

Tips for Handling Residential Real Estate Sales in Minnesota

To access PowerPoint slides and other seminar resource material:
<http://www.minncle.org/eAccess/1013991701/index.htm>



Minnesota Continuing Legal Education

2550 University Avenue West, Suite 160S
Saint Paul, Minnesota 55114
(651) 227-8266 • (800) 759-8840

<http://www.minncle.org>

August 2016
1399-17

Minnesota CLE's Copyright Policy

Minnesota Continuing Legal Education wants practitioners to make the best use of these written materials but must also protect its copyright. If you wish to copy and use our CLE materials, you must first obtain permission from Minnesota CLE. Call us at 800-759-8840 or 651-227-8266 for more information. If you have any questions about our policy or want permission to make copies, do not hesitate to contact Minnesota CLE.

All authorized copies must reflect Minnesota CLE's notice of copyright.

MINNESOTA CLE is Self-Supporting

A not for profit 501(c)3 corporation, Minnesota CLE is entirely self-supporting. It receives no subsidy from State Bar dues or from any other source. The only source of support is revenue from enrollment fees that registrants pay to attend Minnesota CLE programs and from amounts paid for Minnesota CLE books, supplements and digital products.

© Copyright 2016

MINNESOTA CONTINUING LEGAL EDUCATION, INC.

ALL RIGHTS RESERVED

Minnesota Continuing Legal Education's publications and programs are intended to provide current and accurate information about the subject matter covered and are designed to help attorneys maintain their professional competence. Publications are distributed and oral programs presented with the understanding that Minnesota CLE does not render any legal, accounting or other professional advice. Attorneys using Minnesota CLE publications or orally conveyed information in dealing with a specific client's or other legal matter should also research original and fully quoted sources of authority.

2016–2017 Minnesota Continuing Legal Education Board Members

Irene W. Kao, Chair
Saint Paul

Eric T. Cooperstein
Minneapolis

Charles A. Delbridge
Minneapolis

Jacqueline A. Dorsey
Northfield

Dyan J. Ebert
Saint Cloud

Professor Morgan L. Holcomb
Saint Paul

Bryan D. Huffman
Saint Paul

Jason C. Kohlmeyer
Mankato

Daniel K. Lew
Duluth

Thaddeus R. Lightfoot
Minneapolis

**Former Chief Justice
Eric J. Magnuson**
Minneapolis

Michelle A. Miller
Fridley

Sonia Miller-Van Oort
Minneapolis

Professor Joel A. Nichols
Minneapolis

Professor Jean M. Sanderson
Minneapolis

Michael W. Unger
Minneapolis

**EXECUTIVE DIRECTOR
Jeffrey H.A. Johnson**

The Minnesota CLE Board consists of practicing attorneys and Judges from throughout Minnesota as well as one representative from each Minnesota law school. This provides representation of the interest and efforts of the bench, practicing bar and academic community.

Minnesota Continuing Legal Education is a non-profit 501(c)(3) organization. Minnesota CLE receives no subsidy from Bar dues or any other source. The only source of support is revenue from program tuition and publication sales. The basic ingredient in Minnesota CLE's success is the involvement of the very best Minnesota lawyers from the practicing bar, bench and academic community. These dedicated individuals have given generously of their time and talent to make Minnesota CLE courses and its publications what they are today.

Faculty

John H. Brennan
Brennan Law Office
Wayzata

Sarah E. Fisher-Otten
Fisher Law Firm PLLC
Bloomington

Wayne E. Gilbert
Lutter Gilbert & Kvas, LLC
Eagan

David J. McGee
Chestnut Cambronne PA
Minneapolis

Table of Contents

- 1. The Residential Purchase Agreement, Addendum, and Contingencies:
What You Need to Know**
- Wayne E. Gilbert
- 2. Disclosure Requirements and Home Inspections**
- David J. McGee
- 3. What to Do After the Purchase Agreement is Signed and Before the Closing**
- John H. Brennan
- 4. Closing Time: The Closing Process and Common Documents Used in Closings**
- Sarah E. Fisher-Otten

The Residential Purchase Agreement, Addendum, and Contingencies: What You Need to Know

Wayne E. Gilbert
Lutter Gilbert & Kvas LLC
Eagan

1. The Nature of a Purchase Agreement (herein, sometimes the “PA”) and its Addenda

A. Equitable Conversion. The buyer becomes the equitable owner of the property as soon as the PA is signed and delivered. Thereupon, the seller holds bare legal title as security for payment, which is a personal property interest. *First and American Nat’l. Bank of Duluth v. Whiteside*, 292 N.W. 770 (1940); *Village of Hibbing v. Commissioner of Taxation*, 14 N.E.2d 923 (1044); *Tollefson Development, Inc., v. McCarthy*, 668 N.W.2d 701 (Minn. App. 2003).

