



Westerlund & Zdenek Law

ENGAGEMENT LETTER

2021

Congratulations on the forthcoming purchase or refinance of your new home! Westerlund & Zdenek Law PA is pleased you have chosen our firm to assist you and we look forward to working with you. The purpose of this letter is to explain the terms upon which you have engaged us to provide legal services to you as a client of our firm as well as important information about the process of closing your real estate transaction.

1.1 FUNDS AT CLOSING

Pursuant to State Bar regulations, all amounts due from you at closing must be in the form of either certified funds or confirmed wire transfer of funds. We prefer funds in excess of \$10,000 be made by wire transfer. If you plan to pay by wire transfer, you will need our wiring instructions. **Because of potential fraud, directions to obtain our wiring instructions must be requested from us either by e-mail: kayla@wzlawgroup.com or by phone: 919.387.9989.** If you plan to pay by certified check, it should be delivered to us not later than the commencement of the closing, and should be made payable to “Westerlund & Zdenek Law PA.”

Sometimes, delays occur in the loan application process that prohibit your lender from providing us the documentation needed to calculate the final amount needed from you at closing. In these cases you may bring us a check after closing, or provide a certified check or wire transfer in the amount set forth on your Loan Estimate and write a personal check for any difference at closing.

1.2 OUR REPRESENTATION

Our representation of you as a client is limited to ensuring that you acquire good and marketable title to the property. We can also advise you on any legal questions concerning title to your property, title insurance and the covenants and conditions of your loan documentation.

We represent the mortgage lender to the extent of ensuring full compliance with its loan closing instructions. In the event of a dispute between you and the mortgage lender, we will not attempt to represent either party. We do not represent you with respect to the terms of your loan agreement with your mortgage lender (i.e., your loan amount, interest rate, conditions for later conversion or refinancing, necessity or amount of mortgage insurance, etc.). Pursuant to Consumer Financial Protection Bureau guidelines, your lender should present to you your final loan terms and costs at least 3 business days prior to closing so that you have ample time to review the terms of your loan.

We recommend that you remain in close contact with your mortgage lender and our office to avoid difficulties which can arise around a closing. Last minute delays in closing can usually be avoided if you determine in advance what conditions you must satisfy.



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1.3 SCOPE OF SERVICES

We are responsible for conducting the title examination of the property and obtaining title insurance on your behalf. We also ensure that the deed of conveyance and loan closing documents have been properly prepared. The attorney will explain those documents to you at your scheduled closing. We also receive and disburse closing funds pursuant to the Closing Disclosure (CD) and consistent with the guidelines set forth by the Consumer Financial Protection Bureau and the NC Good Funds Settlement Act. Finally, upon receiving lender funding approval, we ensure that the deed and deed of trust are duly recorded in the county Register of Deeds and that your title insurance policy and your lender's title insurance policy are issued and delivered in the proper form.

1.4 TITLE EXAMINATION

We conduct a title examination of the property in compliance with The North Carolina Marketable Title Act and pursuant to instructions given by your lender. This means that we will search the title for a period of time necessary to ensure that the seller is conveying good, marketable title, free of any liens or encumbrances, except those noted at closing. Such exceptions noted at closing typically include any restrictive covenants in the community, easements on, over or under the property, rights-of-way, etc. These exceptions "run with the land" and every owner or purchaser of the property takes the property subject to these restrictions.

Our title search period may run anywhere from the time the current owner of the property took title to the property forward to your closing date, or in some instances may go back thirty or more years. We will take steps to find an existing owner's policy of title insurance on the property in an effort to "update" that policy by "tacking" onto that prior policy. This enables us to conduct the title examination more efficiently, and it does not expose you to additional liability. Unless you advise us otherwise prior to signing this letter, we will use our professional discretion as to whether we "tack" or conduct a full title examination.

1.5 TITLE INSURANCE

We will obtain a policy of owner's title insurance in your favor and a policy of mortgagee insurance in favor of your lender. You will be required to pay the title insurance premium. While title insurance rates are regulated, you may be entitled to a reduced rate resulting from the existence of a prior policy covering the property. We will do our best to obtain the policies at the rate most favorable to you.

1.6 SURVEY

Our firm highly recommends that you obtain a new survey of the property. It is, however, not legally required. A survey will reveal a variety of issues regarding a property that may cause concern. If you choose to obtain a new survey, we will review this for you and advise you of any potential issues prior to closing. If you wish to use a particular surveyor, please advise us at the time you request the survey. Otherwise, we will choose the surveyor on your behalf. If you choose not to get a survey, we may require you to sign a survey waiver at closing.



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1.7 TERMITE REPORT

If the residence is new construction, the seller should furnish you with a soil treatment guaranty at or prior to closing. Otherwise, the mortgage lender may require that the improvements on the property be inspected by a licensed exterminator and a termite report prepared and submitted prior to closing. Sometimes, the mortgage lender will not fund the loan until it has received and reviewed this report. You or your realtor should order the report and see that it is delivered to us and the lender at least three days before closing.

1.8 HOMEOWNERS / FLOOD INSURANCE

You should obtain a Homeowner's Insurance Policy prior to closing, insuring you and your home against flood, fire and other casualties. You should order the policy and see that it is delivered to us and the mortgage lender at least three days before closing (and preferably earlier) so that we have an opportunity to review it and resolve any problems associated with the policy.

1.9 OUR FEE

If you are obtaining a loan for the purchase of your property, the legal fee for our services is \$1,000. If you are purchasing a property with cash, the legal fee for our services is \$850. If we are required to perform additional services beyond those described herein, additional fees will apply. "Additional services" include, but are not limited to, preparation of a subordination agreement or a deed of release, or delay or postponement of the closing through no fault of ours after the closing documents have been prepared, purchases/sales out of foreclosure, etc. While our fees include copy/fax/email/printing/postage for sending checks to various parties, certain fees such as priority mail, electronic recording of your documents, as well as other expenses we pay on your behalf out-of-pocket such as surveys, title insurance, termite reports, etc. which we pass on to you are not included in our legal fee, and these will be charged to you. If you have any questions about our fees prior to engaging our firm, please do not hesitate to ask. However, due to the nature of transactions we will not necessarily be able to communicate each additional fee required until the day of closing.

In the event your transaction fails to close through no fault of our firm, you will be responsible for paying any expenses our firm has paid on your behalf as well as the following legal fees: A. Failure prior to our completion of the title examination: \$150 legal fee. B. Failure after our completion of the title examination and before closing: half of the legal fee for your transaction. C. Failure during or after closing: the full legal fee for your transaction. In the event that you terminate a contract and cancel a closing after we have

completed the title examination, we will provide you with a 15% discount on another closing for you within 30 days following your original closing date.

1.10 YOUR FILE

After closing, your file will be scanned electronically and kept in an encrypted fashion for not less than six (6) years from the date of closing. We will provide you with an electronic copy of all pertinent documents



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at closing. In an effort to preserve the environment, we do our best to run a paperless office, and as such we do not provide hard copies of documents to our clients. In the event you contact our office after your closing for additional electronic or hard copies of documents, we can make these available to you for an administrative fee (as applicable at the time of the request) for researching, retrieving and copying and delivering such documents to you.

Sincerely,

Jennifer Westerlund

Jeffrey Zdenek

AGREEMENT OF LETTER OF ENGAGEMENT

I (We) have read and understand the contents of this Letter of Engagement, and agree to its terms to engage Westerlund & Zdenek Law PA.

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Subject Property Address: