

The Law Offices of Lowry & Associates
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RESIDENTIAL CLOSING ENGAGEMENT LETTER/TERMS OF ENGAGEMENT

Thank you for selecting our firm to represent you in closing the purchase of your Property in North Carolina. Upon receipt of the necessary information from you and your lender, we will proceed to search the title to the Property and prepare all necessary documents for closing. Attached is our standard information sheet of the information we need from you to proceed with the closing process. We ask that you complete this sheet and return it to us as soon as you can.

To give you some idea of what to expect, typical categories for which costs associated with the purchase of the Property that will be incurred include: (a) Survey; (b) Title insurance; (c) Recording fees; (d) Bank fees; (e) Escrow; (f) Attorney fees; (g) Copy charges; (h) Express mail charges; (i) HOA dues and transfer fees; and (j) Hazard Insurance policy.

CLOSING PROCESS: If you have a lender providing a loan to finance your purchase, the lender will likely be covered by the rules established by the Consumer Finance Protection Bureau for closing residential loans, often referred to as the “TRID” rules. These rules mandate very rigid time requirements for closing, and your attention to these guidelines is a requirement to closing timely. The lender is required to provide you with a Closing Disclosure that contains all of the financial terms of the loan/closing transaction at least 3 days prior to closing, and the delivery requirements established generally require that this be sent to you at least 7 days prior to closing. The lender will be contacting us for that information 10-15 days prior to Closing to allow them time to prepare that Disclosure. We will not be able to provide that information to your lender without your prompt and diligent attention to details. Please provide the lender all of the information they ask for as it is requested. Please return our information sheet to us promptly, and let us know immediately of any changes that may occur after you have provided it to us. **Please provide us with all financial information regarding the transaction at least 14 days prior to your scheduled closing date.** You should understand that if the lender is not able to give you the required Disclosure timely, whether that is due to a lender issue or a delay in your getting information to the lender, Closing will be delayed, as Federal Law does not allow these time periods to be waived by you. We know the burden this may create for you, but it is very important that you pay attention to all information requests during this process, so that Closing is not delayed. We are here to help you through the process, and will address all issues with you as they arise, but the first responsibility for much of the Closing information and process will lie with you, and with your real estate agent, if any.

With respect to your agent, the new TRID rules may prohibit us from providing your agent with a copy of the Closing Disclosure, either in advance of the Closing, or at the Closing itself. Without a copy of the Closing Disclosure, the agent will be unable to review its terms with you for accuracy. You are permitted to provide that Closing Disclosure to your agent, and we suggest you do that. In addition, you may authorize us to provide that disclosure to your agent, provided that your Lender permits us to do so. Please let us know in writing (see our standard information sheet) if you authorize us to provide the Closing Disclosure to your agent.

TITLE SEARCH/TITLE INSURANCE: We will obtain the title insurance commitment and title insurance policy. In preparation for closing, we will perform a title search. The nature of that search may take on one of 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 title has previously been insured, we can obtain coverage for you and your lender by having the title examined from the effective date of that coverage to the present. 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 will determine if title insurance coverage exists on the Property and, if so, have the public records examined only from the date of that coverage to the present. In other words absent your timely objection, we will “tack” to that existing policy of title insurance. This procedure will enable us to keep your costs to a minimum

while, at the same time, providing full title insurance coverage for you and satisfying your lender's requirements. **If you object to our "tacking" onto an existing policy, please initial the appropriate box on the information sheet. NOTE THAT IF YOU OBJECT TO OUR "TACKING," THERE MAY BE ADDITIONAL TIME AND COSTS INVOLVED IN EXPANDING OUR TITLE SEARCH.**

If you have a lender in this transaction, you will be required to pay for title insurance for the lender's secured loan. You are not required to obtain an owner's policy of title insurance for yourself, but we cannot overemphasize the importance of having an owner's title insurance policy. Owner's title insurance protects you against defects in the title to your property which originate prior to the policy date. The lender's policy will NOT protect you against any covered losses, including court costs and attorneys' fees, which could result from title defects. The risks covered are not obscure improbabilities, as we are informed by the title industry that they pay nearly a billion dollars in claims EACH YEAR. The owner's policy is a one-time premium for coverage that lasts as long as you either own your property or are liable under warranties after selling it. You would only need to purchase additional coverage if the value of the insured property increases significantly since the date of the original policy (for example, if you were to make improvements to the property). If you do not have title insurance, the lender's title insurance property would not protect you, nor would our title search provide you any coverage for any items that may arise which precede the date of our title search. Typically, under the standard and practice of the industry and the NC statutes, our title search would be no more than 30 years, and an even shorter time if we are "tacking" onto an existing policy. So, without title insurance, you would have limited protection, and would lack the protection from an established and regulated insurance company. As a result, absent your timely objection, we WILL obtain a title insurance policy for you, in addition to the required lender's policy. **If you object to obtaining a policy, please contact us immediately so that we can discuss this in more detail. IF YOU DO ELECT NOT TO GET AN OWNERS POLICY OF TITLE INSURANCE, PLEASE NOTE THAT, AT A MINIMUM, WE WILL REQUIRE YOU TO SIGN A WAIVER AND LIABILITY RELEASE, AND THERE WILL BE ADDITIONAL TIME AND COSTS INVOLVED IN EXPANDING OUR TITLE SEARCH.**

Regardless of whether we "tack" to a policy or do a full search for a new policy, 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, as 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.

INSPECTIONS/FLOOD PLAIN: Please note that 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, only a survey would 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.

