

RE: REAL ESTATE SETTLEMENT INFORMATION

THIS LETTER CONTAINS VALUABLE INFORMATION  
AND WE HOPE THAT IT WILL ANSWER MANY OF YOUR  
QUESTIONS REGARDING REAL ESTATE PROCEDURES  
IN THE STATE OF NEW JERSEY

The purpose of this memorandum is to acquaint you with closing procedures in the hope that we can answer many of your questions and uncertainties. For clients who have not used the services of an attorney in the closing process or who are not familiar with recent changes in closing procedures or are not familiar with New Jersey custom and practice, this letter provides a valuable overview. Please read the letter carefully since it contains certain instructions that must be followed so your closing is not unnecessarily delayed. In order to expedite the pre-closing procedures and allow us to accurately prepare the necessary documents, please complete the enclosed Marital History & General Information Sheet. A self-addressed envelope is enclosed for your convenience. PLEASE PAY PARTICULAR ATTENTION TO THE REQUIREMENTS FOR CERTIFIED CHECKS IN STEP 6 AND THE INSTRUCTIONS CONCERNING THE OBTAINING OF A HOMEOWNER'S POLICY ALSO IN STEP 6.

We feel fortunate to have extremely competent legal assistants within our law firm who are specifically trained in closing procedures. These assistants have conducted and processed hundreds of closings in their careers and are extremely qualified to assist in answering your procedural questions. Please do not feel offended when an assistant answers routine questions you may have in connection with your closing. In order that your attorney may devote his full attention to problems that require his intervention, the normal day-to-day matters are handled by people who are specifically trained and are capable in handling such matters. Let us assure you, however, that our staff is most competent to judge when the problem presented is severe enough for one of the attorneys to become directly involved and you will then have your question or problem answered by the attorney handling your file. In this manner the attorney can best function to protect your interest and to handle your legal matter.

THE FOLLOWING INFORMATION IS PROVIDED TO ASSIST YOU IN THE PURCHASE OF YOUR HOME AND TO INSURE THE LEAST AMOUNT OF INCONVENIENCE TO YOU DURING THIS PERIOD.

STEPS OF CLOSING

STEP #1--ACCEPTANCE OF OFFER -- PREPARATION & NEGOTIATION OF CONTRACT

This step in the closing procedure is the most vital in assuring the protection of your rights in the transaction. It is the responsibility of this law firm on your behalf, to either prepare the contract of sale or to review the agreement prepared by the realtor or the other attorney. One of the attorneys in this firm will handle these negotiations directly. We shall see that your contract is

signed quickly and with the least amount of inconvenience to the parties. When the need arises to consult with you regarding changes in the agreement, you will be contacted. It is our sincere hope that the time we spend with you in the initial phase of the closing procedure, namely, the contract interview, will answer most of your questions of a legal nature that you may have. We encourage you to contact your real estate broker, if you have dealt through one, regarding physical aspects of the house. From the point when the contract has been fully negotiated and approved until the time when you receive a written mortgage commitment, we will be continuing to perform services for you such as ordering and reviewing the title search, survey and flood certification. We will contact you only if a problem arises which requires input from you. Remember that legal questions and matters of economic consideration should be directed to this law firm.

## STEP #2 -- HOME INSPECTIONS AND TERMITE INSPECTIONS

Only AFTER the contracts are fully signed, should inspections called for in the contract be ordered. In all cases, the inspectors are told to contact the brokers for the purpose of gaining entrance to the house, and therefore, in order to obtain the status of the inspection, you should contact your broker. You should deal directly with those making these inspections should you have any questions concerning the results of their inspections. The original report will be sent directly to you. If the report, however, reveals defects or insect infestation, you should immediately contact the attorney or legal assistant handling your file for further instructions. A review of the contents of the inspection is your responsibility and the resolution of any problems revealed in the report is our responsibility once we are notified of such problems.

## STEP #3 -- MORTGAGE

During the processing of the inspections you will need to apply for your mortgage by making a mortgage application through a lending institution. Ordinarily, the mortgage loan commitment takes between 30 and 60 days to reach the stage of final written commitment. During that time, we encourage you to contact the bank directly to determine the status of the application. If we receive information, we will call you. In most cases you will receive the commitment directly from the bank with the requirement that a copy be accepted and signed and returned to the bank directly.

