

▶ FOR SALE BY OWNER ◀

COMPLETE PACKAGE



Title Connect LLC
a title insurance agency

WWW.TITLE-CONNECT.COM

888-267-8075



Title Connect L LC
a title insurance agency

DEAR HOMEOWNER:

We noticed you are advertising your home “For Sale by Owner.” We highly recommend the use of a licensed real estate professional, however, if you are successful in selling your own home, we have the program to help you!

At Title Connect, we’ve been assisting individuals for years with their real estate transactional needs. We’ve prepared a “FSBO” forms and information package that is available at no expense to you. We hope you will find this package extremely helpful while using the “do it yourself” approach to sell your home.

If you are unable to access this package electronically, we invite you to stop in today to pick up your complimentary “FSBO” forms and package, which includes all of the necessary forms to put your real estate transaction under contract.

If we can assist in answering any questions you might have, or direct you to someone who might be able to answer any of the many questions that arise when selling your home, please do not hesitate to contact us.

Our friendly, knowledgeable, and helpful staff is available to assist you today!

Wishing you the best of luck in your endeavor.

Yours truly,

The Staff at Title Connect

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WHAT IS A TITLE INSURANCE POLICY?

A title insurance policy is a policy of indemnity. The policy says that the insurer will indemnify the insured against loss if the title to the property turns out to be anything other than what was shown in the policy and subject to the limitations by the terms of the policy and the exceptions set forth in Schedule B (exceptions to coverage). Other forms of insurance cover matters that occur subsequent to (after) the date of the policy. The standard title insurance policy does not insure against loss for matters that occur after the policy date (except in certain instances, such as construction lien coverage). Losses could be caused by matters "not of record", like an unknown heir or by Schedule B (exceptions to coverage) not showing all of the matters that affect the title to the property. There are specialized products available now that will insure matters after the policy date, but the cost is much greater, the potential claims are limited and the probability that they would occur and the need for such coverage would arise is relatively slim.

An owner's policy of title insurance has four insuring clauses, while a loan policy has eight. The insuring clauses are broad in scope and customers should be advised that, just like all forms of insurance coverage, the policy has exclusions from coverage, conditions and stipulations that narrow the specific coverage provided by the insuring clauses contained in the policy. Schedule B shows exceptions to the title that will not be covered. If a customer wants explanations about items covered or specifically not covered, they should enlist the counsel of their real estate attorney or contact the title insurance underwriter directly for more detailed information.

The owner's title insurance policy and the mortgage title insurance policy both contain the same first four insuring clauses.

1

Title (ownership)
to the estate or interest
described in Schedule A
being vested other
than as stated;

2

Any defect
in or lien or
encumbrance
on the title

3

Unmarketability
of the title itself

4

Lack of right
of access
to and from
the property

WHAT IS A TITLE INSURANCE POLICY?

The first insuring clause is: title (ownership) to the estate or interest described in Schedule A being vested other than as stated; Examples of situations that may be covered could be that someone else obtained the title by adverse possession or that one of the grantors back in the chain of title didn't own all of the title to the insured land.

The second clause is: any defect in or lien or encumbrance on the title; Examples of covered defects could be a material mistake in the description of the insured land or the incompetence of a past owner. One matter that is not covered is the physical condition of property. The fact that the land would be found to be contaminated by toxic waste would be a physical condition, not a matter of title. Another matter not covered is the economic value of the property. Because of a physical problem, the property's value may be affected, even the ability to sell the property, but this is not a lien, defect or encumbrance.

The third insuring clause is: unmarketability of the title itself. Unmarketability is defined in the conditions and stipulations of the more recent policy forms as an alleged or apparent matter affecting the title to the land that would entitle the purchaser to be released from the obligation to purchase when the sale contract requires delivery of marketable title. "Marketable title" is not defined in the policy, but most cases involve a determination of whether the matter of "claim" is a "defect" in the title so as to allow a purchaser to back out of the deal because the title isn't good enough. For example, a senior interest existing on the property might allow a buyer to refuse to purchase the property; existence of toxic waste might not.

The fourth insuring clause is: lack of right of access to and from the property. The cases creating precedence have consistently held that the right of access is the legal right of access and not the quality of the access. In a situation where the dedicated streets were flooded by tidal flows and rendered impassible, the court held that the legal right existed even though the access could not be utilized. The fact that physical access is difficult because of terrain conditions also does not invoke the coverage.

The loan (mortgage) policy has an additional four clauses to the ones noted above, but lenders usually have a good idea of what coverage they are receiving under their policy, so description of additional coverage will not be discussed in this publication.



For many of us, buying a home is the biggest single investment we'll ever make.

Most of us wouldn't even think of questioning the need to purchase homeowners insurance (sometimes referred to as hazard insurance) to cover our investment against hazards such as fire, theft and weather damage, etc. But, in protecting our real estate investment against title defects, most of us don't really know what title insurance is or why we need it.

Next, we'll provide some common questions and answers.



QUESTIONS & ANSWERS ABOUT TITLE INSURANCE

Q. What is a title?

A. A title is the foundation of property ownership. It is the owner's right to possess and use the property.

Q. Why is transferring the title to real estate different from transferring the title to other items, such as a car or mobile home?

A. Because land is permanent and can have many owners over the years, various rights in land may have been acquired by others (such as mineral, air or utility rights) by the time you come into possession of it, even if the land has never before been built upon. So in order to transfer a clear title to a piece of land, it is first necessary to determine whether any rights are outstanding.

Q. What is a title search?

A. A title search is a detailed examination of the historical public records concerning a property. These records include deeds, mortgages, property and name indexes and any other documents recorded that relate to the property. The purpose of the search is to verify that the seller you are buying from has the right to transfer the property to you, and to discover any liens, claims, defects and other rights or burdens on the property.

Q. What kinds of problems can a title search reveal?

A. A title search can show a number of title defects and liens, as well as other encumbrances and restrictions. Among these are unpaid taxes, undischarged mortgages, judgments against the seller and restrictions limiting the use of the land.

Q. Are there any problems that a title search cannot reveal?

A. Yes. There are some hazards that can remain hidden even to the most diligent title searcher. For instance, the previous owner could have incorrectly stated his marital status, resulting in a possible claim by his legal spouse. Other "hidden hazards" include fraud and forgery, defective deeds, mental incompetence, confusion due to similar or identical names and clerical errors in the records." These defects can arise after you've purchased your home and can jeopardize your right to ownership.

Q. What is title insurance?

A. Title insurance is your policy of protection against loss if any of these problems – even a "hidden hazard" – results in a claim against your ownership. A title insurance policy is a policy of indemnification.

Q. How much could I lose if a claim is filed against my property?

A. That depends on the claim. In an extreme case, you could lose your entire home and property – and still be liable to pay off the balance of your mortgage. Most claims aren't that dramatic, but even the smallest claim can cost you time, money and aggravation, and you may have to pay costs for a legal defense.

Q. How does title insurance protect my investment if a claim should arise?

A. If a claim is made against your property, title insurance will, (if coverage applies to the claim) in accordance with the terms of your policy, assure you of a legal defense – and pay all court costs and related fees. Also, if the claim proves valid and no other equitable solution or settlement can be achieved, you will be reimbursed for your actual loss up to the face amount of the policy.

Q. The owner of the property has a deed that they received when they purchased the property. Isn't that proof of ownership?

A. Not necessarily. A deed is just a document by which the right of ownership in land is transferred, whatever that right may be. It's not proof of ownership, and it doesn't do away with rights others may have in the property. In addition, a deed won't show you liens or claims that may be outstanding against the title.

Q. Wouldn't an abstract show property limitations and restrictions?

A. Maybe. Maybe not. An abstract is a history of the property title as revealed by the public records. Abstracts may contain errors and do not disclose "hidden hazards" that can threaten your property title if you do not have a title insurance policy. Abstracts were generally prepared and later updated with each transaction focusing ONLY ON THE PROPERTY DESCRIBED. Consequently, other deeds or documents to parcels in surrounding or adjacent areas may have contained restrictions or encumbrances that could affect other property and would not be shown in an abstract if the legal description did not describe our abstracted property. These restrictions or encumbrances should, however, be shown on title insurance.

