

**Law Office of
Jeffrey W. Porter, P.C.**

711 Princess Street
Wilmington, NC 28401

Telephone (910)763-2417
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Thank you for giving me the opportunity to be involved in your closing. This letter should give you some information about my job as your closing attorney, about the closing procedure in general, and about my responsibilities to the seller. Throughout this process, please feel free to call me if you have any questions. After reading this letter, please sign on the last page and return it to our office.

The Closing

At the time closing is set up with my office, a paralegal will be assigned your file. The “closing coordinator” will gather information, work with your lender, prepare the HUD, and otherwise prepare for closing.

The closing will take place at my office at 711 Princess Street, Wilmington, NC (unless we arrange to handle closing by overnight mail, or some other method). The seller does not need to attend closing; usually the seller's documentation can be signed prior to closing.

We will make a copy of a driver's license or other picture identification, so please bring that with you.

At closing, we will review the HUD-1 Settlement Statement, which summarizes all the costs and funds associated with the purchase. I will also review the lender's documents -- the Promissory Note, Deed of Trust, and other loan documents which establish the terms and conditions of your loan. We will also review other reports and information, such as termite inspections, the plat map, any restrictive covenants, and similar documents relating to your purchase. You will be given a copy of everything we review.

FUNDS FOR CLOSING: Please be aware that we are not allowed to accept personal checks over \$1,000. So please arrange either to bring a cashier's/certified check to closing, or for a wire to be sent to our trust account. We can provide “wire instructions” upon request.

After closing, and once we have funds and funding approval from the lender, we will record the Deed and Deed of Trust at the Registry, and disburse funds from my trust account, including funds to the seller. I cannot disburse funds to the seller until after recording the Deed.

Some time after closing, we will mail the original Deed to you, and the title insurance company will mail a title insurance policy to you and your lender.

Attorney's Fees

Our fee will usually be quoted when you contact our office to set up closing. This fee includes performing a title search of the property, writing a title opinion and ordering title insurance (the fee does not include the title insurance premium), working with your lender to assembling the loan and other documents needed for closing, handling the closing at our office (or sending it to you via overnight mail if needed), updating title and recording the deed and deed of trust after closing, disbursing all funds, including paying off any outstanding mortgages, and writing a final title opinion after closing.

I will charge additional fees if I am asked to provide other legal services, such as preparing lease agreements, powers of attorney, escrow agreements, or other services.

Contract Review

Although we do review the contract in order to gather information for closing, our fee does not include "contract review" prior to signing. If you would like me to review the contract prior to your signing, I charge an additional fee based on the time involved at my hourly rate of \$200. Generally, my fee for "contract review" is around \$150, but it can be more if there are unusual issues, or if there are documents other than the standard North Carolina forms.

The title search

I offer all buyers two options regarding the type of title search our office will perform for them: 1) a "title update exam" which is included in our quoted closing fee or 2) a "full search" of the public records (40-60 years) for an additional charge of \$300.

A "title update exam" is a search of public records that begins with the date and time of the issuance of the seller's prior title insurance policy (or a prior owner's policy). You will still receive full title insurance coverage, but our office will not search the public records pertaining to the property before the issuance of that prior title insurance policy. I therefore do not certify the status of title prior to that date, so I will not be able to detect any title defects, clouds on title, encumbrances and the like which could later give rise to a claim against the title. Again, though, the title insurance company should cover you against all claims that are not excepted from the policy, even those arising from defects or encumbrances which occurred prior to the search period.

The advantage to you, the buyer, of a 40-60 year "full search" over the updated search is that it gives you more certainty about the status of your title. While it is true that the title company would provide coverage and pay attorney's fees and damages in the event of a claim, you would still endure the stress of litigation and uncertainty.

If you would prefer a full search, please advise me as soon as possible, so we have sufficient title to perform the search.

Title Insurance

Title insurance is a crucial part of purchasing real property. Briefly, title insurance protects you, the buyer, and your lender, against losses from defects in title, such as claims or liens against the property. One of my objectives is to get a title insurance policy at the lowest cost. Typically, someone from my office calls the various title insurance companies active in our area to try to locate a prior title insurance policy. With that prior policy, we can get a new title insurance policy at a lower "reissue" rate. (It also gives us the ability to do a shorter "title update exam," as described above.)

