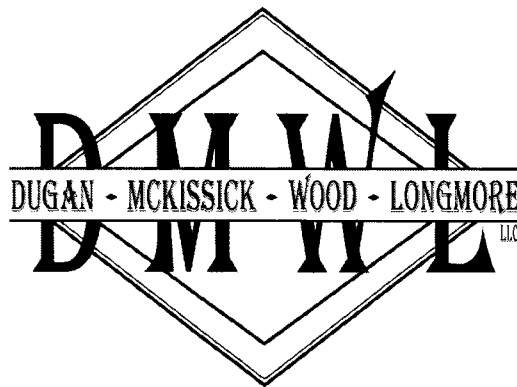


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The following is an outline of the information that we will need in order to prepare a contract of sale on your behalf, although additional information may be required:

Names, address, phone number, fax number and E-mail address of sellers who are in title to the property. (If one of the Sellers is in title but is not on the contract for the sale of the property-- such as if both the husband and wife's names are on the deed, but one spouse has passed away-- we may need other information).

Are the sellers residents of the State of Maryland? If not, then their sales proceeds could be subject to certain withholding at the time of settlement, unless they are eligible for, and get an exemption letter from the Maryland Comptroller of the Treasury, which requires application by the Seller at least 21 days before settlement. The current withholding percentage for a non-MD Resident is 7.5% of the total payment to the nonresident individual.

Are the sellers citizens of the United States? If not, then their sales proceeds could be subject to certain withholding at the time of settlement.

Names, address, phone number, fax number and e-mail address of buyers who are purchasing the property and how they want to take title. If married, we assume the Buyers will take title as husband and wife. If two or more people are buying the property but not married then we will need to know if they are taking title as joint tenants with right of survivorship (meaning if one dies their interest goes to the other owners) or tenants in common (meaning if one dies, their interest goes to their heirs).

Address and legal description. If you have a deed, you can fax us the information. If you just have the address we will try to get information from the assessment office. We will need to know if the property is being newly subdivided since there will be other issues which need to be addressed and we will need to know if the deed description does not contain the correct legal description (such as you sold part of your property, did a boundary line adjustment etc...).

A list of personal property located at the property which is passing to the buyer (i.e. washer, dryer, refrigerator, stove, ceiling fans, sheds etc.). If the item can be removed from the property without damaging it then it is probably personal property and stays with the seller. Try to avoid ambiguities by

listing anything you aren't sure about—ceiling fans, bathroom mirrors may be fixtures or personal property, so it is better to list them.

A list of fixtures (meaning things attached to the property or the house) which are not staying with the house and the seller is removing (ceiling fans, lighting fixtures, attached bookshelves, etc.). Fixtures normally stay with the house, so if the seller wants to keep the items, we need to list them.

The purchase price.

The earnest money deposit and who is holding it (Seller or escrow agent). Often, the Seller holds it, unless the deposit is a large amount.

Latest date for settlement. This is an outside date. The parties can always agree to settle on an earlier date. Usually 45 days gives the lender and settlement attorney enough time to get everything done.

Location of settlement. The Buyer selects the settlement agent. If we have drafted the contract for the Buyer we will assume it is us. If we have drafted the contract for the Seller, we will assume the Buyer is going to choose who they want, unless we are told who Buyer is selecting in advance.

Whether there is a financing contingency and if so:

- Type of financing***, FHA/VA/Conventional/Seller take back and terms (30 year, fixed rate etc.)
- Whether the Buyer has to provide seller a pre-approval letter and when*** (usually within 15 days)
- When the Buyer is expected to obtain approval/commitment of the loan*** (usually 30 to 45 days but since the approvals are usually only good for 60 days, if settlement is not for a long time then you will want to delay it until within 60 days of settlement)
- We will assume the loan will be secured by the property unless you let us know otherwise (such as loan being obtained on another house to buy the one we're doing the contract for)
- If there is going to be a ***seller take back*** loan we need the terms. The amount, interest, term, payment due dates etc. We will assume that the terms will generally follow Fannie Mae/Freddie Mac Maryland deed of trust and notes which most lenders use in Maryland unless we are told otherwise—except we assume that the Seller will not escrow for taxes and insurance.

Whether a termite report is being done and who is paying for it. Usually, the lender requires it. Normally, Buyer pays for it unless VA loan then Seller pays for it. Normally, Seller pays to treat or repair but if costs exceed 1% of purchase price, then Seller can terminate deal or Buyer can pay excess. Termite reports run around \$75.00.

Whether property is on public water and sewer or private well and septic. If former, then the costs will be pro-rated. If the latter, then whether well and septic tests are being done. Usually Seller pays for well and septic tests but this is negotiable. The standard well test is a bacteria test. If VA or FHA lender, or if buyer wants it, then also chemical and lead tests can be required. There are different types of septic tests—most minimal is a dye test. The most comprehensive is where they dig up the entire system (there is a risk that the system could be damaged or destroyed in the process). Most contracts require just the minimum tests. The minimum tests cost around \$75 each. The more involved tests are hundreds of dollars or more.

