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P.O. Box 2464
Weaverville, NC 28787**

CLIENT ENGAGEMENT LETTER

******YOU MUST BRING A FORM OF ID****

YOU MUST BRING A VALID (UNEXPIRED) PHOTO ID. We will not be able to conduct the closing without an unexpired government issued photo id. Primary form: driver license, State issued ID card, military ID card, passport, US alien registration card, Canadian driver license.

Buyers: Check with your real estate agent to see whether there are any restrictive covenants for this property, or, if you are not represented by an agent, this information may be obtained from seller or homeowners association.

Possession- The seller does not have to give possession of the property until the deed is recorded which cannot occur until we have your new lender's funds in our trust account and have satisfied all of the lender's conditions. This usually occurs the same day as a morning closing, but not always.

Dear Client:

We have been engaged by you or your agent in your behalf to assist with your purchase or refinance of the above-referenced real property. We look forward to working with you.

PLEASE GIVE THE FOLLOWING MATTERS YOUR PROMPT AND CAREFUL ATTENTION:

CLOSING

If a time and date for your closing has not already been set, please contact us as soon as possible to arrange a closing date and time. Our office is located at 38 N. Main Street, Weaverville, NC 28787 (downtown across from Rodney's Auto and nearby the Well-Bred Bakery). Directions can be emailed to you.

OUR FEES

Our standard fees for a purchase or for a refinance vary depending on the complexity of the closing; however, a typical purchase fee can range between \$800 - \$1,100 (which includes title work, settlement fee, document prep fee, wire fee, etc.) while a refinance can range between \$700 - \$900 (including the same services as above). If we are required to perform additional services beyond those described herein, we will charge extra for them. Some examples of "additional services" would be preparation of a subordination agreement or release deed, power of attorney or other documents; contract preparation, review or advice prior to contracting for your purchase; cancellation, delay or postponement of the closing through no fault of ours after the closing documents have been prepared (even if the seller is at fault, you would still owe us our fees); the payoff of credit cards, judgments or other debts.

Out-of-pocket expenses such as the survey fee, termite report fee, title insurance premium, homeowner's insurance premium and recording fees, are not included in our legal fee.

If the transaction fails to close through no fault of ours prior to receiving the loan package, we will charge a fee of between \$100 and \$350 depending on time and expense incurred for work performed. If the transaction fails to close through no fault of ours after the loan package has been received and closing documents have been prepared, we will charge up to \$550 as most of work will have been completed – including a charge for preparing the deed package which would have been paid by the seller if the transaction had closed. A redraw fee of \$100 per loan package may be required to prepare new packages after the first one if your lender sends a new package through no fault of ours.

For “MAIL AWAY” closings, closings by Power of Attorney and closings where the seller is a relocation company, add between \$150-250 to our fee for the additional work involved in preparing the documents and “non-conforming document” fees we regularly incur when documents are not signed in our office. Additional courier fees may apply.

FUNDS AT CLOSING

Pursuant to State Bar regulations, all amounts due from you at closing must be in the form of certified funds (or cashiers check, bank check or wire). Wire is the preferred method to receive funds before closing. **ANY CASH TO CLOSE EXCEEDING FIVE THOUSAND DOLLARS (\$5,000) MUST BE IN THE FORM OF A WIRE TRANSFER.** Please obtain a certified/cashier's check made payable to Musial Law Firm, PLLC Trust Account. A MONEY ORDER IS NOT CONSIDERED ACCEPTABLE FUNDS. We should know how much money will need to be brought to closing within 72 hours of the closing date.

NOTICE CONCERNING EMAIL SCAMS / FRAUDS RE: WIRES

The North Carolina State Bar has informed attorneys that there has been an increase in fraudulent wire activity. Such fraud includes, but may not be limited to, malicious third parties emailing clients pretending to represent their real estate agent, their attorney, or another party related to the closing. This third party may provide false wire instructions directing the client to wire funding to a bank account unrelated to the transaction.