Sometimes a lender or a real estate company may ask a buyer to use a title insurance company with which they are affiliated. We are glad to use that title insurance company, but we have to look to that company for help getting a prior title insurance policy, since in that case we cannot "call around" to other title companies.

Property Inspections/Zoning and Environmental Matters

Please be aware of the limits of the public records that we research as part of our title search. A title search does not reveal the physical nature or condition of property, or whether it is suitable for a particular use.

It is the buyer's responsibility to examine the property, have inspections done, and otherwise satisfy himself as to the physical nature and condition of the property. We therefore strongly recommend that the buyer have the property inspected prior to closing by a professional home inspector.

A title search may show recorded easements for utilities, but we are not responsible for making sure the property is served by water, sewer, electric or other utilities. We can assist you determining if there are recorded utility easements, but many properties are served by wells and septic systems, so the fact that we do NOT find recorded utility easements is NOT a "red flag" that we automatically report to a buyer. The issue of utilities can be a problem, particularly for vacant land purchases, so please investigate that issue prior to closing.

A title search does NOT reveal the zoning of the property, or disclose any environmental matters. Zoning issues and environmental matters are not a standard part of the title search or of the closing.

The lender

The terms of the loan are determined by the buyer and their lender. I have no authority to change loan terms at closing. Please confirm with your lender the loan amount, interest rate and other loan terms prior to closing. In addition, the lender may require all or some of the

following: survey, termite report, water/well certification, copy of Settlement Statement from the sale of a previous residence.

In order to prepare properly for your closing and comply with the requirements of your lender, we need time to review your lender's loan instructions, prepare a Settlement Statement, and prepare the lender's loan package for closing. We generally need to receive the loan package at least 24 hours prior to closing in order to do that. We will try our best to accommodate everyone if that 24 hour time is not possible, but please be aware that if we are not given adequate time, we may have to delay closing.

Certified Funds or Cashiers Check

We will let you know prior to closing how much money to bring to closing. **As noted above, we cannot accept personal checks for over \$1,000 – for any amount due over \$1,000, we have to have only wired funds or "certified funds."** The cashiers/certified check should be made out to “Law Office of Jeffrey W. Porter Trust Account.” *Under North Carolina Bar Association rules, we are not allowed to accept personal checks for more than \$1,000.00.*

Homeowners Insurance

You should arrange to have a homeowners insurance policy in place prior to closing. Please let my office know the name of your insurance agent.

Escrow for “repairs” etc.

Occasionally I am asked to hold part of the sellers' proceeds "in escrow" after closing until some repairs or other work are completed. I strongly discourage the use of escrow, and would suggest postponing closing until the work is completed to everyone's satisfaction. I understand, however, that delay is not always possible.

Assuming, then, that all parties - buyers, sellers, *and the lender* - are in agreement, I will prepare an escrow agreement for all parties to sign, and will hold part of the sellers' proceeds in escrow after closing. My fee to draw up the escrow agreement and to act as escrow agent will be at least \$200, and may be higher depending on the amount being escrowed and the complexity of the terms agreed upon by buyers and sellers. If escrowing money is necessary, please let me know as far in advance of closing as possible, so that I can draw up the agreement, have it reviewed by all parties, and get it signed in time for closing.

Possession/Keys

Under North Carolina law, title is not actually conveyed until the moment the deed is recorded, so please discuss the delivery of keys with your real estate agent and seller. Keys are usually NOT given to the buyer at the closing table. The seller and/or the seller's real estate agent generally hold the keys until the deed has been recorded at the Register of Deeds office, which may be several hours after closing. We do our best to record as quickly as

possible, but occasionally there are delays, which can delay the delivery of keys.

Covenants and Restrictions

Many subdivisions are subject to Restrictive Covenants that establish requirements (such as regular dues, or requiring owners to return trash cans to the garage promptly after trash pick-up), or that place limitations on the use of properties (such as prohibiting satellite dishes). We will give you a copy of your covenants at closing -- please let us know if you would like to receive a copy prior to closing.

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 established by the surveyor; for a typical home, the price for a survey is generally in the range of \$450-\$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 buyers have a survey performed. Please let my office know if you would like us to order a survey.**

Thank you again. If you have any questions, please feel free to call.

Sincerely yours,
Law Office of Jeffrey W. Porter, PC

Jeffrey W. Porter