

AN EXPLANATION OF THE CLOSING PROCESS FOR THE SELLER

******PLEASE SEE THE LAST PARAGRAPH OF THIS LETTER REGARDING RELEASE OF HOMESTEAD. IT IS IMPERATIVE THAT YOU REVIEW THIS PARAGRAPH!!******

Overview. Congratulations on the sale of your home. Our office has been selected by the buyer's mortgage lender to conduct the closing of the transaction. This letter is to explain our role in the process and to inform you of some of the requirements that you will need to comply with. We encourage you to call or e-mail us with any questions you have, as we hope to make the process as seamless as possible. IF YOU ARE REPRESENTED BY COUNSEL, PLEASE PROVIDE HIM OR HER WITH A COPY OF THIS LETTER, AND LET US KNOW RIGHT AWAY AS ALL CONTACT WILL BE THROUGH YOUR COUNSEL.

The Role of the Lender's Counsel. As lender's counsel, it is our job to be sure certain legal matters critical to the mortgage loan are in order. The most important of these is the "examination of title". Essentially, the title exam is a review of the records at the county Registry of Deeds for a period of extended years (commonly at least fifty). The goal of the examination is to determine that you possess "good record and marketable title," and thus can transfer "good title" to the buyer at the time of closing. If title issues are discovered during title examination, we will let you know as soon as possible and discuss what needs to be done to correct the title so the closing can take place. If you have an owner's title insurance policy, it would be helpful if you fax it to us. Please also be aware that our office will order a plot plan from an engineering company to examine registry plans in order to determine the boundaries of the lot and confirm that the buildings lay within the lot lines. It is typical that a surveyor for the engineering company will need to access the exterior of the home to confirm their findings.

The Closing – Time and Place. After the buyer's mortgage loan is approved, we will contact all parties to schedule the time and place of closing. Most often, the closing occurs on the date specified in your purchase and sales agreement. Please let us know as soon as convenient if the parties are considering changing the date. The time and place of closing are often dictated by logistics. Although we will accommodate requests to close at the Registry of Deeds or the real estate broker's office, it is easiest to close in our office, where changes can readily be made in the documents if needed. One of our real estate paralegals will call you to schedule the final time and place. The closing takes approximately one hour. Be sure to bring definitive identification with you to the closing. A valid driver's license or passport is the preferred forms of identification. Let us know if this presents any issue for you in advance of the closing.

The Closing. As the lender's counsel, we will prepare a document called the Closing Disclosure ("CD"). This is an itemization of all amounts due to and from the parties. Although we strive to complete the CD at least 48 hours prior to the closing, this is at times difficult due to several factors, and we will often ask your patience. There are many times when the "CTC" (lender's clear to close) occurs less than 48 hours prior to closing, so we may not have the final numbers from the mortgage lender in a manner to allow as much advance notice as we would like. Our office will make all disbursements in connection with the closing, including satisfying all liens against the property, paying various closing related costs, and providing net sale proceeds. Please bring a check with you to the closing in case of last minute adjustments such as fuel or utilities that need to be accounted for. Please note that we cannot release the closing proceeds check to you until the deed and mortgage have been recorded and the final rundown has taken place. We strive to accomplish this within 1-2 hours of the closing. Please let us know if there are any special requirements regarding the funds.

Closing Proceeds. Please note the following policies regarding the funds due to the Seller at closing:

1. Closing proceeds will be provided in the form of Kellem & Kellem's Attorney Trust Account Check.
2. The check will be released once the transaction has been recorded with the Registry of Deeds. It is customary practice that the listing broker or Seller's counsel hold the check after closing until confirmation of recording, and we are happy to accommodate that.
3. We must make the check payable to all sellers. We can split checks between sellers, but will need written instructions, prior to the time of closing, signed by all sellers.
4. If you own the property in Trust, we must make the check out to the Trust. Please note that your bank will likely require you to have a trust bank account to deposit the check.
5. Due to massive instances of wire fraud, we will wire funds only in the following circumstances: a) to your attorney; or b) if you are simultaneously purchasing another home, we will wire to the closing attorney or escrow company. Please note that any wire request must be made on a form we will provide and which must be fully completed and signed by all Sellers. A wire fee of \$100.00 per wire will be charged. Please notify our office as soon as possible if this applies to you so we can get you the additional documentation that is needed.

