

TRADITIONAL REAL ESTATE PRACTICES IN THE ATLANTA AREA

AGENCY DISCLOSURE AND ELECTION

When you purchase a home in the state of Georgia, the relationship between brokers, buyers and sellers must be disclosed to all parties in the real estate transaction. Chip & Kathy's TEAM REALTY GROUP offers agency relationships to both buyers and sellers and can provide materials to help you decide which agency relationship best meets our need.

OFFERS TO PURCHASE

The offer to purchase is usually provided by the selling broker. This instrument should cover all terms of the proposed transaction and must be accompanied by an earnest money check from the purchaser. Once the offer is fully negotiated and signed by all parties to the agreement, it is a legally binding (enforceable) contract. Both purchasers and sellers should make sure they understand all terms and conditions of the offer before signing it and should seek legal counsel if they have doubts or concerns.

EARNEST MONEY

The earnest money deposit made by the purchaser at the time the offer to purchase is written is approximately 5% of the purchase price but must be an amount acceptable to the seller. A personal check is acceptable. If the offer is accepted by the seller, the earnest money is immediately thereafter deposited in the broker's escrow account. It is held there until closing, at which time it is applied toward the purchaser's down payment and/or closing costs. If the offer to purchase is not accepted by the seller, the earnest money check is never deposited and is returned. If the earnest money check is returned by your bank, there will be a \$25.00 charge and all parties must be notified of this occurrence as it is considered a default of the contract. We will ask that the funds be replaced immediately with a cashier's check or money order.

FINANCING

Contracts are generally contingent upon the purchaser's ability to secure the financing described in the contract within a specified period of time, and may be rescinded by the purchaser if, after diligent search, the loan described is not available.

LOAN COMMITMENTS

Commitments on conventional mortgage loans are for a set period of time, usually from 30 to 60 days. Commitments for longer periods, such as those required for the purchase of uncompleted new construction, require a non-refundable fee that is applied to closing costs. This fee is usually equal to 1% of the mortgage amount and is paid at the time the mortgage application is approved.

CLOSING DATE

Closing and transfer of title generally take place within 30 to 60 days after acceptance of the contract to purchase. The date when closing is to take place is negotiated and agreed upon by the buyer and seller in the contract to purchase. There are occasionally unavoidable delays in securing loan approval. You should be aware that even the most diligent agent will have no control over the situation once your loan application has been submitted.

OCCUPANCY

Occupancy can occur upon closing or within 2 to 3 days after the closing (with such time usually being rent-free to the seller). A specific date of occupancy is negotiable and is term of the contract.

CLOSING PRACTICE

Closings generally take place at an attorney's office, with all parties to the transaction being present. The listing and selling agents and/or brokers are also present.

LEGAL COUNSEL

Most closings in this area are handled by the attorney representing the mortgage company, whose fee is paid by the mortgage company and is part of the closing costs. The closing attorney is responsible for the title examination, recording of the documents, ordering a survey (if required), etc. Buyers and sellers are encouraged to seek private counsel to resolve any legal questions regarding the transaction or to accompany them to closing. In those instances where no mortgage company is involved, the purchaser may engage, at his expense, any attorney he chooses to handle the transaction.

FUNDS REQUIRED FOR CLOSING

Down payments and closing costs are to be provided in the form of a cashier's check, payable to yourself and you will endorse it at the closing. An estimate of closing costs may be obtained at the time loan application is made.

TITLE INSURANCE

Mortgagee's title insurance, which protects the lender only, is required by all lending institutions in an amount equal to the loan. Purchasers are encouraged and advised to obtain owners' title insurance for the full value of the residence, or to discuss this matter with legal counsel.

HAZARD INSURANCE

Purchasers are required to bring a policy for fire and hazard insurance to the closing and, if applicable, a flood insurance policy. The minimum value of this policy should be equivalent to the loan amount. One year's premium must be paid prior to, or at, closing and the policy must contain a loss payable clause in favor of the lender. Should you pay for the policy before closing, you must furnish the paid receipt at the closing.

HOME INSPECTIONS

Most real estate contracts require the seller to warrant that at the time of closing the Property will be in the same condition as it was on the date the contract was signed by Seller, normal wear and tear excepted. It is the purchaser's responsibility to check that all appliances remaining with the premises and the heating, air conditioning, plumbing (including without limitation septic tank system(s), pool and spa) and electrical systems will be in normal operating condition prior to closing, as the seller's responsibility ceases at closing.

It is common practice for the contract to contain a contingency upon the purchaser obtaining a complete inspection of the structural aspects of the premises, as well as the mechanical items. Such inspections can be obtained by employing an inspector of your choice. The cost of the inspection is paid by the purchaser. The correction of any defects determined by the inspection is usually negotiated between purchaser and seller.

WOOD INFESTATION REPORT

It is required in the contract that the seller provides to the purchaser at closing at their expense a report from a licensed pest control

operator on a standard form, in accordance with the regulations of the Georgia Structural Pest Control Commission, stating that the main dwelling has been inspected and found to be free from visible evidence of active infestation caused by termite or other wood destroying organisms. If visible evidence of active or previous infestation is indicated, seller agrees to (A) correct said infestation and structural damages resulting from said infestation and provide documentation evidencing correction of same and/or (B) provide documentation, satisfactory to the lender (if applicable), indicating that there is no structural damage resulting from any previous infestation. If any additional inspections and/or reports are requested by purchaser or the lender, costs associated for such inspections shall be paid by the purchaser.

RADON AND OTHER TESTS

Radon tests are available for those purchasers who may be concerned, as well as other tests for items such as lead-based paint.