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# TO DO LIST

The Seller and Buyer must work together to arrive at the terms of the purchase agreement. These terms often include:

**You should seek the advice of Horizon Real Estate Group, Inc**

purchase price

type of sale (sale with new mortgage, cash sale, land contract, etc.)

earnest money deposit

occupancy terms

items included with the sale (washer, dryer, etc.)

Once you arrive at the terms of the purchase agreement:

Call Horizon Real Estate Group, Inc. to prepare the title commitment on your property.

Items we will need in advance:

Purchase Agreement

mortgage payoff information

prior title policy if possible

Items Buyer will need in advance:

new mortgage company information

earnest money deposit to be escrowed by a title company, Horizon Real Estate Group, Inc. or an attorney

## SELLER'S SETTLEMENT STATEMENT - page 6

The Seller's Settlement Statement is an outline of the credits and charges from a Seller's perspective.

### A. Seller Credits

#### 1. **Sale Price**

The seller is given a credit for the purchase price according to the Purchase Agreement and any addenda.

#### 2. **Tax Prorations**

The Seller is credited for the summer and winter tax prorations. These prorations are computed based on the terms of the Purchase Agreement. Typically, prorations are done based on a tax "due-date" basis. On a due-date basis, taxes are paid for the year ahead of time. For example, when summer taxes are due in July, the tax bill is actually for July 1<sup>st</sup> through June 30<sup>th</sup> of the following year. The Seller is credited the taxes for the portion of the upcoming and/or current year that he/she is no longer the owner of the home.

### B. Seller Charges

#### 1. **Water/Sewer Escrow**

In order to account for the Seller's final un-paid water bill, the title company will hold an amount, usually \$200.00, from the Seller's proceeds for payment. See also Water Escrow Agreement on page 4.

#### 2. **Occupancy Escrow**

If the Purchase Agreement allows, the Buyer is entitled to rent the property to the Seller from the date of closing until the Seller vacates the property. The amount held for occupancy escrow is typically 1/30th of the Buyer's mortgage payment plus taxes and insurance, per day of occupancy. If there is no mortgage, it is a mutually agreed upon price. See also Occupancy Escrow Agreement on page 4.

#### 3. **Earnest Money Deposit**

The Seller is charged for the amount of the Earnest Money Deposit they have previously received.

**4. Owner's Policy**

This charge to the Seller is for payment of the Title Insurance Policy which provides the Buyer with insured proof of ownership. The price of the Policy is determined by the sale price. The Seller may be entitled to a discount on the cost of the new policy if a copy of their title policy from when they bought the home is provided to the title company. Title insurance rates are regulated by the State of Michigan.

**5. Revenue Stamps**

Commonly referred to as "stamps", this is payment for the transfer tax. The transfer tax varies by county but is based on the sale price of the home.

**6. State Transfer Tax**

All properties sold after January 1, 1995 will be assessed \$7.50 per \$1000.00 of the sale price. This tax is set by the State of Michigan.

**7. First Mortgage Payoff**

This charge is to payoff the existing mortgage held by the Seller. See also Mortgage Payoff Statement on page 4.

**II. BUYER'S SETTLEMENT STATEMENT - page 7**

The Buyer's Settlement is an outline of the charges and credits from a Buyer's perspective.

**A. Buyer Charges**

**1. Sale Price**

The Buyer is charged for the purchase price according to the Purchase Agreement and any addendum.

**2. Tax Prorations**

The Buyer is charged for the Summer and Winter Tax prorations. These prorations are computed based on the terms of the Purchase Agreement. Typically, prorations are done a tax "due-date" basis. On a due-date basis, taxes are paid for the year ahead of time. For example, when summer taxes are due in July, the tax bill is actually for July 1 through June 30<sup>th</sup> of the following year. The Buyer is charged the taxes for the proration of the upcoming and/or current year that he/she is/will be the owner of the home.

B. Buyer Credits

1. **Earnest Money Deposit**

The Buyer is credited for the amount of the Earnest Money Deposit previously paid.

2. **First Loan Credit**

The Buyer is credited the amount of the new mortgage.

**III. WARRANTY DEED - page 8**

The Warranty Deed transfers the ownership interest of the Sellers, commonly known as the Grantors, to the Buyers, commonly known as the Grantees. In order for the deed to be recorded, it must be witnessed by two different witnesses with their names printed beneath their signatures and notarized.

**IV. BILL OF SALE - page 9**

The Bill of Sale describes any transfers the Seller's ownership interest in the non-realty items transferred with the property. Typically, these items are appliances, outdoor equipment, special light fixtures, etc.

**V. WATER/SEWER ESCROW AGREEMENT - page 10**

This Agreement describes the terms and conditions under which the water/sewer escrow will be held and disbursed.  
(See Occupancy Escrow on page 4).

