) PHOTO ID. **We will NOT be able to conduct the closing if your government issued photo identification is expired.** Many lenders are also requiring a second form of identification so please bring two forms of identification – one from each of the lists below:

Primary form: Driver's License, State issued ID card, military ID card, passport, US alien registration card, Canadian driver license.

Secondary form: social security card, government issued visa, birth certificate, non-US/Canadian driver license, most recent signed tax returns, voter registration card, bank/investment/loan statements/paycheck stub with name/ most recent W-2, home/car/renter insurance papers, recent utility bill.

FUNDS AT CLOSING:

Pursuant to North Carolina State Bar regulations, the amount due from you at closing must be in the form of either certified funds or confirmed wire transfer of funds.

Due to firm policy, **ALL CLOSING FUNDS MUST BE IN THE FORM OF A WIRE TRANSFER. CERTIFIED OR CASHIERS CHECKS WILL ONLY BE ACCEPTED IF RECEIVED 10 DAYS PRIOR TO CLOSING.**

If you plan to pay by wire transfer of funds, these should be wired into our account so that the wire transfer has been completed at least twelve hours prior to closing. Please contact us if you need wiring instructions.

If you plan to pay by check, it must be delivered to us no later than ten (10) days prior to the closing. Checks should be made payable to "THE LLOYD LAW FIRM."

You will be provided with the amount of money you will need to bring to closing no later than 24 hours before closing, provided all necessary information has been given to us by Buyers, Sellers, Lenders and Agents to properly prepare the settlement statement and other closing documentation. Please make every effort to provide your lender as soon as possible with all information that they request in order to avoid a delay in closing. Please be aware that more often than not, we receive a closing package from the lender at the last minute before closing, and that we are not able to provide you your final numbers until we receive and have an opportunity to process this package. In the event there is a delay on your lender's part in delivering the loan package and the loan funds to our office, we may have to reschedule your closing. It is helpful in this process if you encourage your lender to deliver the loan package and funds at least 48 hours in advance of your scheduled closing.

Also, please be aware that disbursement of funds will not occur at the time of closing. North Carolina law requires that good funds be received from the buyer and lender, that the title be updated and that the deed and loan documents be recorded at the Register of Deeds before any funds can be disbursed. The documents are delivered to the Register of Deeds after you sign your closing documents in our office. Absent unforeseen complications, closings that are completed before 2:00 P.M. will be recorded and disbursed by 4:30 P.M. the same day. Closings after 2:00 P.M. may not be recorded and disbursed until the next business day. For example, a Friday late-afternoon closing might not get recorded, and thus you could not move in until Monday. **Please keep this timing in mind as you coordinate your moving arrangements; the Seller may not give you the keys or let you move in or have access to the property prior to recording.**

WHO WE REPRESENT:

We represent you in the matter of ensuring that you acquire good and marketable title to the property. We can also advise you on legal questions concerning title to your property, title insurance and the requirements, covenants and conditions of your loan documents. In the event of a dispute between you and the mortgage lender, we will not attempt to represent either party.

Also, we represent the lender to the extent of assuring full compliance with its loan closing instructions. The documentation must be completed precisely as required by the Loan Instructions. Therefore, we may not vary the instructions in such a way that would be either beneficial or negative to your interests. Additionally, if we discovered that you were committing fraud, we may be required to disclose it to the Lender, and we certainly could not continue with the representation. An example would be if you were

purchasing the property as an investment but have indicated to the Lender that this is your primary residence.

We do not advise you with respect to the terms of your loan (i.e. your loan amount, interest rate, conditions for later conversion or refinancing, necessity or amount of mortgage insurance). You should obtain from your lender your closing instructions or other documentation stating your final loan terms and resolve any issues, disagreements or disputes concerning the terms of your loan with your lender before closing.

Because of the numerous difficulties that can arise during the loan processing procedure, we ask that you remain in close contact with your mortgage lender. Last minute delays in closing can usually be avoided if you determine in advance what conditions you must meet.

