

KARRENSTEIN & LOVE, PLLC

Attorneys at Law

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URGENT -- URGENT -- URGENT

PLEASE READ THIS ENTIRE DOCUMENT

Thank you for considering our firm to assist you in closing the purchase and/or sale of your home, land or investment property, the "Property". Please read though this document to avoid last minute surprises.

FOR THE BUYERS: Upon receipt of the necessary information from your lender, we will proceed to search/update the title to the Property and prepare all necessary documents for closing.

To give you some idea of what to expect, typical categories for which costs will be incurred for this closing include, but are not limited to:

- Attorney Closing Fees
- Title Examination
- Administrative Fees
- Recording Fees
- Title Insurance Premium
- Survey Costs (if ordered)
- Escrows (if required by lender or desired by borrower)
- Bank & Courier Fees
- Excise Taxes
- Hazard Insurance Policy
- Document Prep Fees
- Home Warranty premium (if ordered)
- Miscellaneous Inspections

In preparing for closing, we will perform a title search and/or a title search update. The nature of that search may take one or two forms, depending upon whether or not the title has previously been insured. If the title has not been previously insured, a search of the public records for a period of time satisfactory to the title insurance company will be required. If the Property has been previously insured, we may possibly obtain coverage for you and your lender by having the title examined from the effective date of that coverage to the present, if we are able to obtain a copy of the current policy from the current owner of the Property. The process of performing only a limited title search is what is known as "tacking". If we tack to an existing title insurance policy, you will be relying on your policy of title insurance and not our having actually examined the public records for any matter affecting your title prior to the date of the existing policy of title insurance to which we tacked.

Therefore, absent your timely objection, we may attempt to determine if title insurance coverage exists on the Property and, if so, we may have the public records examined only from the date of that coverage to the present. In other words, absent your timely objection, we may tack to that existing policy of title insurance. This procedure may enable us to keep your title search costs to a minimum while, at the same time, providing full title insurance coverage for you and satisfying your lenders requirements.

If this transaction involves a Relocation Company sale, we will be limited to using the title insurance company dictated by contractual agreement with the Relocation Company. We typically are unable to provide discounts on title insurance in such instances.

Occasionally, certain lenders or other parties to the closing will dictate the use of a specific title company as well, which, once again, will limit our options to providing you a discounted premium.

You should be advised that title insurance, while a valuable insurance coverage, does not cover any and all damage that may arise from a title defect. Title insurance also does not necessarily provide immediate relief in the form of the payment of a claim, given that title insurers have a reasonable time to correct defects in title which the insurer reasonably believes can be corrected. What constitutes a "reasonable time" depends upon the nature of the defect.

We, as closing agents, 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, a new 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 in a surveyor's report and by what, if anything, we may find in the public record. We always recommend having a new survey conducted by a licensed surveying company.

IMPORTANT: The pursuit of any remedy to any title issue discovered by a new survey is not typically included under our standard fee assessment. If a survey is ordered and the contract terminates, the buyer will be responsible for the cost of the survey.

A survey of the Property may reveal the existence of boundary overlaps, gaps, gores or encroachments affecting the Property. If a new survey is not performed, you will not be insured by the title insurer for any matters that a new survey would have revealed.

If the Property is a condominium unit, no survey will be performed. Therefore, at or prior to closing, you should review the recorded condominium plats to be sure the condominium unit you think you are purchasing is actually the condominium unit you have contracted to purchase.

Presumably you have been provided copies of restrictive covenants applicable to the Property by your real estate broker or the Seller. If you have not, you should obtain those covenants to be certain your proposed use of the Property is consistent with those restrictions.

We will be in touch with you or your real estate broker to discuss your closing date and time. Though we highly recommend that all parties involved in the purchase attend the closing, please let us know if that is not possible. You might be able to utilize a Power of Attorney, with lender approval and at an extra cost, in order to proceed with closing when one or more parties are unable to attend. We recommend no less than a five (5) business day advance notice in order to prepare and execute the necessary documentation in that event.