Q&A ABOUT TITLE INSURANCE



Q. What about an attorney's opinion?

A. An attorney's opinion is based on a search of the public records. So, once again, even the most exhaustive search of these records may not reveal everything. Unlike a title insurance company, an attorney is not liable if you should suffer loss because of "hidden hazards" in the title.

Q. The owner of the property I want to purchase has lived in the home for only six months. He had title insurance issued six months ago. Why do I need it again?

A. Because the owner could, in a very short time, do many things to encumber the title. For example, he could grant easements or construct improvements that encroach on adjacent property. He could get married or divorced, or have a lien filed against the property. It is necessary to conduct an up-to-date search to uncover any such problems and have a title insurance policy issued to cover you specifically in the amount of your purchase price.

Q. If the builder of my home already has title insurance on the property, why do I need it again when I purchase the land from him?

A. A title policy insuring the builder does not protect you. Also, a great many things could have happened to the land since the builder's policy was issued. Liens, judgments and unpaid taxes for which prior owners were responsible may be disclosed after you purchase the property – causing you aggravation and costing you money.

Q. How long does my coverage last?

A. For as long as you or your heirs retain an interest in the property and, in some cases, even beyond.

Q. Are there different types of title insurance policies?

A. Yes. Basically there are two commonly used types of policies - a loan policy and an owner's policy. The loan policy protects the lender's interest in the property as security for the outstanding balance under the buyer's mortgage, during the life of the loan. The owner's policy safeguards the buyer's investment or equity in the property up to the face amount of the policy. (Title insurers in many states offer increased policy coverage through inflation endorsements to cover increases in value due to inflation.)

Q. How much does title insurance cost?

A. Probably less than you think. Charges vary in different sections of the country, but generally the cost of title insurance includes the search, examination and related services. In Michigan, the rates for all areas are filed with the Insurance Commissioner, and each agent and underwriter must adhere to the filed rates. Unlike other insurance premiums that must be paid annually, a title insurance premium is paid one time only for each buyer and each new mortgage.

Q. Where can I get title insurance?

A. From any licensed title insurance company or its agents operating in Michigan. If you are obtaining financing to purchase a home, your lender may be involved in ordering the required title work. If you are working with a real estate broker or salesperson, they will likely be ordering the title work for your transaction. If you are working with an attorney or a professional closing service, their offices will typically take care of getting the title insurance for your closing and in all cases, you will simply be charged for the premium on your closing/settlement statement.

This data is intended for informational purposes only. Your title insurance policy contains terms and conditions that may limit or restrict coverage. Consult your attorney for specific advice regarding your legal rights and consult your real estate professional when selling or purchasing a home.

CLOSING COST GUIDELINE

Although anything is negotiable in a Purchase/Sales Contract for real estate, there are many costs (sometimes an “area” custom) that are traditionally paid by the seller and some traditionally paid by the buyer. In an effort to familiarize you with the “area” customs, the following costs are shown to be paid by Buyer and Seller in a typical or traditional closing.

SELLER COSTS

- 1 Current Mortgage Payoff** and/or second mortgage or equity mortgage or Land Contract Payoff
- 2 Owners Title Insurance** – insuring the new purchaser in the amount of the sale price
- 3 Transfer Taxes** County (\$1.10 per \$1000) and State (\$7.50 per \$1000) for a total of \$8.60 on the sale price rounded to the nearest \$500. (EXAMPLE: Sale Price \$49,900 - Transfer Taxes would be based on: \$50,000 X \$8.60 = \$430.00)
- 4 Recording Fees** – to clear title or to record land contract deed, power of attorney, affidavits, etc. Buyer pays to record deed from Seller to Buyer.
- 5 Reimbursement to closing entity** for any cost to obtain documents needed for closing (i.e. true certified death certificate, true certified judgment of divorce, etc.)
- 6 Deed Preparation** by Attorney
- 7 Land Contract Preparation** by Attorney
- 8 Preparation of Mortgage & Note** if Seller is financing Buyer or providing a second mortgage
- 9 County Custom Area Tax Proration** on Calendar Year/ Arrears Basis – will charge Seller from Jan 1 to closing date for estimated taxes. Other methods for proration can be agreed upon between parties. For example: Advance/Fiscal Proration Method or No Proration at closing with Buyer responsible for paying taxes beginning with “x” tax billing. All prior tax bills must be paid or will be charged to the Seller at closing.
- 10 Repairs, Allowances** – Buyer Closing Costs or Rebates as agreed upon between the parties
- 11 Usage/Occupancy fee to Buyer** if immediate occupancy is not given the day of closing (usually based on what the new Buyer’s payment for Principal, Interest, Taxes, and insurance per month will be)
- 12 Attorney Fees** for any documents reviewed prior to closing
- 13 Home Warranty Programs**
- 14 Utilities used during occupancy** up to and after closing.
- 15 For Sale By Owner Closing Services** as agreed upon by the parties
- 16 Overnight courier services** for mortgage payoffs delivered to out-of-town lenders and/or in circumstances where Seller authorizes us to overnight paperwork to expedite the closing or purchase agreement process.

Not all costs will apply to your transaction – these are some of the costs that could be applicable to your closing.

CLOSING COST GUIDELINE

THIS IS JUST A SAMPLE GUIDELINE OF POSSIBLE CLOSING COSTS PROVIDED TO YOU AS A COURTESY FROM TITLE CONNECT

**IF YOU HAVE ANY QUESTIONS,
PLEASE CALL US!
888-267-8075**

BUYER COSTS

1 **PRE-PAID INTEREST TO THE FIRST OF MONTH/LENDER CLOSING** (i.e. if closing is taking place on 17th of month, there will be a charge on Buyer's closing statement for interest from 17th to 1st. Most lenders want Buyer's payments due on 1st of every month.

2 **Escrows for Taxes and Insurance** (if required by Lender or Land Contract holder) – initial amounts collected at closing in advance to set up account.

3 **Mortgage Title Insurance** – Lender will require title insurance to cover their mortgage amount. This is issued at the same time the owner's policy is issued.

4 **Attorney Fees** for review of any Buyer documents prior to closing

5 **Financing Fees** for "insured" loans of less than 20% down, VA Funding Fees, FHA MIP (private mortgage insurance), etc.

6 **Well/Septic Evaluation**

7 **Closing Fees/Lender Packages**

8 **Recording Fees** for Deed, Mortgage, Assignments, Power of Attorney, or in a land contract transaction, the land contract or in a Seller financed transaction, the mortgage, etc.

9 **Credit Report**

10 **Appraisal Fees**

11 **Lender Fees** connected with buyer's loan package such as: Loan origination fees, discount points, flood certification fees, tax servicing fees, pre-paid interest, escrows, private mortgage insurance, document prep fees, closing fees, mortgage title insurance, recording fees, mortgage "survey"/report, and many other possible combinations depending on the loan program and the lender involved.

12 **Repairs** as agreed upon between the parties or required by the type of financing

13 **Inspections on the property** – many kinds of inspections are available from inspection of a particular item (furnace) to full home inspections. There are inspections and testing available for radon gas, lead paint, well water and septic field evaluations and many other hazards. If Buyer wants inspections done as opposed to purchasing the home in "as is" condition, inspections are usually done at the buyer's expense and required to be completed in a specified time frame.

14 **Overnight courier fees** to return closed lender package, if new mortgage lender is out of town and requires closed package to be returned within 24 hours of closing and/or in circumstances where buyer has authorized us to overnight paperwork to expedite closing or purchase agreement process.