To protect against fraud, our office strongly recommends that wire instructions be *picked up in person from our office*. If it is impossible to pick up wire instructions from the office, wire instructions may be sent via secure email to your email address. **IF YOU RECEIVE WIRE INSTRUCTIONS BY EMAIL, CALL OUR OFFICE AT (828) 645-4215 x.312 TO CONFIRM THE INSTRUCTIONS ARE CORRECT. DO NOT SEND A WIRE BEFORE CONFIRMING THE INSTRUCTIONS ARE CORRECT.**

WHO WE REPRESENT

We represent you to the extent of ensuring that you acquire good and marketable title to the property. However, we can advise you only on legal questions concerning title to your property, title insurance and the covenants and conditions of your loan documentation.

We represent the lender to the extent of assuring full compliance with its loan closing instructions. In the event of a dispute between you and the lender, we will not attempt to represent either party against the other.

We do not represent you to negotiate the terms of your loan agreement with your lender (i.e., your loan amount, interest rate, conditions for later conversion or refinancing, necessity or amount of mortgage insurance, etc.). We will explain these terms to you, but are not engaged to negotiate them for you.

WHAT SERVICES WE PERFORM

We are responsible for conducting the title examination of the property and ensuring the following: that the deed of conveyance and the loan documents have been properly prepared and executed, that the closing funds are properly received and disbursed pursuant to the Closing Disclosure, that the new survey (IF one is REQUESTED by you) is ordered and reviewed by us prior to closing, that the deed and deed of trust (mortgage) are duly recorded and that the owners' and lender's policies of title insurance are issued and delivered in proper form. We will transmit payoffs of the outstanding liens, along with cancellation of lien instructions to the proper creditors; however, in the event the creditor does not comply with our cancellation instructions we will not pursue the creditor without being further retained by the buyer or seller.

We will not act as escrow agent for the purpose of holding money for repairs or any other problems which are to be resolved after the closing. Your best course of action is to resolve these issues prior to closing.

SERVICES PROVIDED TO YOUR SELLER

We will frequently be requested by the sellers or their realtor to prepare the deed of conveyance and lien affidavit for the seller. In addition, if there are title defects or old encumbrances which need to be resolved in order for you to receive marketable title to the property, we may assist the seller in clearing up these title matters. North Carolina law allows us to do this work if the buyers do not object. In the event of a future dispute between buyer(s) and seller(s), our office would not represent either party.

Please let us know immediately if you object or have any questions about this.

TITLE EXAMINATION

Your lender will require our office to perform a title examination and secure a title insurance policy. It is the policy of Musial Law Firm, PLLC to provide both a lender's policy (which is required) and an owner's policy (which, though not required by your lender, may be of great benefit to you as a client). **WE WILL OBTAIN AN OWNER'S INSURANCE POLICY UNLESS INSTRUCTED OTHERWISE AFTER THE CLOSING ATTORNEY AND CLIENT DISCUSS THE BENEFITS OF TITLE INSURANCE.**

If you have owner's title insurance already, then you still have it after you refinance. If we are paying off a construction loan, however, we do need to know (1) which title company wrote your owners title insurance and (2) what the final appraised value of the home is expected to be so that we may obtain increased coverage for you now that a new dwelling has been or will be placed on the property.

If you are purchasing property: The traditional text book title search would involve a full examination of the public records regarding the property in compliance with the North Carolina Marketable Title Act. This means that we would search the title for a period of no less than thirty years prior to closing. However, if we find an existing policy of title insurance on the property, we will, unless you object, "tack" to that policy. This means that our title examination would begin with the date and time of issuance of that policy and that we will not certify the status of the title to the property prior to that date. While defects in the title occurring prior to the search period would not be found and reported by us if we "tack", they should be covered by the existing title policy, so you should receive the same title insurance coverage as if we had conducted a full title examination.

"Tacking" enables us to conduct the title examination more expeditiously and should not expose you to any increased liability. A full 30 to 40 year search could result in additional fees to you for title abstracting services plus the standard cost of \$2 per thousand for title insurance instead of the lower "re-issue" rate

given by title companies when we “tack”. In addition, a full search cannot be performed quickly and could require up to a month’s advance notice.

Unless you immediately instruct us otherwise, we will either "tack" or conduct a full title examination in our discretion.

SURVEY

Pertains to purchases only and not to refinances. Also, a survey is not needed on a condominium.