SURVEY: A survey of the Property may reveal the existence of boundary overlaps, gaps, gores or encroachments affecting the Property. We recommend you have the Property surveyed prior to closing. 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. **We will not order a survey unless specifically directed by you.** If you wish to have a survey, we ask that you let us know that in writing, either on the information sheet we have provided to you or by email. **If you elect NOT to have a survey, we ask that you sign the survey waiver form attached to the information sheet and return it to us.**

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 and plans to be sure the condominium unit you think you are purchasing is actually the condominium unit you have contracted to purchase.

RESTRICTIVE COVENANTS: Presumably you have been provided copies of restrictive covenants applicable to the Property by your real estate agent 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. In that we have not yet searched 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.

CLOSING ATTENDANCE: We will be in touch with you to discuss your closing date and time. In the event you (or either of you, if there are multiple purchasers) are unable to attend the closing, please let us know immediately. It may be possible to close by

Power of Attorney, if necessary, but your lender must approve that procedure in advance of closing and necessary document preparation must be completed prior to tile date of closing.

FEES: Our fees for the above services are set forth in the attached Fee Sheet, assuming that you do not request a full title search, which fee does include our normally anticipated out of pocket expenses. If you request us to perform a full title search, there will be an additional fee of at least \$150.00. In addition to our flat fees, you will be responsible for payment of any additional expenses incurred by our firm in connection with your closing such as copy charges, express mail charges, email and fax that exceed our normally anticipated fees (for example, extra overnite courier charges to provide a package to you in advance of closing). Each and all of those costs will be set out on the Closing Disclosure you will receive prior to Closing, or a Settlement Statement at closing. If additional documents are required for you in the closing process, such as a Free Trader Agreement, Limited Power of Attorney, Trust Declaration, or escrows or encroachment agreements, additional fees may be charged for the preparation of those documents, as described on the attached Fee Sheet.

CLOSING/FUNDS FROM YOU/WIRING PROCESS: As described in the Closing Process above, we will work with your Lender, if any, to prepare a Closing Disclosure to provide you with a summary of the financial terms of the Closing. If you don't have a lender, we will prepare a Settlement Statement for you prior to the Closing, detailing all of that information. Until that time we will be unable to provide you with the dollar amount of funds needed to close. When that number is available we will let you know immediately. Please note that you will need to bring those funds to closing **IN THE FORM OF A CERTIFIED OR CASHIER'S CHECK MADE PAYABLE TO "LOWRY TRUST ACCOUNT,"** or wire the funds to us, in order for us to comply with State Bar requirements.

If you wish to wire the funds, please contact our office and request our Firm wiring instructions. ***Note that it is important that you call us and verify the wiring instructions after you receive them to ensure that you have not been provided with "scam" wiring instructions by some third party.*** Similarly, if it becomes necessary to wire funds to you, we require that you provide us with contact information so we can verify the wiring instructions you provide us, unless the wiring information is provided in person prior to or at Closing.

ALSO, PLEASE REMEMBER TO BRING YOUR DRIVERS LICENSE OR SOME OTHER FORM OF PICTURE I.D. to Closing.

TERMINATION: We understand that it sometimes becomes necessary to terminate your contract and not proceed with a closing. If you do terminate a contract, please remember that there may be some fees that you will nevertheless still have to pay. For example, any third party fees contracted for (either by you, your agent, or us during the closing process), will still be due, such as inspections, surveys, and HOA certifications. We also reserve the right to charge a termination fee as well, as set forth on the attached Fee Schedule. Please note that we will not charge a termination fee for our services if you terminate during the Due Diligence period of the Contract, unless we have been contacted by your lender to perform a title search and we have completed that title search prior to receiving notice that you have terminated.

Should you have any questions regarding your closing at any time, please do not hesitate to contact us. We will be glad to answer any questions you may have.

With best wishes, I am,

Sincerely,

The Law Offices of Lowry & Associates

By: Stephen Lowry
Stephen D. Lowry

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Fee Schedule for Residential Real Estate Closings

1.	Attorney's Fees (Purchase/Refinance)*	\$925.00*
2.	Attorney's Fees (2 nd /Equity Loan with 1 st Mortgage)	250.00*
3.	Cash closing	575.00*
4.	Standalone Equity Loan	350.00*
5.	Miscellaneous Fees (if necessary)	
	(a) Preparation Power of Attorney	\$100.00
	(b) Preparation Escrow/Repair Agmt	125.00
	(c) Preparation Marital/Separation Memo	125.00
	(d) Preparation Trust Declaration	125.00
	(e) Preparation Encroachment Agreement	125.00
	(f) Mailaway (includes courier fees)	75.00
	(g) Subordination Agreement	150.00
6.	Title Search—Opinion only	300.00
7.	Cancellation/Termination Fee (During Due Diligence)	150.00**
8.	Cancellation/Termination Fee (After Due Diligence)	300.00**
9.	<u>Special Situations</u> —There may be an extra fee of \$75.00 for any HUD closing, or for a purchase in a foreclosure/short sale. Extra fees may be due for purchases from relocation companies, foreclosing lenders, and/or open or closed estates, all of which involve special analysis of title issues and may involve additional documentation. These fees will be discussed with you.	

* *Includes courier/wire/copy/electronic transmission & storage/E-recording Fees.*

** *The Cancellation/Termination Fee during the Due Diligence Period only applies if the contract is terminated after we have received a title request from a lender and performed a title search. The Cancellation/Termination Fee is in addition to any out-of-pocket expenses incurred during the closing process, such as HOA certification fees, survey costs, and inspections.*

Seller Charges For Purchases

1.	Preparation of deed/lien waiver ***	\$150.00
2.	Courier Fee for Payoffs (per payoff)	25.00
3.	Wire Fee (Per outgoing wire)	25.00
4.	Lien Release Fee (per deed/trust or lien released at/after closing)	25.00

*****NOTE:** If the seller is an Estate or Guardianship, or if there are multiple sellers involved requiring additional signatures or non-simultaneous signings, additional costs will be required.