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SALE WITH THE BUYER OBTAINING A NEW MORTGAGE

- 1** A purchase agreement needs to be executed between the seller and the buyer of the property.
- 2** The buyer should schedule an appointment with their lender of choice to make a formal application for a mortgage loan. Take a copy of the signed purchase agreement, Seller Disclosure Statement, and Lead Base Paint Disclosure to the appointment with you. Your lender will provide you with an estimate of closing costs at this appointment. The purchase agreement should allow for at least 30 days from the date of signing of the purchase agreement to the date to close. This would be average time needed for a lender to process the loan.
- 3** When the loan is approved, the lender will place the order for title insurance and mortgage report (if required by the title company). The lender must order the appraisal before the loan is fully approved. For exceptional service from proactive professionals, PLEASE REQUEST that the lender order the title insurance through TITLE CONNECT, LLC.
- 4** The lender will set the closing for a time and day agreed upon by all parties involved. Many lenders use title companies to close their transactions. For a quality closing, PLEASE REQUEST THAT THE LENDER USE TITLE CONNECT, LLC.
- 5** When TITLE CONNECT, LLC closes your transaction, payoffs on mortgages, taxes and other liens will be obtained for you by TITLE CONNECT, LLC. We will prepare your closing statements, order any necessary legal documents and calculate tax prorations or other prorations as shown on your purchase agreement.
- 6** The buyer's funds must be in the form of a certified check, money order or cashier's check for the down payment and closing costs due at closing. The buyer's check should be made payable to TITLE CONNECT, LLC, if we are closing the transaction. If the transaction is closing directly at the bank, the check will be made out to that lender. The buyer needs to bring a homeowners insurance declarations page and a one year paid receipt for the insurance to the closing.
- 7** TITLE CONNECT, LLC will contact the buyer and seller with closing figures verbally prior to closing. At closing, a complete copy of closing documents and figures will be provided for both the buyer and seller.
- 8** At closing, TITLE CONNECT, LLC will disburse all of the sales proceeds and send the appropriate documents to the Register of Deeds office for recording, giving a net proceeds check to the Seller at closing.
- 9** After closing, the buyer will receive the final policy of title insurance and the recorded deed when it is returned from the Register of Deeds office.

**IF YOU HAVE ANY QUESTIONS,
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888-267-8075**

TAX AND OTHER PRORATION ITEMS

Property taxes can be prorated several different ways and the custom for proration varies from geographical area to geographical area. The “custom” for proration method will not necessarily “match” the way taxes are paid in reality (arrear vs. advance for example) to the treasurer. Listed below are explanations of some of the different methods used for prorating taxes in the mid-Michigan area.

Tax Proration Using Advance/Fiscal Method

Taxes to be prorated and adjusted as of the date of closing, in accordance with the due and payable date basis of the municipality or taxing unit in which the property is located, on a 365-day basis, treating the taxes as paid in advance. Amount to be estimated using the most recent tax bills. (“Grace periods” to pay taxes without additional interest due are not applicable when determining this calculation unless the Seller’s taxes are delinquent and have interest owing on the base amount of the tax billing.)

This means that the Purchaser would be charged from the date of closing through the next billing date. The Seller would be given a credit for those amounts. A July bill would cover from July 1 through June 30, and a December bill would cover from January 1 through December 31, unless stated differently in the purchase agreement.

Tax Proration Using Calendar Year/Arrears Method

Taxes are prorated on a calendar year basis as if paid in arrears, with the Seller being charged from January 1 through the date of closing. This amount is estimated by using the current millage rate and the taxable value of the property at the time of closing.

This means the Seller will be charged from January 1 through the date of closing on a daily basis, and the same amount will be credited to the Purchaser. No adjustments will be made between the parties after the closing.

No Tax Proration

This means that there would not be any tax proration done, and a Purchaser would begin making property tax payments with the next billing sent out after closing. It should be specified as to the next bill the Purchaser will begin payment with (example: Purchaser will begin paying taxes with the tax billing mailed out in December 2004. All prior tax billings are to be paid by the Seller) or will be collected and paid at the time of closing.

Typically, at time of closing, real estate taxes billed after the date of closing will be the responsibility of the Purchaser. This method might be used if a parcel of property is being split off from a larger parcel and new values have not been determined, nor will tax bills be split at the end of the year – the parcel will still be taxed as a “whole” parcel without considering the split until the next year.

Special Assessments and Utilities

If there are any delinquent property taxes (or assessments) on the property it is typically the Seller’s responsibility to pay for them at the time of closing, unless the purchase agreement states different terms. If the tax bill includes an assessment for garbage, lighting, tire protection etc., the Buyer will assume this cost through the future tax billings, as these are “perpetual assessments” that can’t be paid off. If there is a special assessment for anything additional, it must be determined if the Buyer or Seller will pay off the entire balance due for the assessment or the purchaser will assume the balance of that assessment. Special Assessments can be for drains, road paving, water, sidewalks, lawn mowing, refuse removal, water mains and other items.

The Seller is responsible for any delinquent/current charges for gas, electric, water and sewage through the date of vacating, unless agreed to otherwise. If LP Gas or Fuel Oil is used to heat the home, the service provider can be contacted to assist with determining the amount of gas/oil in the tank at the time possession is available.

The information contained herein is for informational purposes only. This information should not be relied upon. IF YOU DO NOT UNDERSTAND THE CHOICES OF METHODS ABOVE THAT CAN BE USED FOR TAX PRORATIONS BETWEEN THE BUYER & SELLER AND MUST BE DETERMINED IN THE PURCHASE AGREEMENT, YOU SHOULD SEEK LEGAL ADVICE BEFORE YOU SIGN THE PURCHASE AGREEMENT.



FAQ

FREQUENTLY ASKED QUESTIONS

Q. Do I have to use a specific form?

A. Yes, the Act prescribes a form entitled “Seller’s Disclosure Statement.” Language on the statement may not be altered or deleted. However, there are provisions that allow additional disclosure requirements if required by local units of government. Also, the required disclosers do not limit or diminish any disclosures created by other laws that relate to fraud, misrepresentation or deceit in transfer transactions. Any disclosures must be made in good faith, meaning “honesty in fact,” in the conduct of the transaction.

Q. Where do I get the form?

A. The law specifies that it shall be made available to the public by all real estate brokers and salespersons. It is anticipated the licensees will publish and maintain supplies for their use and public distribution. (There is a copy of the Disclosure Statement in the kit.)

Q. What happens if the condition of the property changes from the original statement that was filled out and given to the seller’s agent or the prospective purchaser?

A. The Statement must be amended, in writing, if the condition of the property changes. The Statement says, “if any changes occur in the structural/mechanical/appliance systems of this property from the date of this form to the date of closing, seller will immediately disclose the changes to buyer.” However, any amendment must be provided prior to the seller’s acceptance of the offer to purchase. If it is provided after the seller has accepted the purchaser’s offer, the contract can be terminated, as described in a question above

Q. If there is a lawsuit, what proof must be provided that a Seller’s Disclosure Statement was given to the purchaser?

A. The seller may sign a separate document or the purchase agreement (a copy of which is given to the purchaser) indicating the Statement was provided. In the case of a land contract or lease, the transferor must indicate compliance by providing notice on a separate document, the installment contract, the lease or any other addendum. However, any addendum must be attached to the purchase agreement, contract or lease.

Q. When is the statement to be given to a potential purchaser?

A. In the case of a sale, it is given before the seller accepts the offer to purchase. If not a sale, it must be provided before the lessor signs an installment sales contract; a lease together with an option to purchase; or a ground lease coupled with improvements by the tenant.

Q. What if the offer to purchase has been signed by the seller before the disclosure statement is given to the purchaser?

A. The purchaser can terminate the purchase agreement by delivering in writing, a notice of termination to the Seller or the seller’s agent. If the seller’s disclosure statement was delivered in person to the purchaser, the time limit for the purchaser to terminate is 72 hours. If it was delivered by registered mail, it is 120 hours. Once a transaction has closed, however, the purchaser’s or lessee’s right to terminate the purchase agreement or installment sales contract expires.

Q. What happens if the furnace worked when the house was put on the market and the Seller’s Disclosure Statement was filled out, but when the purchasers moved in, it was no longer working properly?

A. After the transaction has been closed, the buyer has no right to terminate the transaction because of a discrepancy or error on the Seller’s Disclosure Statement. Purchasers have recourse of a civil suit even though the seller and/or agent are not in violation of the Act.

Q. What if the house is a rental unit and the seller doesn’t know if a defect exists?

A. The seller may check “unknown” on the statement. The information given by the seller must be based upon the best information available and known to him/her. It would be prudent to discover the property’s condition since an entire statement of “unknowns” could raise a red flag to a potential buyer.

FREQUENTLY ASKED QUESTIONS

FAQ

Q. What if the Seller says there is no problem with the basement, and it is apparent that the basement leaks? Should a seller's agent disclose this to any prospective purchaser?