Upon receipt of your lender's closing documents and instructions (the closing "package"), if any, a Closing Disclosure (CD) will be prepared by our office. If this is a cash transaction, we will prepare the HUD-1 Settlement Statement as soon as we are confident that we have received all the contracts, invoices and bills that will need to be included. Until that time, we will be unable to provide you with the dollar amount of funds needed from you to close. When that number is available, we will let you know as soon as possible. Please note that you will need to bring those funds to closing in the form of a certified or cashiers check, made payable to: Law Office of Chris Karrenstein, P.C., or wire the funds to us in order for us to comply

with State Bar requirements. **Funds to close in excess of \$10,000.00 must be received by wire. If a wire is not possible, a certified check or cashier's check must be delivered 3 business days in advance of the closing date. We will accept a personal check for funds to close up to \$2,000.00. Please note that some banks will not initiate a wire transfer unless you are physically in the bank. Please contact our office and request a copy of our wire instructions.**

For this transaction, the **only bank account we will be using** is our IOLTA Trust Account, described and partially redacted below:

**The Law Office of Chris Karrenstein, P.C.
Sun Trust Bank
345 West John St.
Matthews, NC 28106
Partial ABA # *** ** 104
Partial Account # *** ** 988**

BEFORE SENDING ANY WIRE, CALL OUR OFFICE AT (704) 364-6464 TO VERIFY THE INSTRUCTIONS. WE WILL NOT CHANGE WIRING INSTRUCTIONS. IF YOU RECEIVE WIRING INSTRUCTIONS FOR A DIFFERENT BANK, BRANCH LOCATION, ACCOUNT NAME OR ACCOUNT NUMBER, THEY SHOULD BE PRESUMED FRAUDULENT. DO NOT SEND ANY FUNDS AND CONTACT OUR OFFICE IMMEDIATELY.

FAILURE TO FOLLOW THIS PROCEDURE ENDANGERS YOUR FUNDS.

NOTICE TO SELLERS: We cannot distribute your net funds from a closing until we have verified that all of the buyer's funds are in our trust account and the buyer's lender has authorized for the transaction to be funded (money disbursed). In addition, for all closings involving NC property, seller proceeds will not be distributed until the transfer deed has been recorded. This protects you and the buyer. Please keep all homeowner's insurance active until after you have received the closing funds. For SC property, we do not have to wait until recording to disburse in order to comply with State Law, but we still have to obtain funding approval and verify the buyer's deposits. If you have to bring money to closing to make the sale go through, you have to follow the same procedures for tendering funds as apply to buyers as set forth above.

You may receive your sales proceeds via trust account check or wire. Please note that it may take up to 48 hours after closing to receive a wire from us. In order to receive a wire, you have to provide us written instructions (name(s) on account, name of bank, account number, routing number for wires) that are either signed in our office or notarized with the original document delivered at closing. No changes or amendments due to the possibility of fraud attempts.

If your Property has an equity line, it may be difficult for us to obtain a payoff statement from your equity line bank/lender. Please contact your lender and instruct it to forward to us a payoff statement which indicates that your account has been closed for future advances. Payoffs on all mortgages will be calculated 3-5 business days past the closing date to ensure complete payoffs. Any overpayment will be refunded to you directly by the lender.

In NC, a seller's spouse must attend closing and sign the transfer deed even if the Property is not owned jointly. If you wish not to attend closing and sign offsite or via Power of Attorney, please contact us at least five (5) business days ahead of the closing date.

Capital Gains Withholding for Non-Residents: Pursuant to IRS Code, we have to withhold 10% of the

sales proceeds if you are non-resident alien or foreign company. For SC sellers, we have to withhold 7% if you are not deemed a continued SC resident. Please make sure you meet all criteria for avoiding these withholdings so that there will be no surprise at closing when you will be asked to sign statements to verify your status.

Sellers Who Are Getting Divorced: We will split your net proceeds if requested, but only if you provide us with an agreed-upon amount. We will not calculate the figures based on a formula in your separation agreement. If you have attorneys, please have them verify the correct amounts. If we have to negotiate or apply a formula or act as intermediary between you and your spouse, we will charge hourly attorney's fees just like your divorce attorneys do. If a separate signing appointment is required, please let us know as well.

Other Potential Legal Issues: Please notify us immediately if you have had recent construction (other than buyer repair requests) done on the Property (within 120 days before closing) or if you were in bankruptcy within 5 years prior to closing.

NOTICE TO AGENTS: Please do not forward any wiring instructions. We will send the wire instructions directly to the buyers/sellers using secure email. Please return the Buyer/Seller Information sheets as soon as possible.

Should you have any questions or concerns that you wish to discuss, please contact us at your earliest convenience.

Sincerely,

Real Estate Department
Karrenstein & Love, PLLC

Buyer/Seller Signature(s): _____

Our Locations for Closings:

10590 Independence Pointe Pkwy, Suite 200, Matthews, NC 28105
17115 Kenton Drive, Suite 204-A, Cornelius, NC 28031
2200 Silas Creek Parkway, Suite 5A, Winston-Salem, NC 27103