- i. For this reason, before a seller can close on a sale to Buyer 2, seller will be required to formally cancel a prior PA from defaulting Buyer 1 if the PA contains an unfulfilled condition.
- ii. Example: Buyer 1 failed to appear on the July 1 closing date set forth in the PA, stating simply that he is no longer interested in purchasing. Failure to close is an unfulfilled condition. Seller accepts a new offer from Buyer 2 at a higher purchase price. Before the sale to Buyer 2 can close, seller must serve a Minn. Stat. 559.217, Subd. 3, “*cancellation with a 15-day right to cure*” notice upon Buyer 1. Buyer 1 then has the right to close within the 15-day cure period. Suppose, however, that Buyer 1 no longer can be found. Seller then must publish the cancellation, thereby extending the 15-day cure period.
- iii. A family law footnote: Many divorcing spouses enter into purchase agreements for a new home prior to entry of the final decree of dissolution. Because of the doctrine of equitable conversion, the spouse’s equitable interest in the property (and the formal legal description) must be included in the Findings and be awarded in the Conclusions of the dissolution decree. Failure to do so can result in the need for an amended decree.

B. Counteroffer. A counteroffer is a rejection of the original offer, and puts an end to the negotiations unless the party who made the original offer renews it or properly assents to the terms of the counteroffer. *Kileen v. Kennedy*, 97 N.W. 126 (1903); *Lake Co. v. Molan*, 131 N.W.2d 734 (1964).

- i. Minnesota follows the “Mirror Image Rule,” under which an acceptance must be coextensive with the offer and may not introduce additional terms or conditions. Thus, any purported “acceptance” of a purchase agreement that seeks to vary, add to, or qualify the terms of an offer constitutes a rejection of the offer and a counteroffer. *McLaughlin v. Heikkila*, 697 N.W.2d 231, 235 (Minn. App. 2005)
- ii. And...a party may withdraw a counteroffer before the other party provides a

written acceptance. McLaughlin, *supra*.

C. Written Offer. Minnesota's Statute of Frauds requires that every contract for the sale of lands, or any interest in lands, shall be void unless the contract, or some note or memorandum thereof, is in writing.

- i. The "writing" need not necessarily be a complete PA. Rather, a memorandum of some sort containing sufficiently definite terms will suffice.
- ii. Five elements must be present in the PA or in an executed memorandum: (1) A statement of the consideration; (2) an adequate description of the parties; (3) an adequate description of the land; (4) the general terms and conditions of the transaction; and (5) subscription by the vendor. If these elements are present the contract is not void for failure to comply with the statute. *Greer V. Kooiker*, 253 N.W.2d 133 (1977).

D. Description of the Property. The PA should be reviewed to determine the sufficiency of the legal description.

- i. Clarity is required to comply with the Statute of Frauds, whether by a street address, PID (parcel identification number), plat drawing, map, survey, or the actual legal description. Consider these examples:
 - a. The PA identifies the subject property as 123 Elm Street, Yourtown, MN, however the house is on "Lot 1, Block 5;" and the spacious yard with the playground equipment and pool is on "Lot 2, Block 5;" and the three car garage is on Lot 3, Block 5." The deed signed at closing sale and later recorded states the legal description to be "Lot 1, Block 5."
 - b. Buyer presumes, but does not verify, that the entirety of the parking lot adjacent to the apartment building is contained within the legal description of the property being purchased. Unfortunately, a portion of the parking lot is owned by an adjacent owner.
 - c. Lakeshore property being sold by the estate's Personal Representative is advertised on the MLS as having 1,000 feet of shoreline, because that's what the decedent, during her lifetime, often had told the Personal Representative. Indeed, seller actually had furnished the PR a sketch of the supposed shoreline prior to her death. Subsequent to closing, the new buyer discovers that there is only 750 feet of shoreline, plus an additional historic and unused easterly 50 foot right away that the city refuses to either vacate or permit construction of outbuildings or a dock. And, oddly enough, the westerly 75 feet of the supposed lot had no legal description, no parcel identification number, and no recorded record of ownership.
- ii. Parol evidence is admissible to explain, but not to contradict or supply, a description of the property. However, if a PA entirely omits a description of

real estate, such description cannot be supplied by parol evidence, and the PA therefore is unenforceable under the Statute of Frauds. *Malevich v. Hakola*, 278 N.W.2d 541 (Minn. 1979).