A. Yes, if you have personal knowledge that there is a problem. There is a rule regulating a licensee's disclosure of known material facts – quote: "A licensee's full disclosure to a buyer of material facts within his or her knowledge about the condition of the real estate offered shall not be grounds for disciplinary action, despite a claim by the seller that such disclosure constituted disloyalty to the seller in violation of an agency relationship."

Q. The seller is out of town and does not anticipate returning. He/she wants to handle the Statement by phone and have his/her real estate agent sign for him/her. Should this be done as a service to the seller?

A. The Statement indicates that only the seller should complete the form. Statement disclosures are "representations made solely by the seller and are not the representations of the seller's agent(s), if any." Mail or fax the form to the seller for completion and signatures, then have it returned.

Q. If a defect exists about which the seller has no knowledge and is subsequently discovered, will the seller and/or the seller's agent be liable for this error?

A. If the seller exercises ordinary care in filling out the Statement, neither the seller nor his/her agent will be held liable for any error, inaccuracy or omission that is not within the personal knowledge of the seller. In addition, the seller and/or the agent will not be liable if the information was provided entirely by public agencies or other professionals who have sufficient knowledge and experience to assess the extent of material defect of the property. (Professionals are defined as engineers, surveyors, geologists, structural pest control operators, contractors, etc.)

Further, it is not a violation of the Act if the seller fails to disclose information that can only be obtained through inspection or observation of inaccessible portions of the property or that could be discovered only by the use of a professional, (as defined above).

If a public entity or a professional provided the disclosure, the requirements of the Act are deemed to have been met. However, if the seller has knowledge of a known defect or condition that contradicts the information provided by the experts, he/she must disclose it.

If a professional is hired by the prospective purchaser to conduct an inspection of the property and a report or opinion is prepared, delivery of this report is considered sufficient compliance for disclosure. Again, if the seller has knowledge of the property that contradicts the report, he/she must disclose it.

The professional's or public entity's report or opinion must indicate to which sections on the Disclosure Statement the information pertains. The expert is not responsible for any information other than what is in his/her report or opinion.

Q. What if the seller does not speak or write English?

A. The seller should obtain the services of a translator who can assist him/her in filling out the form. The seller then signs the form.

Q. Is the seller's agent (if there is one) held responsible for everything that is not on the seller disclosure statement?

A. As long as the agent does not knowingly act with the seller to violate any section of the Act, the agent is not held liable for the seller's disclosure.

Q. Is delivery to the buyer's agent (if they have one) adequate? Or should the Statement be delivered directly to the buyer?

A. If the seller gives it to his/her agent, a copy must be given to either the buyer or the buyer's agent. If it was delivered to the buyer's agent, it shall be considered to have been provided to the buyer.



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TOP 25 REASONS YOU NEED TITLE INSURANCE

- 1** Any documents that have been written under a false identity or any expired powers of attorney that were used without authorization.
- 2** Undisclosed heirs who try to claim rights to the home.
- 3** Improperly recorded documents.
- 4** Rights for not appearing or any non-disclosed information from the survey.
- 5** Failure to include any required parties in a court procedure.
- 6** Any business taxes that have liens on the home or liens because the property is listed as a corporate real estate asset.
- 7** Mistakes or purposeful omissions in a court procedure.
- 8** Forged legal documents, including mortgages, wills, deeds, release of mortgages, etc.
- 9** Deeds that were signed by minors.
- 10** Any type of conveyance by an heir or survivor of a joint-owned estate.
- 11** Inadequate legal descriptions in the title documents.
- 12** Undisclosed divorce spouses and conveyances.
- 13** The claims of duress regarding any deeds, wills or other instruments used to establish a title.
- 14** A will or deed that was signed by a person who lacked the mental capacity to do so.
- 15** Gift tax or inheritance tax liens by the state.
- 16** Tax record errors.
- 17** Substandard building lines or demolition lines that were inaccurate.
- 18** Missing persons or those who were presumed dead at the time of the administration of an estate.
- 19** Any issues of rightful possession for the property.
- 20** The legal capacity of a trustee or the foreign representative of the house.
- 21** Improper modification of wills, title or mortgage documents.
- 22** Misinterpreted rights of two divorced individuals.
- 23** Marital status issues.
- 24** Special tax assessments that have been made against the property.
- 25** Criminal acts that resulted in forfeiting a home.



OFFER TO PURCHASE REAL ESTATE



1. THE UNDERSIGNED hereby offers and agrees to purchase the following land situated in the _____ of _____ County, Michigan, described as follows: _____

being commonly known as _____ together with all improvements and appurtenances, if any, now in or on the premises (unless specifically excepted herein), including all buildings, fixtures, built in appliances, all window treatments including hardware, attached floor coverings, attached fireplace doors, screens, gas logs, garage door opener and controls, screens, storm windows and doors, landscaping, fences and mailboxes, all ceiling fans, alarm system, radio and television antennas, rotors and controls, water softener (unless rented), water pumps, pressure tanks, fuel in tank, incinerator, if any, and gas, oil and mineral rights owned by Seller and to pay therefor the sum of _____ Dollars (\$ _____) subject to the existing

building and use restrictions, easements of record and zoning ordinances, if any, providing said restrictions, easements and zoning ordinances do not unreasonably restrict the Purchaser's intended use of the property; upon the following conditions:

THE SALE TO BE CONSUMMATED BY: A B C D OR E

A. CASH SALE. Delivery of the usual Warranty Deed conveying a marketable title. Payment of purchase money is to be made by cash, cashier's or certified check.

B. CASH SALE WITH NEW MORTGAGE. Delivery of the usual Warranty Deed conveying a marketable title. Payment of purchase money is to be made by cash, cashier's or certified check. This agreement is contingent upon the Purchaser being able to secure a _____ mortgage in the amount of \$ _____ and pay \$ _____ down plus mortgage costs, prepaid items, and adjustments in cash. Purchaser agrees to apply for such mortgage at his own expense within _____ calendar days from Seller's acceptance of this offer to purchase, or from the date Purchaser receives an acceptable inspection report pursuant to Paragraph 25 below if applicable, and execute the mortgage as soon as the mortgage application is approved and a Closing date is obtained from the lending institution. Purchaser agrees that in connection with said application to lender, he will promptly comply with lender's request for necessary information required to process the loan application and to make a good faith effort to obtain said mortgage. If a firm commitment for such mortgage cannot be obtained within _____ calendar days from the date of Seller's acceptance, at the Seller's written option, this offer may be declared null and void and the deposit shall be returned to Purchaser forthwith.

C. MORTGAGE ASSUMPTION (SIMPLE) OR LAND CONTRACT ASSIGNMENT. If the holder of the Mortgage or Land Contract agrees, Purchaser will assume and pay the existing Mortgage loan or Land Contract according to its terms. Purchaser will pay to Seller the difference between the sales price and the existing balance of approximately \$ _____. At closing, Seller shall deliver a Warranty Deed which may be subject to such Mortgage or a Quit Claim Deed in the case of a Land Contract, and, if applicable, a Land Contract Assignment. Purchaser will reimburse Seller at closing for any funds held in escrow by the lender or Seller, as the case may be. Purchaser has been provided with a copy of said Mortgage or Land Contract and understands the terms thereof.

D. SALE TO EXISTING MORTGAGE - REQUALIFICATION REQUIRED. Delivery of the usual Warranty Deed conveying a marketable title, subject to a mortgage. Payment of the purchase money is to be made by cash, cashier's or certified check less the amount owing upon an existing mortgage now on the premises, with accrued interest to date of consummation, held by _____ upon which there is unpaid the sum of approximately \$ _____ with present interest at _____ percent, which mortgage requires present monthly payments of \$ _____ which payments DO DO NOT include prepaid taxes and DO DO NOT include prepaid insurance. If existing mortgage is a balloon mortgage it must be paid in full or renegotiated with lender on or before _____. The existing mortgage requires an application by Purchaser to qualify for said assumption. Purchaser agrees to apply for such mortgage at his own expense within _____ calendar days from Seller's acceptance of this offer, or from the date Purchaser receives an acceptable inspection report pursuant to Paragraph 26 below if applicable. Purchaser agrees to promptly comply with lender's request for necessary information required to process the requalification loan application and to make a good faith effort to obtain said mortgage. If a firm commitment for such mortgage cannot be obtained within _____ calendar days from date of Seller's acceptance, at the Seller's written option, this offer can be declared null and void and the deposit returned to Purchaser forthwith. If the Seller has any accumulated funds held in escrow for the payment of any prepaid items, the Purchaser agrees to reimburse the Seller upon proper assignment of same. At closing, the Purchaser shall assume and agree to pay the existing mortgage according to its stated terms.

