

ZDENEK LAW FIRM, PA

309 N. SALEM STREET
APEX, NC 27502

Phone (919) 387-9989

Fax (919) 387-9907

2011

Name : _____

Address: _____

Re: Purchase of house and lot at _____

To Whom it may concern:

Congratulations on the forthcoming purchase of your new home. We at Zdenek Law Firm thank you for permitting us to assist you with your purchase, and look forward to working with you as well as the other parties involved in the transaction to accomplish that goal. Below you will see an overview of the closing process that will help in familiarizing you with the closing process.

Your closing has been scheduled for _____, 2011 at _____ at our Apex office located at 309 N. Salem Street. Directions to our office are attached

OR

Please contact us as soon as possible to arrange a closing date and time.

FUNDS AT CLOSING

Pursuant to State Bar regulations, all amounts due from you at closing must be in the form of either certified funds or confirmed wire transfer of funds. Checks should be made payable to "Zdenek Law Firm, PA RETA". If you plan to pay by check, it should be delivered to us no later than the commencement of the closing. If you plan to pay by wire transfer of funds, these should be wired into the following account so that the wire transfer has been completed at least 12 hours prior to closing.

Periodically, delays may happen in the application process that prohibits your lender from providing us the documentation needed to provide you your final dollar figure needed at closing. In that event, you may bring us a check after closing, or you may get a check in the amount set forth on your Good Faith Estimate, and write a personal check for the minimal difference at closing. Any wires should be sent to our trust account as follows:

Bank Info:

The Fidelity Bank
5712 Creedmoor Road
Raleigh, NC
919-789-9869

Account Name: Zdenek Law Firm, PA
Real Estate Trust Account

Routing Number: 053103585

Account Number: 1581005057

Reference : (please reference buyer/borrower's name here)

WHOM WE REPRESENT

We represent you to the extent of ensuring that you acquire good and marketable title to the property. We can also advise you on any legal questions concerning title to your property, title insurance and the covenants and conditions of your loan documentation.

We represent the mortgage lender to the extent of assuring full compliance with its loan closing instructions.

In the event of a dispute between you and the mortgage lender, we will not attempt to represent either party.

We do not represent you with respect to the terms of your loan agreement with you mortgage lender (i.e., your loan amount, interest rate, conditions for later conversion or refinancing, necessity or amount of mortgage insurance, etc.). Therefore, we ask that you obtain a copy of your closing instructions from your lender a sufficient amount of time prior to closing to enable you to carefully review them and promptly resolve any disagreements or disputes with the lender concerning the terms of your loan.

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

WHAT SERVICES WE PERFORM

We are responsible for conducting the title examination of the property, ensuring that the deed of conveyance and loan closing documents have been properly prepared and executed, that the closing funds are properly received and disbursed pursuant to the HUD-1 Settlement Statement prepared by us and reviewed by you at or prior to closing. We further ensure that the map or survey is ordered, if applicable, and reviewed by us prior to closing, that the transaction is properly closed and the deed and deed of trust are duly recorded and that the owner's and lender's policies of title insurance are issued and delivered in proper form.

DUAL REPRESENTATION OF SELLERS AND BUYERS

We will occasionally be requested by the Sellers or their realtor to prepare the deed of conveyance. North Carolina law allows us to do this work if the Buyers do not object. Of course, if a dispute later arises between you and the Sellers, we would not undertake to represent either side.

Please let us know immediately if you object to this dual representation.

TITLE EXAMINATION

We conduct a title examination of the property in compliance with The North Carolina Marketable Title Act and pursuant to instructions given by your lender. This means that we will search the title for a period of time necessary to ensure that the seller is conveying good, marketable title free of any liens or

encumbrances, except those noted at closing. Such exceptions noted at closing typically include any restrictive covenants in the community, easements on, over or under the property, rights-of-way, etc. These exceptions “run with the land” and every owner or purchaser of the property takes the property subject to these restrictions.