- iii. The PA need not state an exact legal description, however advisable that might be. Other options exist.
 - a. The description of land which a written sales contract purports to convey satisfies the statute of frauds if, in the light of the circumstances and conditions surrounding the parties with respect to the land during the negotiations (as established by parol evidence or by a permissible taking of judicial notice), such description provides, when applied to the physical features of the surrounding terrain, a reasonably certain guide or means for identifying such land to the exclusion of all other lands. Since even the most specific and precise description may require some parol proof to complete the identification of the property, the test is does the writing furnish a reasonably certain means of identification? Clearly, a description of land may be adequate to satisfy the statute of frauds even though it is not so certain as to render unnecessary the resort to extrinsic evidence to apply it to the land. If, with the aid of extrinsic evidence, the description can be applied to the property so as to identify and distinguish the intended area from all other lands, it is adequate. Although parol evidence is inadmissible to aid a defective description by supplying an essential part which is missing, it is admissible to interpret or translate the description's word symbols as the parties must have used and understood them in the light of circumstances and conditions which surrounded their negotiations. *Miracle Construction Co. v. Miller*, 87 N.W.2d 665, 669 (1958).
 - b. A map must be integrated into the PA if it is to comply with the Statute of Frauds. However, maps not so integrated can be used as parol evidence to clarify the required description. *Malevich*, supra.

E. Necessity of Essential Terms. The PA will be null and void if there is a failure to agree on all essential terms. *Lake Co.*, supra; *Romain v. Pebble Creek Partners*, 310 N.W.2d 118, 121 (Minn. 1981).

- i. Practice Pointer: Perhaps the most common example of an indefinite term inserted into a financing addendum is the term “market” in the following blank found in either the MNAR form or M.S.B.A Real Property Form No 2:

“Buyer shall apply for and secure a mortgage with an initial rate of _____%”

2. The Nature of Contingency Addenda.

A. A Note on Terminology: An “Addendum” is part of the original PA. An “Amendment”

amends the original PA.

- B. Most PAs will contain contingency addenda including, but certainly not limited to a Financing Addendum, Inspection Contingency Addendum, Buyer's Home Sale Contingency Addendum, a Title Examination Contingency, a CIC ("Common Interest Community") Addendum, or an addendum contingent upon the seller's ability to complete a 1031 exchange. And, the due diligence provision in a commercial PA will contain multiple contingencies.
- C. Contingencies are conditions precedent, and therefore must be fully performed before the PA becomes enforceable. *Hanson v. Moeller*, 376 N.W.2d 220, 224 (Minn. App. 1985).
 - i. Where a PA was contingent upon buyer's ability to obtain financing, the inability to do so voided the PA. *Chapman v. Salem Lutheran Church*, 221 M.W.2d 129, 139 (1974).
 - ii. Where the agreement contained a contingency that the parties agree on the security for the note by which the real estate was to be paid for, their failure to agree rendered the agreement null and void by reason of failure to agree on essential terms. *Romain*, supra.

3. Purchase Agreement and Addenda Forms

- A. MNAR Forms. The most common forms used in the residential home sales market are those drafted by the Minnesota Association of REALTORS® ("MNAR"). This is because most transactions involve the use of a real estate agent, and therefore consumers and settlement service providers such as closers and title companies are familiar with their content. In rare cases an attorney will be asked to review the PA and addenda prior to execution, however in most cases these agreements will come to an attorney's attention only after a dispute has arisen.
 - i. MNAR forms include the purchase agreement, addenda, and disclosures.
 - ii. MNAR forms are drafted, reviewed and updated annually by the MNAR Forms Committee composed of 20+ REALTORS® that meet regularly during each year.¹ The committee composed principally of active brokers and salespersons also includes several attorneys who are Minnesota State Bar Association certified Real Property Law Specialists, as well as the principal legal representatives from several of Minnesota's largest real estate companies. The committee is staffed by an MNAR attorney, and assisted by MNAR outside counsel.
 - iii. MNAR forms are copyrighted and unavailable for use by individuals who are not MNAR members. MNAR will send cease and desist letters to copyright violators, and reserves the right to vigorously pursue copyright violations.