Over the last several years it has become customary for mortgage lenders to sell or "assign" their mortgages to third parties such as the Federal National Mortgage Association (commonly referred to as "Fannie Mae"). As a result substantial additional paperwork is involved both in processing the mortgage application and in preparing the paperwork for closing.

Due to the additional requirements of the FNMA it is not unusual for the commitment to take between 45 and 60 days to be issued. The issuance of the commitment does not mean that the closing can immediately take place. You must first return a signed copy of the commitment at which time the lender usually sends us the "closing package" which must be completed and returned to the lender for its review and approval. The lender then advises as to what date the mortgage loan may be closed. This process often takes approximately 14 days from the time you return the signed commitment. We have very little control over your mortgage lender and must

follow its instructions with regard to the schedule of events. You should review the commitment carefully to be certain that the terms set forth in the commitment are satisfactory to meet your financial requirements. Questions regarding such things as the rate of interest, monthly payments, the terms, prepayment penalties, escrow and insurance requirements, can be answered by the bank itself. Unless you have a specific question regarding one of the clauses in the commitment letter, it is not necessary for you to contact our office to seek permission to accept the mortgage commitment. However, you should contact our office to be certain that we have received a copy of the commitment you propose to accept.

Many commitments also contain conditions that you must satisfy before the mortgage lender will permit the closing to take place. Read the commitment carefully to make sure that you can satisfy all of the conditions. You should contact the lender if you are unsure as to the meaning of any of the conditions. Please be aware that unless the commitment states otherwise, the conditions, if any, must be satisfied prior to the closing of title. These conditions frequently cause delays in the closing process.

#### STEP #4 -- SEARCH AND SURVEY

Our law firm will, after the issuance of a mortgage commitment, proceed with the search of title and, if applicable, the re-surveying of the property. The purpose of a search is to help us ascertain the status of the title to the property you seek to purchase. It is sometimes time consuming but it is, nevertheless, critical to insure that you are safely investing your money in a "marketable" property. This work will not be commenced prior to the issuance of the commitment and clearance of the inspections unless a member of this firm has pre-arranged with you to start these matters in anticipation of the above. Remember, these items cost money and should the deal not be completed because of a defect noted in a report or inspection or because of the refusal of the bank to issue a commitment, the expense of the searches and survey would still be incurred. We will contact you if upon our receipt of the searches and/or survey, difficulties arise which may possibly delay the closing. However, if we encounter no difficulties, we will immediately proceed to the next step, namely, the closing of title (Settlement).

#### STEP #5 -- CLOSING DAY (IMPORTANT)

While we will do everything in our power to close on the date set forth in the contract, we do, by necessity, rely on the cooperation and support of other individuals and firms and, therefore, do not have absolute control over the closing date. It is, therefore, advisable that you DO NOT make any irreversible plans until such time as a firm date is actually established for closing (usually 10-14 days before the actual closing date). Tentative plans, subject to change, can of course be made at any time.

#### STEP #6 -- CLOSING FEES

As your closing attorney, there are various matters which we attend to in preparing for the closing of title. We negotiate the contract language with the Seller's attorney during the attorney review period, cause the title to be searched, arrange for mortgage and purchaser title insurance and conduct the closing at our office.

Our fee for these services: \$850.00

Please be advised that our fee as stated is a flat fee based on our experience that our representation encompasses four to five hours. In the event that more than five hours are expended on your file, I reserve the right to bill you at an hourly rate of \$150.00.

In addition, there are the following disbursements:

Overnight mail, photocopy, facsimile, telephone and postage charges will be charged as incurred.

Recording/Courthouse fees	\$400.00 to \$600.00
Survey charge (approximate payable to surveyor)	\$450.00 to \$550.00
Title search and Insurance (approximate)	TBD
Document preparation (approximate)	\$75.00 to \$150.00
Wire Fee	\$25.00

Title insurance must be procured for the lending institution and we advise that an Owner's policy be procured to protect your own interest as well. The premium for title insurance and the charge for title searches are regulated by the New Jersey Department of Insurance and the rate quoted above is based upon the regulated rate structure. Please note that the title insurance premiums are only paid once, regardless of how long you own your home; they are not paid annually. Our office will arrange for this insurance.

In addition to the above, you will be required to pay certain charges to the lending institution. In certain cases they may have already been paid by you in connection with your mortgage application, such as processing fees or service fees. We can only estimate what the balance of the lender's charges might be. If you require a more specific list of charges, please consult with your lender.