Our title search period may run anywhere from the time the current owner of the property took title to the property forward to your closing date, or in some instances may go back thirty or more years. This depends largely on whether we are able to find an existing owners policy of title insurance on the property. This simply means that there is already a policy in existence where a North Carolina Attorney has already searched and examined the title up to the date of the policy, and we “update” the policy, also known as “tacking” to that policy. Obviously, “tacking” enables us to conduct the title examination more expeditiously, and it would not expose you to any increased liability. Unless you immediately instruct us otherwise, we will either “tack” or conduct a full title examination in our discretion.

TITLE INSURANCE

We will obtain a policy of owner’s title insurance in your favor and a policy of mortgagee insurance in favor of the lender. You will be required to pay the title insurance premium, which is normally computed at the rate of \$2.00 per \$1,000.00 of the purchase price unless you are entitled to a reduced rate resulting from the existence of a prior policy covering the property. We will do our best to obtain the policies at the rate most favorable to you. Again, tacking helps enable you typically to get a decreased title insurance rate because, in essence, the prior owner(s) have already paid for the prior policy.

Please let us know immediately if you prefer that we use a particular title insurance company or a particular title insurance agent.

SURVEY

The mortgage lender may require a current map or survey of the property. The cost of a new survey will be borne by you and will be paid at closing. It typically costs \$300-\$350 for a survey of lots less than ½ of an acre. It is our custom to order the survey after your lender’s approval of your loan, and to review it and collect the survey fee from you at closing. You will, of course, be given copies of the survey at closing. If you wish to use a particular surveyor, please advise us at the time you request the survey. Otherwise, we will choose the surveyor on your behalf.

From the lender’s perspective, the basic purposes of the survey are to determine if the property is located in a flood zone (thus requiring flood insurance), if there are any closure errors, minimum square footage violations, whether any property line encroachments exist, or if requirements stated in the restrictive covenants are violated. Moreover, with the existence of a current survey map assuring that no such problems exist, the title insurance policy will also insure you and the mortgage lender against the existence of any such survey problems if the survey is found to be inaccurate.

As your closing attorney, we always recommend that you obtain a survey. However, you may not be required to do so. We will in any event contact you to give you the option.

TERMITE REPORT

If the residence is new construction, the Sellers should furnish you with a soil treatment guaranty at or prior to closing. Otherwise, the mortgage 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. Sometimes, the mortgage lender will not fund the loan until it has received and reviewed this report. You or your realtor should order the report and see that it is delivered to us and the lender at least three days before closing (and preferably earlier) so the lender and us will have an opportunity to review it and have time to resolve any problems that may arise therefrom.

HOMEOWNERS/FLOOD INSURANCE

You or your realtor should ensure that the improvements on the property will be insured against flood, fire and other casualties with a reputable company and that the insurance will be in place as of the date and time of closing. You or your realtor should order the policy and see that it is delivered to us and the mortgage lender at least three days before closing (and preferably earlier) so the lender and us will have an opportunity to review it and have time to resolve any problems that may arise therefrom.

OUR FEE

Our fee for these services is \$550. However, if we are required to perform additional services beyond those described herein, we will charge extra for them. Without limiting the definition of “additional services,” examples would be preparation of a subordination agreement or a deed of release, or delay or postponement of the closing through no fault of ours after the closing documents have been prepared.

Any charges for express/copy/fax/email fee or the like are incorporated into the above referenced fee. This covers expenses associated with making copies of your documents, express mailing original documents to your lender, printing emailed closing packages, postage for sending checks out to the various parties associated with the transaction, etc.

Out-of-pocket expenses, such as the survey fee, the termite report fee, the title insurance premium, the hazard insurance premium and the recording fee, are not included in our legal fee.

If the transaction fails to close through no fault of ours, our fee will be computed as follows:

Prior to Completion of Title Examination: We will charge for time expended and expenses advanced, with a maximum legal fee of \$150.

After Title Examination and Before Closing: 50% of the full fee quoted above.

During or After Closing: The full fee quoted above.

You would be responsible for payment of any survey fees, termite reports, etc. which you had authorized us to order.

If you have any questions regarding the information, please feel free to contact our pre-closing coordinator, Sonia Dubois at sonia@zdeneklawfirm.com, or you may call us at 919-387-9989.

Again, thank you for using Zdenek Law Firm, PA.

Sincerely,

Jeffrey D. Zdenek