

Buyer Beware!

Avoiding the American
“Nightmare”!



Anne Balcer Norton

Attorney, Director of Foreclosure Prevention

St. Ambrose Housing Aid Center, Inc.



What you should know:

- The Contract of Sale
- Financing your purchase
 - Closing the deal
- Protecting your investment

The CONTRACT of Sale:

- “Offer” = binding contract once it is signed!
- Very specific terms in contract
 - Financing
 - Appraisal contingency
 - Inspection
 - Lead paint disclosure





RESIDENTIAL CONTRACT OF SALE

This is a Legally Binding Contract; If Not Understood, Seek Competent Legal Advice.

THIS FORM IS DESIGNED AND INTENDED FOR THE SALE AND PURCHASE OF IMPROVED SINGLE FAMILY RESIDENTIAL REAL ESTATE LOCATED IN MARYLAND ONLY. FOR OTHER TYPES OF PROPERTY INCLUDE APPROPRIATE ADDENDA.

TIME IS OF THE ESSENCE. Time is of the essence of this Contract. The failure of Seller or Buyer to perform any act as provided in this Contract by a prescribed date or within a prescribed time period shall be a default under this Contract and the non-defaulting party, upon written notice to the defaulting party, may declare this Contract null and void and of no further legal force and effect. In such event, all Deposit(s) shall be disbursed in accordance with Paragraph 19 of this Contract.

1. DATE OF OFFER: _____.

2. SELLER: _____

3. BUYER: _____

4. PROPERTY: Seller does sell to Buyer and Buyer does purchase from Seller, all of the following described Property (hereinafter "Property") known as _____ located in _____ City/County, Maryland, Zip _____, together with the improvements thereon, and all rights and appurtenances thereto belonging.

5. ESTATE: The Property is being conveyed: _____ in fee simple or _____ subject to an annual ground rent, now existing or to be created, in the amount of _____ Dollars (\$ _____) payable semi-annually, as now or to be recorded among the Land Records of _____ City/County, Maryland.

6. PURCHASE PRICE: The purchase price is _____ Dollars (\$ _____).

7. PAYMENT TERMS: The payment of the purchase price shall be made by Buyer as follows:

(a) An initial Deposit by way of _____ in the amount of _____ Dollars (\$ _____) at the time of this offer.

(b) An additional Deposit by way of _____ in the amount of _____ Dollars (\$ _____) to be paid within _____ (____) days from the Date of Contract Acceptance.

(c) All Deposits will be held in escrow by: _____

(If not a Maryland licensed real estate broker, the parties may execute a separate escrow deposit agreement.)

(d) The purchase price less any and all Deposits shall be paid in full by Buyer in cash, wired funds, bank check, certified check or other payment acceptable to the settlement officer at settlement.

OR An interest bearing account, the interest on which, in absence of default by Buyer, shall accrue to the benefit of Buyer. Broker may charge a fee for establishing an interest bearing account.

8. SETTLEMENT: Date of Settlement _____ or sooner if agreed to in writing by the parties.

9. FINANCING: Buyer's obligation to purchase the Property is contingent upon Buyer obtaining a written commitment for a loan secured by the Property as follows:

(Check) Conventional Loan as follows:

Loan Amount \$ _____
Term of Note _____ Years
Amortization _____ Years
Interest Rate _____ %
Loan Program _____

Loan Origination/Discount Fees (as a % of loan amount):

Buyer agrees to pay _____ %;

Seller agrees to pay _____ %.

Buyer shall receive the benefit of any reduction in fees.

- FHA Financing Addendum
- Gift of Funds Contingency Addendum
- Owner Financing Addendum
- VA Financing Addendum
- _____ Assumption Addendum
- OTHER: _____
- No Financing Contingency



Buyer _____ / _____

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Seller _____ / _____



MARYLAND RESIDENTIAL PROPERTY DISCLOSURE AND DISCLAIMER STATEMENT

Property Address: _____

Legal Description: _____

NOTICE TO SELLER AND PURCHASER

Section 10-702 of the Real Property Article, *Annotated Code of Maryland*, requires the owner of certain residential real property to furnish to the purchaser either (a) a RESIDENTIAL PROPERTY DISCLAIMER STATEMENT stating that the owner is selling the property "as is" and makes no representations or warranties as to the condition of the property or any improvements on the real property, except as otherwise provided in the contract of sale, or in a listing of latent defects; or (b) a RESIDENTIAL PROPERTY DISCLOSURE STATEMENT disclosing defects or other information about the condition of the real property actually known by the owner. Certain transfers of residential property are excluded from this requirement (see the exemptions listed below).

10-702 EXEMPTIONS. The following are specifically excluded from the provisions of § 10-702:

1. The initial sale of single family residential real property:
 - A. that has never been occupied; or
 - B. for which a certificate of occupancy has been issued within 1 year before the seller and buyer enter into a contract of sale;
2. A transfer that is exempt from the transfer tax under §13-207 of the Tax-Property Article, except land installment contracts of sales under § 13-207(a) (11) of the Tax-Property Article and options to purchase real property under §13-207(a)(12) of the Tax-Property Article;
3. A sale by a lender or an affiliate or subsidiary of a lender that acquired the real property by foreclosure or deed in lieu of foreclosure;
4. A sheriff's sale, tax sale, or sale by foreclosure, partition, or by court appointed trustee;
5. A transfer by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6. A transfer of single family residential real property to be converted by the buyer into use other than residential use or to be demolished; or
7. A sale of unimproved real property.