E. SALE ON LAND CONTRACT. Payment of the sum of \$ _____, by cash, cashier's or certified check, and the execution of a Land Contract in the amount of \$ _____ on a universally accepted title company form acknowledging payment of that sum and calling for the payment of the remainder of the purchase money within _____ years from the date of closing of the Contract in monthly payments of not less than \$ _____ each which include interest payments at the rate of _____ percent per annum and which DO DO NOT include prepaid taxes and which DO DO NOT include prepaid insurance.

2. The Seller shall deliver and the Purchaser shall accept possession of said property subject to the rights of the following tenants: _____ (see additional conditions for description of tenant information, if applicable). If the Seller occupies the property it shall be vacated on or before _____ days after closing. Commencing the day after closing through the day of vacating the property as agreed, Seller shall pay the sum of \$ _____ per day. The Broker shall retain from the amount due Seller at closing the sum of \$ _____ as security for said occupancy charge, paying to the Purchaser the amount due him and returning to the Seller the unused portion as determined by date property is vacated and keys surrendered to Broker. Broker has no obligation implied or otherwise for seeing that the premises are vacated on the date specified or for the condition of the premises, etc., but is only acting as an escrow agent for holding the occupancy escrow funds.

3. The Broker is hereby authorized to make this offer and the deposit of \$ _____ in the form of cash, cashier's check, certified check, personal check, promissory note shall be held by him according to the State of Michigan Statutes and Regulations (Act No. 299, P.A. of 1980 Sect. 2512 (1)(g)) and applied on the purchase price if the sale is consummated.

4. APPLICABLE TO V.A. OR F.H.A. SALES ONLY: It is expressly agreed that notwithstanding any other provisions of this contract, the Purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the Purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Secretary of Veterans Affairs, or a direct endorsement/authorized automatic lender setting forth the appraised value of the property of not less than \$ _____. The Purchaser shall have the privilege and option of proceeding with the consummation of the Contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development or Department of Veterans Affairs will insure. HUD/FHA, VA and the Direct Endorsement/Authorized Automatic Lender do not warrant the value nor the condition of the property. The Purchaser should satisfy himself/herself that the price and condition of the property are acceptable.

5. It is further understood between Purchaser and Seller that the additional personal property listed herein has a value of \$ _____.

6. ADDITIONAL OFFERS. Upon Seller's written acceptance of the terms of any Offer to Purchase, Realtor/Broker shall not be required to present any other offers received after the date of acceptance, unless otherwise provided in this contract.

7. SELLER'S DISCLOSURE: Purchaser has has not received a copy of a Seller's Disclosure Statement setting forth certain conditions involving the property, and Seller acknowledges that said Statement is true and accurate to the best of Seller's knowledge.

8. AGENCY: By our signatures below, the parties hereby acknowledge that the Selling Broker and Salesperson(s) are designated agents of the _____ Buyer and/or _____ Seller. Buyer and Seller acknowledge that this is or is not an in-house transaction in which the Buyer and Seller are each represented by different designated agents within. If this is an in-house transaction, the Broker and/or all named Supervisory Brokers are acting as Dual Agents.

ADDITIONAL CONDITIONS, if any: (Use reverse side if needed)

NOTE: GENERAL CONDITIONS of sale printed on reverse side are incorporated and made a part hereof. Purchaser and Seller shall initial the reverse side of this agreement.

By the execution of this instrument, the Purchaser acknowledges receipt of a copy of this agreement.

IN THE PRESENCE OF:

GENERAL CONDITIONS OF SALE

9. As evidence of title, Seller agrees to furnish Purchaser at the time of closing, a commitment for a Policy of Title Insurance without standard exceptions in an amount not less than the purchase price, bearing date later than the acceptance hereof and guaranteeing the title in the condition required for the performance of this offer. Said Commitment of Title Insurance shall be converted to a Policy of Title Insurance subsequent to closing and forwarded to Purchaser as soon as all necessary documents have been processed and recorded to cause the issuance of a Policy of Title Insurance.

10. If this offer is accepted by Seller and title can be conveyed in the condition required hereunder, the Purchaser agrees to complete the sale within ten days after the issuance of the Commitment for Title Insurance. However, if the sale is to be consummated in accordance with Paragraph B or D, then closing will be as soon as the mortgage application is approved and a closing date can be obtained from the lender. The location of closing shall be determined by the Listing Broker or lending institution, if applicable.

11. If objection to title is made, based upon a written opinion of Purchaser's attorney that the title is not in the condition required for performance hereunder, the Seller shall have thirty days from the date he is notified in writing of the particular defects claimed, either to (1) make a good faith effort to remedy the title defect(s) or (2) obtain a Title Commitment insuring over said defect(s). The Purchaser agrees to complete the sale within ten days following delivery of the reissued Title Commitment. If the Seller is unable to remedy the title or obtain Title Insurance within the time specified, the deposit shall be refunded forthwith to Purchaser in full termination of this agreement, unless Purchaser elects to proceed with the sale accepting such title as Seller is able to convey.

12. In event of default by the Purchaser hereunder, the Seller may, at his option, elect to enforce the terms hereof or declare a forfeiture hereunder and retain the deposit as liquidated damages. In event of default by the Seller hereunder, the Purchaser may, at his option, elect to enforce the terms hereof, or demand and be entitled to an immediate refund of his entire deposit in full termination of this agreement.

13. All taxes and assessments which have become a lien upon the land, whether recorded or not recorded, at the date of closing shall be paid by the Seller. Excepting, however, those taxes which, pursuant to Michigan Public Act 80 of 1994 became a lien on December 31 of the year prior to the date of this agreement, and which first become due and payable on a date subsequent to the date of closing. Current taxes, if any, shall be prorated and adjusted as of the date of closing in accordance with the DUE DATE basis of the municipality or taxing unit in which the property is located on a 365 day basis. Interest, rents, insurance, condominium or association dues or fees shall be prorated and adjusted in a like manner. Broker may retain from the amount due Seller at closing, a minimum of two hundred (\$200.00) dollars for water charges. (Based upon water usage of the community.) When the final water bill or reading is received, all water adjustments shall be made through the day of closing occupancy.

14. Purchaser and Seller hereby acknowledge notice of the fact that Broker may accept a fee or consideration with regard to the placement of an abstract, loan or mortgage, life, fire, theft, flood, title or other casualty or hazard insurance arising from this transaction and expressly consent thereto as required by Michigan Law. Purchaser shall pay the cost of recording the deed and/or security interests, all mortgage loan closing costs required by mortgagee.

15. By the execution of this agreement, the Purchaser acknowledges that he has examined the above described premises and is satisfied with the physical condition of structures thereon and is purchasing said real estate in an "AS IS CONDITION" and that neither the Seller nor Broker make any warranties as to the land and structure being purchased or the condition thereof. Purchaser acknowledges that he has inspected the premises covered hereby and that he is satisfied with its condition. Seller agrees to maintain the premises in the same condition as exists at time of acceptance of this offer until possession is delivered to Purchaser. In the event property herein has been winterized, it shall be the obligation and expense of the Seller to de-winterize same prior to closing.

16. Purchaser shall have the right to a walk-through inspection of the premises being purchased within twenty-four hours prior to closing in order to determine, among other things, if the premises and any personal property and equipment being purchased have been maintained and are in no worse condition at the time of closing than they were at the time this agreement was accepted by the Seller, normal wear and tear excepted.

17. It is understood and agreed between both Purchaser and Seller herein that in the event a balloon note or payment shall become due in any of the above methods of financing, or that in the event Purchaser elects to finance subject property through an Adjustable Rate Mortgage and future interest rates increase to the displeasure of Purchaser, that Broker(s) herein shall be held harmless of any wrongdoing or liability with regard to the possible "lack of availability" of favorable financing when said note or balloon payment becomes due or future adjustments occur in mortgage interest rates.

18. At all times under this agreement where certain time constraints are set forth, the parties have agreed that TIME IS OF THE ESSENCE and that no extensions of said time limits are expected or agreed to unless specifically agreed to in writing.