We may also be asked to prepare a deed for the Seller. It is assumed that the basic terms of the sale transaction have been agreed upon between the Seller and the Buyer and that we have no obligation to bargain for either party. The North Carolina State Bar stated in ethics opinion 2004 FEO 10 that an attorney "may prepare the deed as an accommodation to the needs of her client, the buyer, without becoming the lawyer for Seller," and that certain disclosures must be made to the Seller before doing so. Any representation of the Seller under these circumstances is very narrow and limited.

WHAT SERVICES WE PERFORM:

The following is not a complete list of the services provided, but is a list of the most common services we perform for each closing. We perform a title examination of the subject property, ensure that the deed of conveyance and loan closing documents have been properly prepared and executed, ensure that the closing funds are properly received and disbursed pursuant to the HUD-1 Settlement Statement prepared by this office and reviewed by you at closing, ensure that a survey is ordered and reviewed by this office prior to closing, ensure that the transaction is properly closed, ensure that the deed and deed of trust are duly recorded that the owners' and lenders' policies of title insurance are issued and delivered in proper form, and that mortgages and liens paid off at closing are properly cancelled.

We, as closing attorneys, make no representation as to the structural integrity of any improvements on the Property (if any), nor do we provide any opinion as to the environmental condition of the Property. In addition, the survey should reveal whether or not the Property lies within a flood plain. As we are not surveyors nor are we engineers, we make no representations as to whether or not the property lies within a flood plain. Our ability to provide you with flood plain information is limited by what is disclosed to us by the surveyor's report and by what, if anything, we may find on the public record.

Also, unless otherwise agreed, our services do not include the following (by way of example only): Investigation into zoning or building code compliance; availability of municipal utilities; obtaining or investigating perk tests, building or septic permits or environmental inspections for the property; nor any determination of whether the property you are purchasing is buildable or may be subdivided or whether it is suitable for any particular purpose. These are issues for you, your agent and your property inspectors to investigate.

You should be provided copies of restrictive covenants applicable to the property by your real estate agent or the seller. If you have not, you should obtain a copy of such covenants to be certain your proposed use of the property to be consistent with those restrictions. In that we have not yet searched the title to the property, we do not have copies of any such restrictions. If you want us to obtain copies

of such restrictions for you, we will be glad to do so in the course of our title search. Please let us know if you want us to provide them to you. Please keep in mind that most Offers to Purchase contain language that the buyer is advised to read all restrictive covenants, by-laws, etc. before signing the Offer.

TITLE EXAMINATION:

Our normal protocol is to complete a current owner search of the property, which will allow you to “tack” to a prior owner’s title insurance policy. This means that our title examination would begin with the date and time of issuance of that policy, and we will not certify the status of the title to the property prior to that date. While defects in the title occurring prior to our search period would not be reported by us if we “tack”, these defects should be covered by the existing title policy and you should receive the same title insurance coverage as if we had conducted a full title examination. “Tacking” enables us to conduct the title examination more expeditiously, and it should not expose you to any increased liability. In addition, tacking often provides a discounted title insurance premium. If you prefer, we will complete a longer title search. The advantage of a longer search period, typically 30 years, is that it gives you more certainty about the status of your title. Even if the title company agrees to provide you with full coverage and covers you for a title claim, you must still endure the stress of litigation and uncertainty about your ownership rights to your home. If you would prefer a full search, please advise our office in writing by mail, facsimile or by email within one week from the date of this letter so there is sufficient time to perform this service for you. There is a charge of \$150.00 (in addition to the fees quoted below) for this type of examination.

It is our responsibility to insure that you receive clear title to the property, free of liens and encumbrances. PLEASE BE AWARE that matters of zoning and environmental hazards are not included in a standard title examination. Zoning laws affect permitted uses of property and the location of improvements thereon, among other things. Environmental hazards include, but are not limited to, the existence of radon gas, lead-based paint, underground storage tanks, asbestos and whether your property is located in a flood hazard area. Also, please note that a typical Title Insurance Policy does not cover restrictive covenants, conditions and easements.