Section 10-702 also requires the owner to disclose information about latent defects in the property that the owner has actual knowledge of. The owner must provide this information even if selling the property "as is." "Latent defects" are defined as: Material defects in real property or an improvement to real property that:

- (1) A purchaser would not reasonably be expected to ascertain or observe by a careful visual inspection of the real property; and
- (2) Would pose a direct threat to the health or safety of:
 - (i) the purchaser; or
 - (ii) an occupant of the real property, including a tenant or invitee of the purchaser.

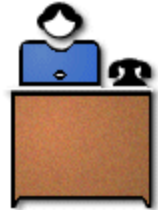
MARYLAND RESIDENTIAL PROPERTY DISCLOSURE STATEMENT

\$ Financing: \$

- FHA
- VA
- Conventional
- Seller financing/lease to own (be wary)

Paying for It!

- Mortgage Lender v. Mortgage Broker
- Discount points, fees and other charges
- Fixed Rate v. ARM
- Disclosure, Disclosure, Disclosure!



Key Disclosure:

- Property Condition Disclosure (prior to execution of sale)
- HOA or Condo Association Bylaws & Covenants
- MD Finder's Fee Agreement (broker loans)
- MD Financing Agreement (w/in 10 days of application)
- The Good Faith Estimate
- The Truth in Lending Disclosure
- MD First Time Homebuyer Affidavit (only for 1st time homebuyers)



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Good Faith Estimate (GFE)

Name of Originator
Originator Address
Originator Phone Number
Originator Email

Borrower
Property Address
Date of GFE

Purpose

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.

Shopping for your loan

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

Important dates

1. The interest rate for this GFE is available through . After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through .
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.

Summary of your loan

Your initial loan amount is	\$ <input type="text"/>
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TRUTH IN LENDING DISCLOSURE STATEMENT

Creditor	Applicant(s)
Mailing Address	Property Address
Loan Purpose	Proposed Use

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. \$ %	FINANCE CHARGE The dollar amount the credit will cost you. \$	Amount Financed The amount a lender provides to you or on your behalf. \$	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$
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PAYMENT SCHEDULE

NUMBER OF PAYMENTS	* AMOUNT OF PAYMENTS	MONTHLY PAYMENTS SCHEDULE BEGINNING	NUMBER OF PAYMENTS	* AMOUNT OF PAYMENTS	MONTHLY PAYMENTS SCHEDULE BEGINNING

* If the annual percentage rate does not take into account your required deposit.

DEMAND FEATURE: This loan does not have a Demand Feature. This loan has a Demand Feature.

ITEMIZATION: You have a right at this time to an ITEMIZED CREDIT PRICING.
 For do do not use an Itemization.

REQUIRED DEPOSIT:
 If the annual percentage rate does not take into account your required deposit.

Closing the Deal:

- 24 Hours prior to closing request the final HUD-1 Settlement Statement and the Note (compare to the Good Faith Estimate)
- “The Moving Van”
- Copies of signed documents at closing
- READ (you are paying for it)
- Dates – nothing post or predated!
- “Escrow Waiver” – were you promised that the payment included taxes & insurance?



A. Settlement Statement (HUD-1)

B. Type of Loan								
c.	<input type="checkbox"/> FHA	d.	<input type="checkbox"/> VA	e.	<input type="checkbox"/> Other Loans	f. Pit Number	7. Loan Number	8. Mortgage Insurance Identification #
a.	<input type="checkbox"/> 1st	b.	<input type="checkbox"/> 2nd					
<p>C. Note: This form is furnished to/created by/contains a statement of assets/liabilities/interests/amounts paid/received by the settlement agent/creditor. Items marked "yes/no" correspond to whether the existing party condition have all information purposes and/or not included in the table.</p>								
D. Name & Address of Borrower				E. Name & Address of Seller		F. Name & Address of Lender		
G. Paper Location				H. Settlement Agent		I. Settlement Date		
				J. Escrow Settlement				

J. Summary of Borrower's Transactions	
100. Gross Amount of Cash from Borrower	
101. Current cash price	
102. Personal property	
103. Refinance mortgage to increase (for 100)	
104.	
105.	
A adjustment for items paid by seller/creditor	
106. Credit items	in
107. Cash items	in
108. Debit items	in
109.	

K. Summary of Seller's Transactions	
100. Gross Amount Due to Seller	
101. Current cash price	
102. Personal property	
103.	
104.	
105.	
A adjustment for items paid by seller/creditor	
106. Credit items	in
107. Cash items	in
108. Debit items	in
109.	

Before You Sign:

- Be Prepared!
- Consult an attorney for assistance
 - Civil Justice Network 410-706-0174
- Talk to a Housing Counselor
 - HUD Certified Agency
 - www.hud.gov and click on resources to find a counseling agency
 - MD DHCD www.mdhope.org

Maintaining your Dream:

- Budget – unexpected repairs
- Anticipate default & communicate with your lender
- Don't be a victim!
- Call a non-profit counselor
 - 1-888-995-HOPE
 - 1-877-462-7555 or www.mdhope.org