**VI. OCCUPANCY ESCROW AGREEMENT - page 11**

This agreement describes the terms and conditions under which the occupancy escrow will be held and disbursed.  
(See Occupancy Escrow on page 4).

## VII. STATEMENT OF 1099-S REPORT - page 12

In most cases, the 1099-S report is a federally required report. The information provided by the Seller for this report is transmitted to the IRS to report the property has been sold and the amount of the sale. The IRS uses this information to track capital gains on the sale of the home.

## VIII. ESTOPPEL CERTIFICATE - page 13

The estoppel certificate is a list of certifications by the Buyer and Seller.

## IX. PAYOFF STATEMENT - page 14

This is a copy of a typical payoff statement from a mortgage company. The title company will use this to determine the actual mortgage payoff amount for the Seller's mortgage.

## X. PURCHASE AGREEMENT - pages 15 and 16

The Purchase Agreement is a binding contract between the Buyer and the Seller. It provides a blueprint of the transaction with regard to the major terms and provisions of the sale.

## XI. TITLE COMMITMENT - pages 17, 18 and 19

The title commitment is issued by the title company, through an underwriter. It is broken down into different schedules.

### A. Schedule A

Describes the proposed insured (Buyers) and the Buyer's Mortgage company. It also indicated the current owner as disclosed by the public record and the legal description of the property.

### B. Schedule B Section I

The requirements listed on this page must be met prior to the issuance of a title policy.

C. Schedule B Section II

The exceptions listed in this section must be released or they will show as an exception to the coverage provided under a title policy. This area also includes property tax information.

**XII. HOMESTEAD EXEMPTION UPDATE - page 20**

By completing and signing this form, Seller rescinds any exempting currently in place. Also, by completing and signing this form, Buyer, providing they will be occupying the property as their principal residence, will be entitled to claim their homestead exemption.

Contract number : 1

# CLOSING STATEMENT

Seller.....William Seller and Lori Seller  
 Address..... 17250 SUNNYDALE, FARMINGTON, MI 48335  
 Purchaser.....James Buyer and Ann Buyer  
 Address.....14428 SOUTH STREET, LIVONIA MI 48152  
 Closing date.....04/01/95 at 10:00 AM  
 Property address.....17250 SUNNYDALE, FARMINGTON MI 48335

## SELLER'S CLOSING STATEMENT

Sale price..... \$150,000.00

### SELLER'S CREDITS

1994 Summer taxes.....\$1,500.00  
 from 04/01/95 to 07/01/95 90 days @ 4.1096..... \$ 396.86  
 1994 Winter taxes.....\$2,000.00  
 from 04/01/95 to 12/01/95 243 days @ 5.4795..... \$ 1,331.52  
 TOTAL CREDITS.. \$ 147,701.38

### SELLER'S CHARGES

Deposit held by Seller.....\$4,000.00  
 TOTAL CHARGES..\$ 4,000.00  
 TOTAL...\$ 147,701.38

### DISBURSEMENTS

Brokerage Fee.....\$ 9,000.00  
 Title Insurance Policy T95-00001.....\$ 695.00  
 Revenue Stamps.....\$ 165.00  
 Mtg. Payoff -YOUR OLD LENDER.....\$80,000.00  
 Rent Escrow - 30 days @ \$45.00.....\$ 1,350.00  
 Water Escrow.....\$ 200.00  
 State Transfer Tax.....\$ 1,125.00  
 TOTAL DISBURSEMENTS..\$ 92,535.00  
 NET BALANCE DUE SELLER.....\$ 55,166.38

I/WE consider the foregoing to be a correct accounting.....

SELLER \_\_\_\_\_ SELLER \_\_\_\_\_  
 WILLIAM SELLER LORI SELLER

IF SELLER OR PURCHASER SHOULD BENEFIT FROM ANY INACCURACY, THEY HEREBY AGREE UPON PROPER PROOF OF ERROR TO REIMBURSE THE AFFECTED PARTY.

SELLER IS NOT RESPONSIBLE FOR THOSE TAXES WHICH, PURSUANT TO MICHIGAN PUBLIC ACT 80 OF 1994, BECAME A LIEN ON DECEMBER 31, 1994, AND WHICH FIRST BECAME DUE AND PAYABLE ON A DATE SUBSEQUENT TO THE DATE OF CLOSING.