ALL OF THE ABOVE FEES AND DISBURSEMENTS, IN ADDITION TO THE BALANCE DUE THE SELLER, ARE PAYABLE AT CLOSING BY CERTIFIED OR CASHIERS CHECK. Please have the check made payable to either yourself to be signed over at closing or to Brian Fulginiti, Attorney Trust Account. The exact amount you must bring to closing will not be ascertained until we have received the lender's figures. Typically, these figures will not be received until the day before your closing.

INSURANCE. It will be necessary for you, prior to closing, to obtain a fire insurance policy with extended coverage. The policy should contain an endorsement showing the bank as the holder of the mortgage. An insurance agent can best advise you in this regard. If you do not have the name of an agent, we will be happy to provide you with the name and address of an agent. Remember, you must have an original fire insurance policy at closing; **NOT A BINDER.**

FINAL INSPECTION. Immediately prior to closing, please arrange with the broker or owner to make an inspection of the home and note any damage, incomplete items or persons other than the owners living in the home. Be sure to notify our office immediately of these items.

UTILITIES. Please contact your realtor to arrange for all utilities to be placed in your name and to insure that when you move in the lights, gas, telephone and furnace will all be working. The realtor should arrange for a fuel oil reading prior to closing if the property is serviced by fuel.

KEYS. Keys will be made available to you at the time of closing. However, we normally advise that all major locks to the house be changed after closing. This is a precautionary measure since additional keys may be in the hands of persons other than yourselves.

PLACE OF CLOSING. Prior to the closing of title, we shall either by phone or by letter, or both, advise you of the date, place and time for closing. If you are unsure of any of these facts, we urge you to call our office. Typically, closing will take place at the offices of the Buyer's attorney.

#### STEP #7 -- AFTER CLOSING PROCEDURES

At the closing, we will give you a complete set of all documents for your information. If you have any questions after you move into your home concerning any of these documents, you may call our office. We ask you to speak initially with one of the members of our staff. In most cases they can answer your questions. If your question is one of a legal nature, one of the attorneys will return your call as soon as possible. You should expect to receive, within 6 to 8 weeks after closing, the actual recorded Deed and, within 6-9 months, your title insurance policy. Your receipt of these last two documents concludes our services in this transaction and we hope you will consider that we have handled the purchase of your new home in a competent and friendly manner.

We encourage you to ask us about the other legal services we provide. As a general practice firm, we will handle all legal matters that may arise.

The best wishes of the members of our firm and our staff are extended to you in this new venture.

Very truly yours,  
FULGINITI & PESSEL

\*\*Please complete the following information and return it to our office either by email to @fulginitipessel.com, fax 609-987-0740 or regular mail to 214 Carnegie Center, Suite 104 Princeton, NJ 08540. Thank you.

MARITAL HISTORY & GENERAL INFORMATION SHEET

Name(s): \_\_\_\_\_ SS# \_\_\_\_ - \_\_\_\_ - \_\_\_\_  
\_\_\_\_\_ SS# \_\_\_\_ - \_\_\_\_ - \_\_\_\_

Present Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Phone Numbers: Home \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Business \_\_\_\_\_ Business \_\_\_\_\_  
Fax \_\_\_\_\_ Fax \_\_\_\_\_  
Cell \_\_\_\_\_ Cell \_\_\_\_\_  
Email \_\_\_\_\_ Email \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_

Mortgage Company and Address: \_\_\_\_\_  
\_\_\_\_\_

Loan Officer and Phone Number: \_\_\_\_\_  
Amount of Mortgage: \_\_\_\_\_ Adjustable Rate: \_\_\_\_\_  
Fixed Rate: \_\_\_\_\_

If currently married, please give date of marriage \_\_\_\_/\_\_\_\_/\_\_\_\_  
Wife's maiden name: \_\_\_\_\_

If previously married, please attach a copy of divorce decree or judgment.  
Date of Divorce: \_\_\_\_/\_\_\_\_/\_\_\_\_  
County & State: \_\_\_\_\_

If widowed, please attach a copy of the death certificate of spouse.

Are there any judgments of any court on record against any of the owners? Yes\_\_ No \_\_  
If yes, please explain: \_\_\_\_\_  
\_\_\_\_\_

Homeowner's Insurance Company/Agent: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Yearly Premium Amount: \$ \_\_\_\_\_