Whether a house location survey is required. We urge people to get these (unless it is a condominium). If the lender says that they don't need one you should double check with the settlement attorney because the lender usually requires that certain exceptions be removed from the lender's title insurance policy and that can't be done unless there is a survey. If Seller has an old one, it can usually be updated and save money. Buyer almost always pays for these. A simple location drawings run around \$200 (for an update) to around \$350 (for a new one for a typical lot). The Buyer can get lot stakeouts, boundary surveys etc. which cost more and provide much more detail. The typical location drawing generally just locates whether the improvements are on the property and can't be used to determine the actual boundaries of the property.

Whether the property is encumbered by a conservation easement. Seller is required to disclose to Buyer whether or not the property is encumbered by a conservation easement. If it is, Seller is required to provide Buyer with a copy of all conservation easements encumbering the property on or before entering into the contract or within 20 calendar days after entering into the contract, and the contract is required to include a statement with specified information about the conservation easement and the Buyer's rights and responsibilities regarding the conservation easement. If the Seller fails to meet these requirements, then the Buyer has the right to rescind the contract. Within 30 calendar days after a sale of property encumbered by a conservation easement, the Buyer is required to notify the owner of the conservation easement of the sale. The notification shall include, to the extent reasonably available, (i) the name and address of the Buyer; (ii) the name and forwarding address of the Seller; and (iii) the date of the sale.

Whether the Buyer is occupying the property as their **principal residence, second home or purchasing as investment (rental property)**, and if a principal residence, whether the Buyers are a first time Maryland homebuyer meaning none of them have ever owned property in Maryland as their principal residence.

Who is paying settlement costs?

-Transfer and recordation taxes?

-State transfer tax is ½%. (If Buyer is first time homebuyer, this tax is ¼% and Seller must pay it.)

-County transfer tax (in St. Mary's 1%), (in Calvert and Charles-none). In St. Mary's, if this is buyer's principal residence, there is a \$300.00 credit to the Buyers.

-County Recordation tax (in St. Mary's-\$8/\$1,000.00) (in Calvert and Charles-1%)

-Is there a closing credit? Sometimes Seller will give a closing credit of \$X which includes or is in addition to the above transfer taxes being paid by Seller.

-Other Fees:

-Lender fees-these differ from lender to lender and Buyer usually pays them, but if FHA or VA there are some fees disallowable to the Buyer which have to be paid by Seller. There may be a closing credit involved in these loans and these fees are included in it.

-Our fees for contract preparation-usually **\$350.00** and party requesting contract pays for it.

-Well/Septic/Termite/survey (as set forth above)

-Cost of releasing Seller's mortgage-Seller usually pays for this

-Pro-rations. Taxes, public water and sewer, homeowner's association dues etc. are pro-rated at closing. Usually we provide that any heating cooking fuels in tanks pass to Buyer with house, but they can be measured and the Buyer can reimburse Seller. If there is an existing rental then we need to know whether security deposit and rent are being pro-rated at closing and the amount.

Other contingencies/conditions to closing?

-Is the Buyer doing a home inspection? Usually, Buyer pays for this.

-Mold inspection contingency? Usually, Buyer pays for this.

-Sale of home contingency? Does the Buyer need to sell another house before can buy this one?

-Like kind exchange—Are Buyer and/or Seller doing a like kind exchange? This only applies if the respective party has been using the property or intends to use it as investment property. We will have questions about whether the documents have been prepared, is there a qualified intermediary, are we to prepare the documents, etc. The contract needs to be assigned to the qualified intermediary and the settlement attorney will have to do certain things on the settlement sheet to comply with the regulations applicable to like kind exchanges.

Is the property part of a condominium or homeowners association? If so we will need to attach addenda to the contract which will have to be filled in by the Seller, and the Seller will have to attach certain association documents. After the Buyer receives all of the required information and documents from the Seller, the Buyer has a certain timeframe (either 5 or 7 calendar days from the date of receipt, depending on whether the property is located in a homeowners or condominium association and the size of the association) to review the information and documents and to cancel the Contract, without penalty.

Does the Seller have an owner's title insurance policy? If so, the Seller should provide the settlement company with a copy of their owner's title insurance policy and/or settlement sheet from when they purchased the property. This may qualify the Buyer for a reduction (up to 40%) in the cost of owner's title insurance, if the Buyer elects to purchase this policy at the time of settlement.

Lead based paint disclosures. If the house was built before 1978, we need to know so that the proper addendum can be attached.

Is the property subject to deferred water/sewer fees?

Home Warranty. Is the Seller providing the Buyer with a home warranty at the time of settlement? Or is the Buyer interested in purchasing a home warranty at the time of settlement? If so, prior to settlement, we need to know the amount of the policy and will need a copy of the warranty enrollment form.

Does this transaction include the transfer of any interest in agricultural land? If so, then the following applies: (1) The Seller is required to notify the Buyer, in writing, that the transfer may be subject to the agricultural land transfer tax. If the Seller fails to notify the Buyer, then the Seller is liable to the Buyer for the agricultural land transfer tax paid by the Buyer. If this is applicable, then we can include the necessary provisions within the contract; and (2) there is a notice requirement that will need to be included in the contract regarding the Buyer's right to obtain information about the property.

Is the property being sold by the Seller as part of a short sale transaction with Seller's lender?

Any other special conditions/terms?