

FROM RATIFIED CONTRACT TO CLAIMING HOMESTEAD

This page is a bullet reference for what is explained in detail in the coming pages.

Action Items for Purchaser

- Turn in Earnest Money
- Call insurance company and confirm the subject house is insurable, not in a flood zone and that you can afford the insurance.
- Call many Lenders and shop for loan. After selecting best deal make official application for loan.
- Schedule Inspections
 - Full House
 - Radon
 - Termite – Must be within 30 days of closing
- Select Insurance and give them Lender contact info
- Set up service features
 - Utilities
 - Electric
 - Water
 - Gas
 - Garbage
 - Internet
 - Cable
- Sign papers for house – *watch out for wire fraud!*
- Claim Homestead (after closing and after you get your deed)

Other things are mentioned below in more detail. Please be sure to read this document in its entirety! Finally, remember these tasks are TIME SENSITIVE.

Of course, call me if you have questions,

Mike



Mike Rickles

Keller Williams Realty

256.776.2525

Closing is just a few weeks away and we've got a lot to do! Just so you know what to expect, here's a review of what is ahead concerning the purchase of your new house. I know this document is long, but, *you need to know every bit of it*. PRINT OR SAVE THIS LETTER DIGITALLY so you can refer to it over the next few weeks. You can also go to the following link to always see online or download:

<http://www.miketheproducer.com/atj/user/AdditionalGetAction.do?pageId=572875>

Legend - All underlined words in this email are hyperlinks. Action items are in red. Yellow highlights indicate something that should be done today or no later than tomorrow. Blue highlights mean they are time sensitive for a future date.

Important Information Specific to Your Sale – If you came to this document from a hyperlink in an email your pertinent contract information is probably in that email. Otherwise, see your contract or contact me at 256-776-2525 for the specifics of your contract. The following document will refer to that information.

Time Is of the Essence - Remember, we are working with legally binding contracts that have deadlines. Please take each of the following issues seriously and execute them in a timely manner.

Between Now and Closing

IMPORTANT - Please take my advice and do not buy or sell anything more than a couple hundred dollars until after closing. Especially don't let a salesman run your credit between now and then! If you need to do anything with big money *ask your Lender first!* I almost had a deal fall through one time because the Buyer sold a car. He didn't BUY the car...he SOLD the car. It almost cost him his house. Another time, my client's credit score went down 13 points because he had a credit check done while purchasing a lawn mower...that caused his interest rate to go up 1/8 point on a 30 year loan. Before you make any major purchases...talk to your Lender first. This will save you much grief and long-term interest costs.

- Earnest Money must be deposited with Buyer's Brokerage, Keller Williams Realty. (NOTE: The earlier photo you sent me of your Earnest Money was NOT for deposit. Also, skip this step if you are purchasing new construction from a developer that requires earnest money deposited in their bank rather than a trust account.) This check will probably be deposited that day. Please be sure sufficient funds are available. Please take your check made payable to Keller Williams Realty and give it to the front desk secretary at 809 Shoney Drive, Suite 108, Huntsville, AL 35801. Have the check in an envelope with the following written on the front:

Please put in BROWN BOX to be opened by KW Admin

Earnest money for insert Property Address

KW Buyer's Agent: Mike Rickles

Purchaser: Insert Your Name

- Keep in mind you are taking some financial risks by paying for home inspections, termite inspection and appraisals in advance. Unfortunately, this is the way it works in real estate. Your loss may be as much as \$800 if this sale falls through and possibly more in rare circumstances.
- You select a Home Insurance provider. This should be the first thing you research. You should definitely know the answer within 3 business days of binding agreement date. You may already have insurance on your current residence and can call them to have it transferred to your new residence. If not, you may call your automobile insurance company and ask them if they have a bundle rate. My recommendation is to get quotes from at least 3 different companies. [Here are some options](#) plus you can find many more on the internet. After choosing your provider ask them the following questions:
 1. Is this property insurable?
 2. Is it in a flood zone?
 3. Can you check a report that shows the insurance claims on this residence over the last few years?
 4. What is the monthly premium for the amount of coverage you desire on this property?

Take the monthly premium and use it in the next step with the Lender. You must make this choice and let your Lender and attorney know the name of your agent within 5 business days after binding agreement date.