If you have any questions or problems with the scope of the title examination, please contact our office.

ACCESS:

As part of our title opinion, we will certify that you have access to the property (ingress, egress and regress). We do not certify whether the road is publicly maintained or what the nature of the access is (for example, if you are purchasing a vacant lot and intend to subdivide it and create many additional lots, you may be overburdening an access easement).

TITLE INSURANCE:

We will obtain a policy of owner’s title insurance in your favor and a policy of mortgagee insurance in favor of your lender. You will be required to pay the title insurance premium. We do our best to obtain these policies at a rate most favorable to you. You have the right to select the title insurance company to be used. Pursuant to North Carolina General Statutes Chapter 58 and Section 75-17 and applicable sections of the Department of Housing and Urban Development Regulations contained in RESPA, the lender or Realtor cannot require you to use a particular title insurance company or agency as a condition of the contract or loan approval.

Also, there is a special title policy available for purchase called an “enhanced policy.” It provides insurance coverage for matters not included in a standard policy. For example, a typical title insurance

policy does not cover you against encroachments built by a neighbor after the date of the policy nor does it provide survey coverage for certain risks if you don't order a survey. An enhanced policy typically costs 20% more than the standard policy and will only be ordered upon your specific request. If you would like more information or would like to request an enhanced policy, please contact our firm.

FEES:

Our standard fee for a purchase transaction with one mortgage loan is \$550.00. This fee includes all costs needed to complete a standard, typical purchase closing, including wire fees and express mail fees. If you are obtaining a second mortgage with the purchase of the property, then we charge an additional \$250.00 for the preparation and processing of that loan.

Most lenders will send us loan packages via email or by website download. We accept these electronic loan packages at no additional charge for the first printing. However, because of the additional computer and printing costs, we will charge \$10.00 for each time we have to reprint an email package due to an error that is not our fault. We **strongly advise** you to follow up with your lender and make sure they have everything they need to get the loan through underwriting so that there are no delays and that they can get us the package in plenty of time for the closing.

If we are required to perform additional services beyond those already described, we will charge an additional fee for such services. Examples include preparation of powers of attorney, release deeds, subordination agreements, paying off other debts that are not a lien on the real property at the request of your lenders, last minute closings (see next section), or delay or postponement of the closing through no fault of our own after the closing documents have been prepared.

Please be aware that the title search of the property can take a substantial amount of time to complete; hence, unless we hear otherwise from you, we will begin this work shortly after we have been retained to perform this work for you. **PLEASE UNDERSTAND THAT WE MUST CHARGE FOR ALL WORK PERFORMED FOR YOU, EVEN IF YOUR TRANSACTION FAILS TO CLOSE.** THIS IS ALSO TRUE FOR ANY THIRD-PARTY SERVICES WE ORDER ON YOUR BEHALF (such as a survey).

LAST MINUTE CLOSINGS:

Often, Lenders send closing packages to our office at the last minute and for varying reasons. This practice, unfortunately, causes us to rush to meet closing deadlines, which also increases the likelihood of errors. The smoothest closings occur when the Lender has sent everything to us a few days in advance of closing. To encourage timely receipt of documents, we strive to respond to the Lender's Request for Title and other requests as quickly as possible so they have everything they need to complete the loan underwriting process. In addition, we try to follow up with your Lender with calls or emails to make sure they have everything they need from us and to remind them of the closing date. Unfortunately, despite everyone's best effort, we still sometimes receive packages at the last minute or at night after our office is closed.

To better ensure a smooth closing, we require that loan package arrive at our office at least 24 hours before the scheduled closing time. Otherwise, we can reschedule the closing, or, **we can close at the original time for an expedited closing fee of \$250.00.** If your loan package is delivered late, we will contact you directly to discuss how you would like to proceed. Also, our firm reserves the right to postpone your closing (at no charge to you) if expediting your closing will harm or otherwise negatively affect the scheduled closing of another client.