Copy of Closing Package. As closing counsel we will provide a set of all closing documents for your records.

Preparation of Deed. The preparation of a new deed to convey the premises to the buyer is your responsibility. If you are represented by counsel, your attorney will likely prepare the deed. While we cannot represent you at the closing, we are able to prepare a deed as part of our services. If you ask us to prepare your deed, there will be a charge to you of \$175.00. Please let us know whether you would like us to prepare the deed at your first convenience. PLEASE NOTE THAT NOTWITHSTANDING THE PREPARATION OF A DEED FOR YOU, KELLEM & KELLEM DOES NOT IN ANY WAY REPRESENTS YOUR INTERESTS AT THE CLOSING AND NO ATTORNEY-CLIENT RELATIONSHIP IS CREATED. IF THERE ARE ANY ISSUES AFFECTING THE PROPERTY OR THE TRANSACTION, YOU ARE ENCOURAGED TO SEEK INDEPENDENT LEGAL ADVICE.

Smoke and Carbon Monoxide Detectors. In accordance with the provisions of Massachusetts law, you are required to provide a smoke and carbon monoxide detector certificate (less than 60 days old) at the time of closing. You should contact your local fire department, arrange for an inspection, obtain a certificate of compliance and bring it with you at the time set for closing.

Final Utilities. For any utility (water, sewer, electricity, refuse) that is provided by the municipality in which you live, you will need to obtain and bring to the closing a final bill. In most cases, this requires you to call the service provider and arrange for a final reading and bill. Please consult with your real estate broker if you have any questions.

Closing Expenses. At the time of closing, you will also be required to pay Massachusetts Excise stamps (\$4.56 per thousand except Barnstable County where the rate is \$6.48 per thousand), and recording fees to discharge mortgages and other liens. These amounts will be deducted from your sale proceeds at closing. Additionally, a fee of \$100.00 is payable to this office for the first release and a \$75.00 fee for each subsequent release which we need to obtain or track on your behalf. Unfortunately, the procedure and time requirements in obtaining releases have become extremely cumbersome, and have necessitated this charge.

Power of Attorney. Because of various legal requirements, a power of attorney cannot be used to sign the deed unless its form and content are approved by this office prior to closing. Please notify us as soon as possible a power of attorney will be necessary.

Condominiums. If your property is a condominium unit, you are required to provide at closing a certificate pursuant to Massachusetts General Laws, Chapter 183A, Section 6(d). This certificate is obtained from the organization of unit owners (condo association or management company) and states that there are no unpaid common assessed against your unit. You will also be required to provide a Certificate of Insurance naming, as insureds, the buyer and the buyer's mortgage lender, the Condominium Unit, and that the policy is "ALL INCLUSIVE."

Title V. If your property has an on-site septic system or cesspool (as opposed to being served by town sewer), Massachusetts law requires that an inspection of the system be conducted no earlier than 24 months (36 months for condominiums) prior to the closing date. You will need to provide us with an inspection report showing a "passed" rating at or prior to the closing.

Homestead. Under the homestead law we are required to determine and state on the deed the marital status of all sellers. In the event that you are married but hold title individually and this property is your primary residence, your spouse will either have to join in the deed to release any rights of homestead created automatically by operation of law or by formal written declaration or sign a separate release of homestead which will have to be recorded at an additional cost of \$77.00. In the event that this is an investment property your non-titled spouse will either have to join in the deed to release any rights of homestead or you will need to sign an affidavit at closing stating that your spouse is not entitled to claim the benefit of a homestead. This affidavit will have to be recorded at an additional cost of \$77.00.

Closing Information Sheet. We have included a "Closing Information Sheet" along with this letter. **Please fill in the requested information and return it to us by facsimile or e-mail.** We look forward to working with you and your mortgage lender to ensure a smooth transaction.