- **Get your credit score ONE time.** (NOTE: If you have already done this step or if your Lender has done this on your behalf earlier in your process you do not need to do it again.) You've probably heard that getting your credit checked is a bad thing. That is why I encourage you to have your credit checked one time by the first Lender you call. [Here is a list of possible lenders and you can find more online.](#) Be sure to ask them to email your credit report to you so you can see the three scores (hi, mid and low). Repeat those three scores to the other Lenders (in the next step) looking for the best interest rate and closing costs. Do NOT let the other Lenders perform another credit check on you until you have selected your Lender. Then and only then should your selected Lender execute the final hard credit check.
- **You select a Lender.** **This must be done within 3 business days of the binding agreement date.** My recommendation is to shop at least 3 or 4 Lenders. [Click here to see a list of reputable Huntsville Lenders](#) (you can find many more on the internet). Remember, DO NOT LET EACH OF THEM RUN A HARD CREDIT CHECK ON YOU. Instead, tell them the results of the above credit report and make sure they wait until you have definitely decided on your Lender to do a final hard credit check. Tell them the particulars of the contract (this info will come from Mike in an email) and your financial situation. You will be asked about your income, debt, occupation and many more personal details by each of them. Decide how much you want to put down as a down payment and consistently say the same amount to each Lender. Remember, none of this is repeated to me at any time. Your personal finances are none of my business. **Ask them to email you a Closing Disclosure (CD) estimate or Settlement Statement estimate including all closing costs, origination points, etc.** Tell them to use the following in their closing estimate: Homeowners Insurance = \$?? per month (derived from your earlier calls), Property Taxes = \$?? Per month (See email Mike sent you for this amount along with other contract information). Using the same numbers for everyone will ensure you are comparing apples to apples. [Click here to download an Excel spreadsheet](#) that will be useful in comparing Lenders. **This is contractually time sensitive.** As I said before, you must select your Lender and make an official application within 3 business days after the binding agreement date. After you have chosen your Lender...make the official application and **let me know your choice.** During the official application your chosen Lender will conduct a credit check on you.
- **You select a House Inspector and schedule the inspection to occur within 10 business days of binding agreement date – the sooner the better!** The cost for a House Inspection starts at \$300 and increases depending on size and structure of house. You pay for this in advance – you do not get this money back no matter what – [Here are some Inspector options.](#) Of course, the internet has many more options. I get no benefit from any of them, so, pick who you want. **Call and make the appointment based on your schedule.** It is advisable for you and I to meet the inspector for the last 45 minutes of his / her inspection for an in-person explanation of issues, so, make sure both my schedule and your schedule is free when you decide on the inspection time.
- **Read the Covenants and Restrictions for your new neighborhood** – You may ask, “Why do I need to read the C&R’s of the neighborhood?” Here are some examples: You may have dreamed all your life about having an outbuilding for storage. Some C&R’s declare you must have the outbuilding the same construction of the house in which case it might cost too much. Or, you may collect cars and expect to be able to park your cars on the street. Some C&R’s restrict overnight parking on the street. You must read the C&R’s within 3 business days of the binding agreement date so you can elevate your concerns during the time allotted in the contract.
- **A Citizen’s Guide to Radon** – See [this link.](#) **You need to read this and decide if you want to pay for a professional Radon Inspection (about \$150).** I strongly recommend you order this test when you order your house inspection. Some statistics say radon is the #1 cause of cancer deaths among non-smokers.
- **You need to select a closing attorney.** This may have already been specified in the contract. If not, let me know if you have a preferred attorney and I will call to schedule the closing. If you do not have a preferred attorney I recommend Joseph Conwell with [Conwell Title and Escrow in Huntsville.](#) **Please send me your selection for the attorney so I can send information to them and schedule everything.**

ONE WEEK BEFORE CLOSING

- Utilities - If you have not already called Electric, Phone, Gas, Cable, Internet and other providers **you need to do so and let them know what is happening**. After you explain your situation they will know what to do. The Sellers will normally keep utilities active in their name until the day after closing. Sometimes water or gas is NOT handled by Huntsville Utilities, but, normally it is. Huntsville Utilities is definitely the place to begin your quest for services, though, and they will tell you all the details. See the following for your particular situation.

Moving from Apartment-to-House or House-to-House (already have utilities account) - If you need to transfer service **call at least 1 business day prior to moving in**. There is a \$70 transfer fee added to the first bill while living in the new address. Phone number to call is 256-535-1200 and press 2 then 5.

New to Huntsville Utilities (do not currently have a utilities account in Huntsville) – Apply for service one of two ways **3 business days prior to moving in**:

- 1) In person at 112 Spragins Street, Huntsville, AL between 7:30 am-5:30 pm M-F. The standard deposit is \$300 due at the time of application plus a \$70 account set-up fee. Note – You CAN use credit card in person at the Huntsville Utilities office. Must have two forms of identification
 - a. PHOTO identification such as driver’s license, passport or government issued ID (such as military).
 - b. Non-photo identification is allowed such as social security card, birth certificate, W-2 Form, gun permit
- 2) Online at www.hsvutil.org. Note – you are NOT allowed to use credit card online. It must be paid by bank draft online.

Trash and Recycling Schedule – Call one of the following numbers as needed.