19. This is a legal and binding document, and both Purchaser and Seller acknowledge that they have been advised to consult an attorney to protect their interests in this transaction. Where the transaction involves financial and tax consequences, the parties acknowledge that they have been advised to seek the advice of their accountant or financial advisor.

20. This agreement supersedes any and all understandings and agreements and constitutes the entire agreement between the parties hereto and Broker (other than the listing/commission agreement) and no oral representations or statements shall be considered a part hereof.

21. If two or more persons execute this agreement as Purchaser or Seller their obligations hereunder shall be joint and several and the covenants herein shall bind and inure to the benefit of the personal representatives, administrators, successors and assigns of the respective parties. Whenever any words, including pronouns, are used herein in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all cases where they would so apply. Whenever any words, including pronouns, are used herein in the singular or plural form, they shall be read and construed in the plural or singular respectively, whenever they would so apply.

22. RISK OF LOSS. The Seller is responsible for any damage to the property, except for normal wear and tear, until the closing. If there is damage, the Purchaser has the option to cancel this agreement and the deposit shall be refunded to the Purchaser or he can proceed with the closing and either:
a. require that the Seller repair the damage before the closing; or
b. deduct from the purchase price a fair and reasonable estimate of the cost to repair the property.

23. Purchaser and Seller acknowledge that no representations, promises, guaranties, or warranties of any kind including, but not limited to, representations as to the condition of the premises were made by the Broker, his/her sales persons, other cooperating sales persons or persons associated with Broker.

24. In consideration of the Broker's effort to obtain the Seller's approval, it is understood that this offer is irrevocable for five (5) days from the date hereof, and if not accepted by the Seller within that time, the deposit shall be returned forthwith to the Purchaser. If the offer is accepted by the Seller, the Purchaser agrees to complete the purchase of said property within the time indicated above.

25. Purchaser DO DO NOT choose to have property privately inspected at their expense. (Note: Inspections required by FHA, VA, other lenders or municipalities are not made for, nor should they be relied upon by Purchasers.) If property is to be privately inspected, the following clause shall govern:

Sellers shall permit an inspector(s) of Purchaser's choosing to have access to the property for the purpose of inspecting and reporting upon the general physical condition of the property, and its plumbing, heating and electrical systems, air quality and verification of square footage. Purchaser assumes liability for any damage to Sellers property caused by such inspection. The inspection shall be concluded within calendar days after acceptance of this offer. If the inspection discloses any defects in the property which results in the Purchasers having substantial cause to be dissatisfied with the current physical condition of the property and its systems, they shall notify the Sellers, in writing, within three calendar days following the inspection. Failure to notify Sellers of such defects within this time period shall constitute a waiver of this paragraph by the Purchasers and they shall take the property "AS IS."

If Sellers are notified of defects, they shall have calendar days to (a) repair or provide for repair to the satisfaction of the Purchaser, or (b) declare their unwillingness to repair, in which case this Agreement shall be null and void and Purchaser's deposit shall be returned.

Purchaser(s) acknowledge that the Salesperson(s) have recommended that Purchaser(s) obtain a private inspection.

26. ARBITRATION. Any claim or demand of Seller(s), Purchaser(s), Broker(s), or Agent(s) or any of them, arising out of this Offer To Purchase but limited to any dispute over the disposition of any earnest money deposits or arising out of or related to the physical condition of any property covered by this Offer To Purchase, including without limitation, claims of fraud, misrepresentation, warranty and negligence, shall be settled in accordance with the rules, then in effect, adopted by the American Arbitration Association and the Michigan Association of REALTORS. This is a separate voluntary agreement, between the Purchaser(s), Seller(s), and/or Broker(s). Failure to agree to arbitrate does not affect the validity of this Offer To Purchase. A judgment of any circuit court shall be rendered upon the award or determination made pursuant to this Offer To Purchase. This Offer To Purchase is specifically made subject to and incorporates the provisions of Michigan law governing arbitrations, MCL 600.5001; MSA 27A.5001, as amended, and the applicable court rules, MCR 3.602, as amended. The terms of this Offer To Purchase shall survive the closing.

The parties acknowledge that they understand that, by agreeing to binding arbitration, they have given up their right to a day in court and they understand the arbitration process and that the award of the arbitrator is final and conclusive and not appealable except for limited due process reasons as set forth in the Michigan law and court rules herein before set forth.

The parties do not wish to agree at this time to arbitrate any future disputes.

27. FACSIMILE AUTHORITY. It is agreed to by the parties that offers, acceptances and notices required hereunder can be delivered by Facsimile (Fax) copy to the parties or their agents provided, a hard copy (originally signed copy) is mailed or delivered in a timely manner and the date and time of the receipt of the Fax shall be the date and time of said offer, acceptance or notice.

28. In the event Seller makes any written change in any of the terms and conditions of the offer presented by Purchaser, such changed terms and conditions shall constitute a counteroffer by Seller to Purchaser and which shall remain valid until at , unless earlier withdrawn in writing, and shall require acceptance by the Purchaser by initialing each change before such date and time.

29. The following ADDENDUM(S) are attached hereto and made a part hereof: _____

ADDITIONAL CONDITIONS:

30. ATTORNEY REVIEW AND APPROVAL. Buyer Initial Yes No, Seller Initial Yes No. This offer is contingent upon the review and approval by legal counsel of the buyer and/or the seller within calendar days. Unless either attorney objects in writing in care of the listing or selling broker within the specified time frame, this contingency shall be deemed conclusively waived and removed from this offer to purchase. If either party does object within the specified time frame in writing in care of this listing or selling broker, then the transaction may be declared null and void and neither party shall have any further obligation to each other and the selling broker is authorized to release any and all earnest money deposited back to the buyer.

The parties hereto have read the GENERAL CONDITIONS of this contract and have affixed their initials as acknowledgement and acceptance:

Purchaser(s) initials: _____

Seller(s) initials: _____





LEAD-BASED PAINT SELLER'S DISCLOSURE FORM

Property Address _____
 Street _____
 _____ MICHIGAN
 City, Village, Township _____

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may reproduce permanent neurological damage, including learning disabilities, reduced intelligent quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any know lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

I. Seller's Disclosure (initial)

_____ (a) Presence of lead-based paint and/or lead-based paint hazards (check one below):

- Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

- Seller has no knowledge of lead-based paint and/or lead-based paint hazards in housing.

_____ (b) Records and reports available to the seller (check one below):

- Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below):

- Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Seller certifies that to the best of his/her knowledge, the Seller's statement above are true and accurate.

Date: _____
 Date: _____

Seller(s)

II. Agent's Acknowledgment (initial)

_____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852 d and is aware of his/her responsibility to ensure compliance.

Agent certifies that to the best of his/her knowledge, the Agent's statement above is true and accurate.

Agent

Date: _____

III. Purchaser's Acknowledgment (initial)

_____ (a) Purchaser has received copies of all information listed above.

_____ (b) Purchaser has received the federally approved pamphlet *Protect Your Family From Lead In Your Home*.

_____ (c) Purchaser has (check one below):

- Received a 10-day opportunity (or other mutually agreed upon period) to conduct a risk assessment or inspection of the presence of lead-based paint or lead-based paint hazards; or
- Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Purchaser certifies to the best of his/her knowledge, the Purchaser's statements above are true and accurate.