Your lender most likely will **NOT** require a current survey, the cost of which would be borne by you and paid at closing. It is important that you understand the consequences of not ordering a survey. Lenders will almost always allow you not to procure a survey because the lender's policy of title insurance will offer the lender coverage from loss or damage resulting from a condition which would have been reflected on an accurate survey. Your owner’s title policy will not offer this coverage to you as the owner unless you provide the title company with a new survey. This means that, should you decline to order a survey, any problem which would have been revealed on a survey will become your responsibility and liability. **It is our custom not to order a survey unless you request us to do so.**

WHO MUST ATTEND CLOSING

In the case of a purchase, all Borrowers must attend closing if there will be a loan. Also, any person wishing to have his or her name on the deed (on title) to the property must attend (your spouse, for example, if he or she will be on title with you.) Also, if you will be closing an equity line second mortgage as part of the transaction, your spouse **MUST** attend to sign some documents even if he or she will **NOT** be on the deed with you and will **NOT** be a borrower. A married person in North Carolina cannot take out an equity line nor a construction loan without his/her spouse’s signature on some documents.

In the case of a refinance, all borrowers must attend. Also, all persons who are owners on the deed to the property must attend even if they will not be a borrower. Also, in North Carolina the spouse of every owner must attend to sign the document giving the lender a lien on the property even if the spouse is not an owner and not a borrower.

Purchase or refinance: If you are separated, and have a written and recorded or recordable separation agreement, there may be an exception to the foregoing. If you are married and not separated and have a so-called “free trader” agreement that is recorded or recordable there might be an exception for you. You must contact our office to discuss these matters with the attorney.

In the case of a new construction loan or if we are paying off an existing construction loan, your contractor will have to sign a lien waiver and perhaps some other documents. The contractor must attend the closing or at a minimum, must be available in the area at the time of the closing to sign these documents in front of a notary. We encourage you to ask your lender what documents the contractor might have to sign in the lender’s loan package and whether you could give those to the contractor in advance to be sure there will not be anything objectionable in them. Please note: Anyone with whom you have contracted to perform work in the future and/or anyone who has provided labor or materials directly to you in the last 120 days prior to closing must sign the lien affidavit except for very minor repairs.

If you or your spouse cannot attend closing, a power of attorney can be arranged if you have someone who can sign for you and **IF** your lender consents to it in advance. A mail away closing might also be possible but several weeks advance notice to your lender and to our office is required. An additional fee of up to \$175 may apply in either case.

ETHICAL REQUIREMENTS AND LOAN FRAUD

We must follow the lender's instructions as they are also considered to be our client. In addition, you must be careful to protect yourself from violations of federal civil and criminal laws. Your loan papers at the closing might include sworn statements to be signed by you that you intend to occupy the property either as your primary or secondary residence. Please be sure you have accurately represented your intended use of the property to your loan officer or mortgage broker and that he or she has accurately conveyed this information to the lender. (If you intend to lease property within the first year of the loan, this fact must be told to the lender. It results in a higher interest rate than owner occupied loans.) It is a crime to sign loan papers with untrue statements in them as to occupancy, income, debts, employment status, etc.

HOMEOWNERS INSURANCE PAYOFF INFORMATION

You should ensure that the improvements on the property will be insured against fire and other casualties with a reputable company and that the insurance will be in place as of the date and time of closing. You should order the policy and see that we have your insurance agent's name and phone number well in advance of closing. If you are refinancing, we also need the social security number of the primary borrower, the loan number and customer service telephone number for each of your existing mortgage loans including equity lines. Please call us with this information immediately.

If you are refinancing and we are paying off existing mortgage loans at the closings, by signing below, you authorize us to act as your authorized agent for purposes of obtaining your payoff information from your mortgage lenders and (even though we are not required to do so) for canceling their liens from the public records.

Please let us know if you have any questions about this transaction. Thank you for the opportunity to serve you.

At least one borrower or buyer must sign and fax the entire letter to 828-645-4216 or email the letter to cmusial@musiallawpllc.com

I HAVE READ THIS LETTER AND ACCEPT ITS TERMS:

Signature: _____ Date: _____

Buyer's / Borrower's printed name: _____