- Madison County Waste Control (Garbage Pickup at county residence) – 256-532-1512
 - City of Huntsville Waste Control (Garbage Pickup at city residence) – 256-883-3964
 - Recycling pickup for county or city (Solid Waste Disposal) – 256-880-6054
- Closing Disclosure – Three days before closing you will get something called a Closing Disclosure (CD). This is for your perusal to confirm all the numbers are correct. I highly recommend you forward your CD to me so I can confirm everything is according to contract. This is not a necessity, though.
 - Funds – Normally two checks pay for your house:
 1. One check pays for any down payment you are making plus your portion of settlement charges. **You must personally take care of this payment**. This amount is found on your Closing Disclosure (CD) beside the words “Cash to Close” and is paid in one of two ways depending on which attorney is closing your house.
 - a) You wire the money from your banking institution the day before (see warning below) or
 - b) You personally take a check from your bank to closing. This check must be a CERTIFIED CHECK from your bank. Personal checks and cash are not acceptable.

Do NOT get a check for the “Cash to Close” amount or wire the funds until the day before closing. It may change by a few dollars between issuance of the CD and closing. **You need to be in close contact with the closing attorney’s processor the day before closing** with confirmation of the final amount. You are responsible for getting the check to closing or having funds wired. I recommend getting the check from the institution where the money lies so you do not have a hold on the check or any other problems. Remember, if you are bringing a check **it must be a certified check**. The check should be made payable to the attorney that is closing the sale. For example, if you are closing with Conwell Title and Escrow the certified funds should be made payable to: *Joseph T. Conwell, III, PC*. If you are not closing with Conwell then be sure to call the closing attorney for this information.

WARNING – Avoid wire fraud!

Wiring money (option a from above) should be implemented with great attention to detail and with a personal touch. There have been cases where the Buyer gets an email that looks like it comes from their Realtor, Lender or closing Attorney. It will have specific wiring instructions and will have a phone number in the email to call with questions. *This is most likely fraud and they are trying to steal your money!* The bank routing number is incorrect and the phone number to call has an actor on the other end. The new instructions funnel your money into a criminals account rather than paying for your house. This sounds extreme but they make millions of dollars every year doing it. Don't be a victim. Always get your phone numbers from an independent source...not from an email. When wiring funds always talk to the same people you've been talking to at your closing attorney's office. Remember the following as it relates to wiring funds and the people helping you with this transaction.

Email hacking and fraud are on the rise to fraudulently misdirect funds. Please call your escrow officer immediately using contact information found from an independent source, such as the sales contract or internet, to verify any funding instructions received. We are not responsible for any wires sent by you to an incorrect bank account.

2. The second check for your house comes from your Lender who will wire funds for the remaining amount of the loan during closing. You are not involved in this part of the transaction and no action is necessary on your part. Your Lender and the attorney will execute this transaction.
 - Final Walk-Thru - **We will need to meet at the house the day of closing or the night before for a final walk-through.** We will schedule this time later, but, please **block those two times off on your calendar.** We will confirm that all major systems are in expected working order. We'll also make sure no one has taken a sledge hammer to the walls since you last saw them.
 - Bring to closing – **Ask the closing attorney if they need one or two forms of ID.** Most will accept a current Driver's License alone. Others ask for a Driver's License and something else. Ask and see before closing. Don't forget a CERTIFIED CHECK for down payment and settlement charges unless you have already sent it via wire transfer.
 - Expectations - Expect closing to take about 1 ½ hours or more depending on how many questions are asked during the closing and how quickly money comes in from the Lender after papers are signed.

A FEW WEEKS AFTER CLOSING

Claim Homestead – Taxes and death...two sure things. All property owners in Alabama must pay property taxes. However, you are allowed a discount for one (and only one) property which can be claimed as your home. This is called *claiming homestead* for a specific property and it allows for almost a 50% discount on taxes. The process is simple, but, you are the only one that can do it. This is NOT an automatic process. Between 4-6 weeks after closing you will receive your deed in the mail. This will come to you at NO CHARGE. Do not respond to scam letters saying you must pay for your deed! **After receiving your deed take it to the county courthouse or a satellite office along with your driver's license.** They will record your homestead status and adjust your property tax bill accordingly. **This should be done as soon as conveniently possible after receiving your deed and definitely before the end of the calendar year.** [Click here for additional, IMPORTANT detailed Homesteading instructions.](#)

I know this is a lot for you to digest all at once, but, I want you to be aware of what will happen over the next few weeks. Remember, this is a business transaction and it is very important things happen according to schedule. If you incur a delay along the way, let me know immediately. I will be available the whole time to answer your questions and keep things moving in the right direction. Just keep thinking about the end goal and how much fun it will be to wake up in your new house!

With you all the way,

Mike



Mike Rickles

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