HOME INSPECTIONS:

If you are buying an existing home, you typically have the right to have the home inspected by a licensed home inspector. Take care to make sure these inspections are performed prior to any deadline for same in the contract and immediately communicate any desired repairs to the Seller. Thereafter, you should verify that the Seller is making the repairs to which you have agreed. You should begin this repair review process as soon as possible to insure that closing is not delayed by issues related to incomplete or improper repairs.

Please note that repairs need to be paid before closing or a repair credit needs to be shown on the settlement statement. We cannot close a loan that has the Sellers paying money to the Buyers outside of closing without the Lender's written approval. In our experience, the Lender will not provide written approval.

SURVEY:

A survey shows the physical boundaries of your property and any improvements to the property (buildings, fences, driveways, etc). The price of a survey is set by the surveyor. For a typical home and lot, the price for a survey is generally in the range of \$400-\$550. Among other things, a survey discloses problems such as "encroachments" – for example, part of your neighbor's fence or building on your property. Without a survey, it is impossible for us to determine if there are such encroachments or similar issues. Moreover, without a survey, your title insurance policy will take an "exception" to matters that would have been disclosed by a survey. We strongly recommend that you have a survey performed for your purchase.

Should you request a survey, we will be responsible for ordering the survey and will try to do so approximately two weeks before closing. Original survey maps will be reviewed with you at closing. The cost of a new survey will be your responsibility and will be collected from you at closing or billed to you if the transaction does not close.

TERMITE REPORT:

If the residence is new construction, the Seller should provide a soil treatment guarantee at or prior to closing. Otherwise, your Lender may require that the improvements on the property be inspected by a licensed exterminator and a termite report prepared and submitted prior to closing. Normally, the mortgage lender will not fund the loan until the report has been received and reviewed. You or your Realtor should order the report and see that it is timely delivered to our office and to the lender no later than five (5) days prior to closing so that we will have an opportunity to review it and resolve any issues which may arise therefrom. In the rare case that your lender does not require a termite inspection, we strongly suggest that you order one, particularly since our local climate is damp and is conducive to termite activity.

HOMEOWNERS/WIND & HAIL/FLOOD INSURANCE:

Your lender requires that the improvements on the property be insured against fire, wind and other casualties with a reputable company as of the date and time of closing. You or your Realtor should order the insurance binders and have copies delivered to our office and to your lender as soon as possible, but no later than five (5) days prior to closing. Your lender needs this information before finalizing your loan documents. Also, please note that you may be unable to acquire insurance coverage if a designated hurricane or tropical storm is near our area, so please plan accordingly.

HOMEOWNERS ASSOCIATIONS/UTILITIES:

Homeowners Associations are not a matter of public record. We attempt to determine if one exists and, if so, obtain necessary information to prorate the dues. However, it is advisable that you or your agent also contact the association as we do not become involved in various compliance procedures of the several management companies relating to transfer of their records to your name. Likewise, you should routinely arrange for transfer of electrical service, telephone and municipal utilities.

DOCUMENT RETENTION:

You will receive copies of your loan documents at closing. If there are additional documents you would like copies of, we are happy to provide them to you at or immediately after closing. Per North Carolina Bar rules, we are required to store your file for a period of six years after the closing date. After this time, our firm will shred and dispose of your file. If you have any issue with this, please let us know in writing and we will come to a mutually agreeable arrangement.

Lastly, we understand that this letter contains a lot of information, but we believe that your understanding of this information will lead to a smooth, low stress closing. Please do not hesitate to contact us with any questions or concerns regarding your upcoming closing or questions regarding the information in this letter.

Thank you for your business, and we look forward to meeting you soon.

Respectfully,

THE LLOYD LAW FIRM, PLLC

Sean K. Lloyd

Sean K. Lloyd
Attorney at Law

Stephanie A. Barlow

Stephanie A. Barlow
Attorney at Law