Purchaser(s)

Date: _____

Date: _____

FORM L-3, APR/10 ©1996 Michigan Association of REALTORS®, Ph. 800.454.7842 Fax 517.334-5568

Seller's Disclosure Statement

Property Address: _____ Street _____ City, Village or Township _____ MICHIGAN

Purpose of Statement: This statement is a disclosure of the condition of the property in compliance with the Seller Disclosure Act. This statement is a disclosure of the condition and information concerning the property, known by the Seller. Unless otherwise advised, the Seller does not possess any expertise in construction, architecture, engineering or any other specific area related to the construction or condition of the improvements on the property or the land. Also, unless otherwise advised, the Seller has not conducted any inspection of generally inaccessible areas such as the foundation or roof. **This statement is not a warranty of any kind by the Seller or by any Agent representing the Seller in this transaction, and is not a substitution for any inspections or warranties the Buyer may wish to obtain.**

Seller's Disclosure: The Seller discloses the following information with the knowledge that even though this is not a warranty, the Seller specifically makes the following representations based on the Seller's knowledge at the signing of this document. Upon receiving this statement from the Seller, the Seller's Agent is required to provide a copy to the Buyer or the Agent of the Buyer. The Seller authorizes its Agent(s) to provide a copy of this statement to any prospective Buyer in connection with any actual or anticipated sale of property. The following are representations made solely by the Seller and are not the representations of the Seller's Agent(s), if any. **THIS INFORMATION IS A DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY CONTRACT BETWEEN BUYER AND SELLER.**

Instructions to the Seller. (1) Answer ALL questions. (2) Report known conditions affecting the property. (3) Attach additional pages with your signature if additional space is required. (4) Complete this form yourself. (5) If some items do not apply to your property, check NOT AVAILABLE. If you do not know the facts, check UNKNOWN. FAILURE TO PROVIDE A PURCHASER WITH A SIGNED DISCLOSURE STATEMENT WILL ENABLE A PURCHASER TO TERMINATE AN OTHERWISE BINDING PURCHASE AGREEMENT.

Appliances/Systems/Services: The items below are in working order. (The items listed below are included in the sale of the property only if the purchase agreement so provides.)

	Yes	No	Unknown	Not Available		Yes	No	Unknown	Not Available
Range/oven	_____	_____	_____	_____	Lawn sprinkler system	_____	_____	_____	_____
Dishwasher	_____	_____	_____	_____	Water heater	_____	_____	_____	_____
Refrigerator	_____	_____	_____	_____	Plumbing system	_____	_____	_____	_____
Hood/fan	_____	_____	_____	_____	Water softener/conditioner	_____	_____	_____	_____
Disposal	_____	_____	_____	_____	Well & pump	_____	_____	_____	_____
TV antenna, TV rotor controls	_____	_____	_____	_____	Septic tank & drainfield	_____	_____	_____	_____
Electric system	_____	_____	_____	_____	Sump pump	_____	_____	_____	_____
Garage door opener & remote	_____	_____	_____	_____	City water system	_____	_____	_____	_____
Alarm System	_____	_____	_____	_____	City sewer system	_____	_____	_____	_____
Intercom	_____	_____	_____	_____	Central air conditioning	_____	_____	_____	_____
Central vacuum	_____	_____	_____	_____	Central heating system	_____	_____	_____	_____
Attic fan	_____	_____	_____	_____	Wall furnace	_____	_____	_____	_____
Pool heater, wall liner & equipment	_____	_____	_____	_____	Humidifier	_____	_____	_____	_____
Microwave	_____	_____	_____	_____	Electronic air filter	_____	_____	_____	_____
Trash compactor	_____	_____	_____	_____	Solar heating system	_____	_____	_____	_____
Ceiling fan	_____	_____	_____	_____	Fireplace & chimney	_____	_____	_____	_____
Sauna/hot tub	_____	_____	_____	_____	Wood burning system	_____	_____	_____	_____
Washer	_____	_____	_____	_____	Dryer	_____	_____	_____	_____

Explanations (attach additional sheets if necessary):

UNLESS OTHERWISE AGREED, ALL HOUSEHOLD APPLIANCES ARE SOLD IN WORKING ORDER EXCEPT AS NOTED WITHOUT WARRANTY BEYOND DATE OF CLOSING.

Property conditions, improvements & additional information:

1. **Basement/Crawlspace:** Has there been evidence of water? yes _____ no _____
If yes, please explain: _____
2. **Insulation:** Describe, if known: _____
Urea Formaldehyde Foam Insulation (UFFI) is installed? unknown _____ yes _____ no _____
3. **Roof:** Leaks? yes _____ no _____
Approximate age if known: _____
4. **Well:** Type of well (depth/diameter, age and repair history, if known): _____
Has the water been tested? yes _____ no _____
If yes, date of last report/results: _____

BUYER'S INITIALS _____
SELLER'S INITIALS _____

Seller's Disclosure Statement

Property Address: _____ MICHIGAN

5. **Septic tanks/drain fields:** Condition, if known: _____
6. **Heating system:** Type/approximate age: _____
7. **Plumbing system:** Type: copper _____ galvanized _____ other _____
Any known problems? _____
8. **Electrical system:** Any known problems? _____
9. **History of Infestation,** if any: (termites, carpenter ants, etc.) _____
10. **Environmental problems:** Are you aware of any substances, materials or products that may be an environmental hazard such as, but not limited to, asbestos, radon gas, formaldehyde, lead-based paint, fuel or chemical storage tanks and contaminated soil on property.
Unknown _____ yes _____ no _____

If yes, please explain: _____

11. **Flood Insurance:** Do you have flood insurance on the property? unknown _____ yes _____ no _____
12. **Mineral Rights:** Do you own the mineral rights? unknown _____ yes _____ no _____

Other Items: Are you aware of any of the following:

- Features of property shared in common with the adjoining landowners, such as walls, fences, roads and driveways, or other features whose use or responsibility for maintenance may have an effect on the property? unknown _____ yes _____ no _____
- Any encroachments, easements, zoning violations or nonconforming uses? unknown _____ yes _____ no _____
- Any "common areas" (facilities like pools, tennis courts, walkways, or other areas co-owned with others) or a homeowners' association that has any authority over the property? unknown _____ yes _____ no _____
- Structural modifications, alterations, or repairs made without necessary permits or licensed contractors? unknown _____ yes _____ no _____
- Settling, flooding, drainage, structural, or grading problems? unknown _____ yes _____ no _____
- Major damage to the property from fire, wind, floods, or landslides? unknown _____ yes _____ no _____
- Any underground storage tanks? unknown _____ yes _____ no _____
- Farm or farm operation in the vicinity; or proximity to a landfill, airport, shooting range, etc.? unknown _____ yes _____ no _____
- Any outstanding utility assessments or fees, including any natural gas main extension surcharge? unknown _____ yes _____ no _____
- Any outstanding municipal assessments or fees? unknown _____ yes _____ no _____
- Any pending litigation that could affect the property or the Seller's right to convey the property? unknown _____ yes _____ no _____

If the answer to any of these questions is yes, please explain. Attach additional sheets, if necessary: _____

The Seller has lived in the residence on the property from _____ (date) to _____ (date).

The Seller has owned the property since _____ (date).

The Seller has indicated above the conditions of all the items based on information known to the Seller. If any changes occur in the structural/mechanical/appliance systems of this property from the date of this form to the date of closing, Seller will immediately disclose the changes to Buyer. In no event shall the parties hold the Broker liable for any representations not directly made by the Broker or Broker's Agent.

Seller certifies that the information in this statement is true and correct to the best of Seller's knowledge as of the date of Seller's signature.

BUYER SHOULD OBTAIN PROFESSIONAL ADVICE AND INSPECTIONS OF THE PROPERTY TO MORE FULLY DETERMINE THE CONDITION OF THE PROPERTY. THESE INSPECTIONS SHOULD TAKE INDOOR AIR AND WATER QUALITY INTO ACCOUNT, AS WELL AS ANY EVIDENCE OF UNUSUALLY HIGH LEVELS OF POTENTIAL ALLERGENS INCLUDING, BUT NOT LIMITED TO, HOUSEHOLD MOLD, MILDEW AND BACTERIA.

BUYERS ARE ADVISED THAT CERTAIN INFORMATION COMPILED PURSUANT TO THE SEX OFFENDERS REGISTRATION ACT, 1994 PA 295, MCL 28.721 TO 28.732 IS AVAILABLE TO THE PUBLIC BUYERS SEEKING SUCH INFORMATION SHOULD CONTACT THE APPROPRIATE LOCAL LAW ENFORCEMENT AGENCY OR SHERIFF'S DEPARTMENT DIRECTLY.

BUYER IS ADVISED THAT THE STATE EQUALIZED VALUE OF THE PROPERTY, PRINCIPAL RESIDENCE EXEMPTION INFORMATION, AND OTHER REAL PROPERTY TAX INFORMATION IS AVAILABLE FROM THE APPROPRIATE LOCAL ASSESSOR'S OFFICE. **BUYER SHOULD NOT ASSUME THAT BUYER'S FUTURE TAX BILLS ON THE PROPERTY WILL BE THE SAME AS THE SELLER'S PRESENT TAX BILLS. UNDER MICHIGAN LAW, REAL PROPERTY TAX OBLIGATIONS CAN CHANGE SIGNIFICANTLY WHEN PROPERTY IS TRANSFERRED.**

Seller _____ Date: _____

Seller _____ Date: _____

Buyer has read and acknowledges receipt of this statement.

