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Dear Valued Clients,

Thank you for your interest in our firm representing you in your real estate endeavors. The following shall outline the transaction process as well as confirm our mutual obligations to one another.

After your initial consultation with your attorney, the legal fee will be determined based upon individual circumstances.

Our office will put your interests first at every step of the transaction, respond to any inquiries promptly and provide great service. We will offer our very best counsel at every step of the way and make sure your legal rights are protected. We shall be transparent about the process and thoroughly explain any potential issues so you can make informed decisions.

Most inquiries can be handled through email which usually provides the quickest response; of course, we are also always available via telephone during business hours. Our office works as a cohesive unit of professionals that are intimately familiar with every single transaction; thus any one of us can assist you with your transaction.

Our interactive website is a very useful tool that will keep you in the loop the entire transaction, often times providing automated updates that you will receive via email. However, those notifications are generalized and do not always reflect the specifics of your particular transaction.

Contract Review:

- A real estate contract is written evidence of a meeting of the minds between you and the seller. The contract contains all of the terms and conditions of the transaction and describes the parties' respective rights and obligations. The contract will also contain contingency provisions and representations made by you and the seller that describes what will happen if things do not go exactly as stated in the contract.
- We always recommend conducting a home inspection. Should you attempt to negotiate credits and/or repairs pursuant to the report your **agent** will assist you in brokering the terms.
- One of the most important terms is often the 'closing date.' Typically in real residential estate transactions an 'on or about' closing date is utilized. The term 'on or about' provides for closing 30 days before **or after** the date that is set in the contract. This should be taken into consideration when negotiating terms with your agent. The date is agreed upon with the

expectation the parties exercise 'good faith' and is **not** guaranteed. If either party does not abide by this deadline then the other party's remedy would be to commence litigation if a more viable alternative is unavailable. There is no remedy included in the contract for us to automatically penalize the offender.

- Once your due diligence has concluded, we shall then request the proposed contract from the seller's attorney.
- Upon receipt and review of the proposed contract, we will negotiate revisions with the seller's attorney on your behalf to ensure you are adequately protected.
- Upon verification that the seller's attorney has approved our revisions, our office will contact you to schedule an appointment so that we may thoroughly review the terms. You must bring your personal checkbook for the down-payment at that time. If you have any particular questions, you may find it helpful to organize a list so that we may better assist you at the contract signing.
- After you sign the contract, we shall overnight the 'partially executed' contract to the seller's attorney so that the homeowner may execute the same. It should be noted that neither party is bound by this partially executed contract (our office shall continue to follow up with them in order to ensure the contract is returned expeditiously).
- Thereafter, it will be returned to our office at which point you shall be 'officially' in contract. At this time that your down-payment check will be deposited by the seller's attorney in a non-interest bearing escrow account to be held until the closing.
- Tax amounts are not included in any provision in the contract and thus we cannot guarantee the same. Your due diligence is required to verify the non-exempt tax amounts.

Title Search:

- This is a detailed examination of the historical records of a property. The purpose of the search is to make sure that you are purchasing the house from the legal owner and that there are no liens, judgments, tax arrears or other claims filed against the property or property owner which would adversely affect the ownership, marketability or value of the property.
- If a claim is made against your property, your title insurance company will pay all legal fees, court costs and related fees in order to defend the claim for as long as you own the property. Your lender also requires that you obtain insurance to insure that their new mortgage loan will be in the first lien position.
- Title insurance is a one-time premium and the rate is regulated by the State of New York, so all title companies charge the same fee. However, you should request a 'Loan Estimate' from your mortgage professional that will outline all of your closings costs, including lender's fees and title charges.
- The contract will generally state that the sale is conditioned upon the seller transferring "good and marketable" title to the property. This means that the seller must transfer title free and clear of all judgments, mortgages and other liens which may exist against the property.
- Our office will review the title report upon receipt and shall send a list of defects to the seller's attorney to ensure they have proper notice of any issues which require correction. Thereafter we will continue to follow up with the seller's attorney to verify that they are resolved in a timely fashion. Of course, we shall update you along the way.
- Our office will request existing survey from the seller to utilize, however, old surveys may not disclose the location of fences which could affect title or the premises as they currently exist. You also may wish to purchase a new survey. In the event a new survey is needed the cost is your responsibility **and may require pre-payment on your behalf**. Our office will generally

not order the same until your commitment is received so as to avoid any unnecessary expense to you.