CLOSING STATEMENT

Seller.....William Seller and Lori Seller
Address.....17250 Sunnyslane, Farmington, MI 48335
Purchaser.....James Buyer and Ann Buyer
Address.....14428 South Street, Livonia, MI 48152
Closing date.....04/01/95 at 10:00 AM
Property address.....17250 Sunnyslane, Farmington, MI 48335

PURCHASER'S CLOSING STATEMENT

Sale price.....\$ 150,000.00

PURCHASER'S CHARGES

1994 SUMMER TAXES.....\$ 1,500.00
from 04/01/95 to 07/01/95 90 days @ 4.1096.....\$ 369.86
1994 WINTER TAXES.....\$ 2,000.00
from 04/01/95 to 12/01/95 243 days @ 5.4795.....\$ 1,331.52
TOTAL CHARGES \$ 151,701.38

PURCHASER'S CREDITS

Deposit paid.....\$ 0.00
Deposit held by Seller.....\$ 4,000.00
TOTAL CREDITS...\$ 4,000.00

BALANCE DUE FROM PURCHASER.....\$ 147,701.38
LESS MORTGAGE TO YOUR MORTGAGE LENDER.\$ 125,000.00
NET BALANCE DUE FROM PURCHASER.....\$ 22,701.38

I/WE consider the foregoing to be a correct accounting.....

Purchaser \_\_\_\_\_ Purchaser \_\_\_\_\_
James Buyer Ann Buyer

IF SELLER OR PURCHASER SHOULD BENEFIT FROM ANY INACCURACY, THEY HEREBY AGREE UPON PROPER PROOF OF ERROR TO REIMBURSE THE AFFECTED PARTY.

SELLER IS NOT RESPONSIBLE FOR THOSE TAXES WHICH, PURSUANT TO MICHIGAN PUBLIC ACT 80 OF 1994, BECAME A LIEN ON DECEMBER 31, 1994, AND WHICH FIRST BECAME DUE AND PAYABLE ON A DATE SUBSEQUENT TO THE DATE OF THE CLOSING.

ESCROW AGREEMENT

ESCROW AGENT: (your title company)

PROPERTY ADDRESS: 17250 Sunnydale, Farmington MI 48335

PURCHASERS: James Buyer and  
Ann Buyer, husband and wife

SELLER: William Seller and  
Lori Seller, husband and wife

DATED: April 1, 1995

WATER ESCROW

DEAR PURCHASER AND SELLER:

It is understood and agreed that (your title company) is withholding from the proceeds \$200.00 (amount agreed upon) to be held in escrow until receipt of a final water bill paid at the respective municipality.

It is further agreed and understood that the \$200.00(the amount escrowed) is to be released upon receipt of a final water bill paid, and returned to the seller.

If we should receive a final water bill that is unpaid it is understood that we will pay the final water bill to the water department and return the difference, if any, to the undersigned seller. If the monies withheld are not sufficient enough to pay an unpaid bill, no monies will be disbursed and another bill will be ordered. It is then agreed that the sellers must pay both bills and provide proof of the same, before disbursing any monies to the seller. In the event that a final water bill cannot be ordered, an actual reading of the meter must be ordered from the respective water department (the bill will then be prorated as of the date of closing and disbursed according to the same.) It is then understood that a water bill based on an actual reading should be substituted for the "Final Water Bill" terminology in the rest of the agreement.

The undersigned have acknowledged receipt of a copy of this letter.

\_\_\_\_\_  
JAMES BUYER

\_\_\_\_\_  
WILLIAM SELLER

\_\_\_\_\_  
ANN BUYER

\_\_\_\_\_  
LORI SELLER

\_\_\_\_\_  
Purchaser's Telephone

\_\_\_\_\_  
Seller's Telephone

ESCROW AGREEMENT

ESCROW AGENT: (Your title company)

PROPERTY ADDRESS: 17250 Sunnyslane, Farmington MI 48335

PURCHASERS: James Buyer and  
Ann Buyer, husband and wife

SELLERS: William Seller and  
Lori Seller, husband and wife

DATED: April 1, 1995

OCCUPANCY ESCROW

DEAR PURCHASER AND SELLER:

We retain funds in escrow for occupancy charges up to the time the Seller turns over the premises to the purchaser, so it is important that you inform the escrow agent promptly of the change in possession, so that they may pay your share to you without delay. Your purchase agreement calls for the keys to be turned over to the broker, to establish the date when the property was vacated.

Total funds escrowed with the agent \$1350.00. Payment will be made at the rate of \$45.00 per day for 30 days. Payment commencing on the day after closing to and including the day of moving.

Both Sellers and Purchasers are to leave a mailing address and telephone number when keys are surrendered and picked up. Any monies will be mailed within two (2) business days of authorization of both Sellers and Purchasers.

The undersigned have acknowledged receipt of a copy of this letter.

\_\_\_\_\_  
JAMES BUYER

\_\_\_\_\_  
WILLIAM SELLER

\_\_\_\_\_  
ANN BUYER

\_\_\_\_\_  
LORI SELLER

\_\_\_\_\_  
Purchaser's Telephone

\_\_\_\_\_  
Seller's Telephone