Buyer _____ Date: _____ Time _____

Buyer _____ Date: _____ Time _____

Disclaimer: This form is provided as a service of Michigan Realtors®. Please review both the form and details of the particular transaction to ensure that each section is appropriate for the transaction. Michigan Realtors® is not responsible for use or misuse of form for misrepresentation or for warranties made in connection with the form.

CAUTION

U.S. Department of
Housing and Urban
Development
Federal Housing Administration (FHA)



OMB Approval No: 2502-
0538 (exp. 04/30/2018)

For Your Protection: Get a Home Inspection

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

Evaluate the physical condition: structure, construction, and mechanical systems; Identify items that need to be repaired or replaced; and Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

You Must Ask for a Home Inspection

A home inspection will only occur if you arrange for one. FHA does not perform a home inspection.

Decide early. You may be able to make your contract contingent on the results of the inspection.

Appraisals are Different from Home Inspections

An appraisal is different from a home inspection and does not replace a home inspection. Appraisals estimate the value of the property for lenders. An appraisal is required to ensure the property is marketable. Home inspections evaluate the condition of the home for buyers.

FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA cannot give or lend you money for repairs, and FHA cannot buy the home back from you. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

Radon Gas Testing and other safety/health issues

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236.

Ask your home inspector about additional health and safety tests that may be relevant for your home.

Be an Informed Buyer

It is your responsibility to be an informed buyer. You have the right to carefully examine your potential new home with a qualified home inspector. To find a qualified home inspector ask for references from friends, realtors, local licensing authorities and organizations that qualify and test home inspectors.



HUD-92564-CN (6/14)



CAUTION

CAUTION

CAUTION

Land Contract Sale Addendum

The Addendum is attached to and made a part of a certain Buy & Sell Agreement between the undersigned parties dated _____ covering property commonly known as _____

ALL PARTIES SHALL INITIAL ANY CLAUSE WHICH IS PART OF THIS BUY & SELL AGREEMENT

Sale on Land Contract Down Payment of the sum of \$ _____ and the execution of a Land Contract acknowledging payment of that sum and calling for the payment of the remainder of the purchase money within _____ years from the date of the Contract at a rate of _____ percent per annum.

If the Seller's title to said land is evidenced by an existing Land Contract with unperformed terms and conditions substantially as above set forth and the cash payment to be made by the undersigned on consummation hereof will pay out the equity, an assignment and conveyance of the vendee's interest in the land contract with an agreement by the undersigned to assume the balance owing thereon, will be accepted in lieu of the contract proposed in the preceding paragraph. If the Seller has any accumulated funds held in escrow for the payment of prepaid taxes or insurance the purchaser agrees to reimburse the Seller upon the proper assignment of same.

Purchase(s) Seller(s) **The undersigned parties further agree that any initialed clauses below are to be incorporated into**
Initials Initials **and become a part of the land contract.**

1.
A. _____ Land Contract principal and Interest payment of \$ _____
 OR
B. _____ Land Contract Payment will be an interest only payment of \$ _____

REAL ESTATE TAXES AND INSURANCE

2.
A. _____ Purchaser agrees to pay all taxes and special assessments, when due, and submit proof of payment to Seller within sixty (60) days from the due date.
 OR
B. _____ Purchaser agrees to pay an additional monthly amount of \$ _____ which is an estimate of 1/12 of the annual costs of (taxes), (special assessments), (and insurance), which shall be credited by the Seller to the unpaid principal balance of the land contract. Seller shall pay said (taxes), (special assessments), (and insurance) before any penalty attaches and add amounts so paid to the principal balance of the contract on their due date. This amount may be adjusted periodically to approximate the total for (taxes), (special assessments), (and insurance).
C. _____ Purchaser agrees to insure said property with a hazard insurance policy, in an amount satisfactory to Seller and financial institution. If there is an underlying mortgage, or vendor, must be added as an additional insured to the extent of the interest during the term of this contract.

1st PAYMENT DUE AND TAX PRORATION

3. _____ Purchaser(s) first monthly payment is due 30 days from the date of closing. Taxes will be prorated as of the closing date. If Seller occupies the property after closing, Seller will pay use and occupancy in accordance with paragraph 2 of the Buy & Sell Agreement. In addition, if payments are to be due on the first of the month place and "X" here ____ In this case, purchaser will pay interest at closing for the period from the closing date to the first of the first of the following month and the first payment will be due 30 days later.

OTHERS

4. _____ If there is a present mortgage and/or land contract on this property, the parties agree that the holder of said mortgage and/or land contract shall be contacted by the Seller prior to closing to determine if there are any provisions or requirements if the property is sold on a land contract and shall notify the Purchaser thereof upon receipt of such requirements, if any,
5. _____ At any time during the term of this land contract Purchaser may assume the existing mortgage. Sellers agree not to reduce the principal balance of mortgage other than by the normal required monthly payments.

6. _____ Purchaser is to deliver, at their expense, to Seller a current _____ credit report, _____ employment letter and/or _____ financial statement within seven (7) business days of Seller's acceptance. If said information is not satisfactory to Seller or is not timely delivered; Seller may within two (2) days of receipt of the information, declare this sale null and void and all deposit monies will be returned.
7. _____ In the event payments are not received within _____ business days from the due date, a late payment charge of \$ _____ per payment shall be added to the payment. This is a late payment charge and not interest, Purchaser further agrees and understands that enforcement of the late payment charge does not constitute an election under the contract and that the Seller may pursue any other remedies available in law or equity. shall be added to the payment. This late payment
8. _____ Seller agrees to execute a good and sufficient Warranty Deed at closing to be placed in Escrow with a Title Agency. Purchaser agrees to pay all costs of Escrow Agent.
9. _____ In addition to the required monthly payments, Purchaser shall pay to Seller \$ _____ on or before _____ said amount to be applied against the principal balance of the land contract.
10. _____ Purchaser and Seller understand that the regular monthly payments called for by the terms of the land contract will not pay the land contract amount owing in full by the end of the term of the contract. There will be a lump sum payment due from Purchaser to Seller at that time.
11. _____ MANDATORY Neither Salespersons, Brokers, nor Sellers have represented to Purchaser that at the time required for pay-off of this obligation there will be satisfactory mortgage financing available or that such financing will be at rates currently available or lower.
12. _____ MANDATORY this agreement constitutes the entire agreement between the parties and no other oral or written agreements shall be considered to be a part hereof.
13. _____ MANDATORY All parties agree and affirm that they have reviewed each initialed clause of this addendum, and they further understand the meaning of and importance of each initialed clause.
14. Additional conditions: _____

Signatures:

Witness: _____

Purchaser _____

Date: _____

Purchaser _____

Witness: _____

Seller _____

Date: _____

Seller _____



Title Connect LLC
a title insurance agency

MORTGAGE PAYOFF AUTHORIZATION

DATE: _____

TO: (LENDER) _____

LENDER ADDRESS: _____

LENDER PHONE #: _____

RE: SELLER'S LOAN # _____

(SELLER NAME) _____

(SELLER SOCIAL SECURITY #) _____

PROPERTY ADDRESS: _____

The above property has been sold:

- Your mortgage will be paid off
- On Land Contract
- Purchaser will assume your mortgage

YOU ARE HEREBY REQUESTED TO FURNISH THE FOLLOWING INFORMATION:

- Payoff figures as of _____, 20____, with a daily rate.
- Present balance, date interest paid to if lender approval required for a land contract sale.
- Assumption figures, monthly payment, interest rate, pre-payment privilege, termination date of mortgage. Please notify us if your mortgage prohibits assumption.
- Equity line payoff as of _____, 20____, with a daily rate. Please block account once payoff letter is sent. Checks/cards have been destroyed.

Seller's Signature _____

Daytime Phone # _____

Please forward this information to your title agent at Title Connect LLC

This document gives Title Connect LLC authority to pay off your existing mortgage