Financing:

- If your real estate contract is subject to you being able to obtain a Mortgage Commitment from a lender, you will typically be given between thirty and forty-five days to obtain financing. You must act in good faith, promptly apply for a mortgage loan, and fully cooperate with your lender's request during this process. If you cannot obtain a Mortgage Commitment, usually either party may cancel the contract, and the contract down-payment shall be returned.
- If you wish for our firm to represent the lender please check with us to see if we are capable of doing so. **If so, we can discount the fee normally assessed to another attorney for this purpose.** This option also saves you a lot of time as your lender's attorney will need to familiarize themselves with the transaction.
- If you wish to lock your rate, **you should always check with our office first** as to the time frames and any outstanding issues. Your rate should be locked only through the latest possible closing date regardless as we cannot force the seller to close any sooner than that time (nor can they force you to close later than that time).

Clear to Close:

- Once your loan officer has cleared all of your Mortgage Commitment conditions and the lender's attorney has approved the file for funding, we will be able to schedule a mutually agreeable closing date with all parties.
- Generally speaking, per banking regulations, a closing can only be scheduled 72 hours (excluding Federal holidays and Sundays) **after** you have acknowledged the Closing Disclosure.

Closing:

- Our office will prepare a financial closing statement that outlines the entirety of the transaction in a manner that is easily understood. At closing, we shall review all of your loan and title documents so as to ensure that you are fully aware of all that transpires at such time.
- Please be aware that simply because a closing date has been scheduled, that does not automatically mean you will be receiving actual possession of the premises on the day of closing. Accordingly, we shall notify you when you will be receiving the keys so that the proper accommodations can be made.
- Additionally, we highly recommend that you schedule a walkthrough inspection of the premises, as close to the closing as possible, with the seller or your real estate agent in order to ensure that the property is in the same condition from when you signed the Contract, less normal wear and tear. It is imperative that you contact us immediately if there are any issues at the walkthrough so that we may resolve them prior to the closing since the seller will have no liability after closing, per New York State law.
- The location of the closing typically will be held at the office of the attorney for the lending institution or the seller's attorney, if no bank is involved.
- The duration of a typical closing will be less than two (2) hours, depending on the lender.
- At the time of closing, you may have our in-house closing attorney Katrina Lentino, Esq. attend on behalf of the firm. She will always be intimately familiar with specifics of your transaction and specializes in real estate closings.

- During the actual closing, you will sign the bank's loan documents (if applicable) to complete the loan transaction including the note and mortgage. Meanwhile, the seller will sign all documents needed to transfer ownership in the home to you.
- In order for us to calculate your approximate closing costs, we will require an invoice from the title company, the seller's certified check request and the lender's fees.
- Typically we will have this information 24-48 hours prior to the scheduled closing date. Please note that it is not uncommon for us to receive this information on the day of the actual closing.
- Real estate taxes are calculated into your closing costs, as well. First, the title company will collect any taxes due within 60 days which may be estimated. Next, most lenders will require you to deposit 2-3 months of taxes in order to have sufficient funds set aside to make the first tax payment after closing of title. Lastly, you must reimburse the seller on a prorated basis for any real estate taxes the seller has prepaid beyond the closing date.
- The final cost associated with closing is a credit to the seller for any heating or cooking fuel left in a storage tank. This does not apply to homes heated by gas.
- Please be advised that despite the fact our estimated closing costs are generally accurate, closing costs are always subject to change at the closing itself. For this reason, you must bring your personal checkbook. Finally, you must bring government issued photo identification (i.e. driver's license or passport) to the closing.

Miscellaneous:

You understand we do not warranty whether your municipal approvals (such as Certificate of Occupancy/Compliance, etc.) are accurate. We also do not warranty the condition of the premises. You should always have a home inspector evaluate the home prior to signing any contract and consult with the local municipal building department.

We do not practice litigation of any kind. Should the Contract not come to fruition as intended you will be required to retain outside counsel for this purpose. Referrals will be provided upon request.

In the event that a dispute arises between us relating our fees, you may have the right to arbitration of the dispute pursuant to Part 137 of the Rules of the Chief Administrator of the Courts, a copy of which will be provided to you upon request.

By proceeding with your transaction and engaging our firm to represent you, you hereby acknowledge that you have read this letter and agree to our engagement, which has been fully discussed and explained to your complete satisfaction.

Most importantly, congratulations on your real estate transaction!

Very truly yours,

DIAMOND LAW GROUP