¹ MNAR committee membership is limited to MNAR members.

MNAR regularly declines requests from attorneys to use the forms, since use of the forms is considered an MNAR member benefit.

- iv. Caution: The term “REALTOR®”² designates a real estate licensee who is a member of both the National Association of REALTORS® and the Minnesota Association of REALTORS®. Not all real estate brokers or salespersons are members. Nor does Minnesota Statutes Chapter 82 regulating brokers and salespersons require the use of any specific forms. Therefore, a real estate agent who is not an MNAR member does not have access to MNAR forms, and may be drafting their own forms or using forms drafted by the licensee’s attorney.

B. MSBA Forms. The Minnesota State Bar Association publishes on practicelaw.org M.S.B.A Real Property Form No. 1, the *Minnesota Standard Residential Purchase Agreement*, and select supporting addenda and disclosures.

- i. An exhaustive comparison of MNAR and MSBA forms is beyond the scope of this presentation.
- ii. MSBA forms are available to both MSBA members and the general public. Unfortunately, they have not been updated since 2008. This can create misunderstandings in the marketplace, and careful counsel who elects to use this form should consider the need for changes and updates.
 - a. Example: In 2010 HUD (now the Consumer Finance Protection Bureau, or “CFPB”) defined “title service fees” payable by the buyer to include title searches and examinations, flood certifications, tax lien searches and survey fees (see Sections B and C of the CFPB Loan Estimate form effective August 1, 2015). This conflicts with MSBA Form 1 that continues the previous long-standing practice of having the seller pay the cost of a title commitment or abstract extension. MNAR addressed this issue by developing an optional form requiring a seller to contribute cash or a percentage of the purchase price to buyer’s closing costs.
 - b. Example: MSBA Form 1 requires seller to provide a title insurance commitment only if seller is unable to find the abstract, or if seller did not receive an abstract at the time of purchase. However, since virtually all mortgages now are sold on the secondary market, buyers will be required to provide their lender with title commitments rather than abstracts.
- iii. Nonetheless, the MSBA forms provide the practitioner a checklist of several of the many items to be considered.

C. Your Form Library. Counsel advising either brokers, salespersons, buyers or sellers should maintain an up-to-date library of either complete forms, or clauses to add to

² Pronounced “Re-al-tor,” not “Rela-tor”

standard form MNAR or MSBA forms.

- i. Despite the availability of standard forms, the statutory authority of real estate brokers and salespersons (hereinafter, "Licensees") is limited. Counsel for both Licensees, buyers and sellers therefore have a unique and positive role when reviewing a draft PA and addenda.
 - ii. Minn. Stat. §481.02, Subd. 3a, provides that the general prohibition against the unauthorized practice of law shall not "be construed to prevent a real estate broker, a real estate salesperson, or a real estate closing agent, as defined in section 82.55, from drawing or assisting in drawing papers incident to the sale, trade, lease, or loan of property, or from charging for drawing or assisting in drawing them..."
 - iii. This narrow exception DOES NOT permit a Licensee to provide legal advice regarding purchase agreements, addenda or amendments, or to draft more complicated clauses to address specific legal issues involved in the transaction.
4. **Survivability, and the Doctrine of Merger.** Simply stated, the longstanding doctrine of merger presumes that all representations, warranties, and covenants contained in the purchase agreement merge with the deed at closing. Put another way, none survive closing unless the drafter inserts a survival provision into the purchase agreement.
- A. Consider this forceful explanation set forth in *Bruggeman v. Jerry's Enterprises, Inc.*, 591 N.W.2d 705, 708 (Minn 1990):

Over a century ago, we announced our endorsement of the merger doctrine. See *Whitney v. Smith*, 18 N.W. 181 (1885); *Fritz v. McGill*, 18 N.W. 753 (1884). The merger doctrine generally precludes parties from asserting their rights under a purchase agreement after the deed has been executed and delivered. As we explained more than 100 years ago in *Griswold v. Eastman*, 53 N.W. 542, 543 (1892) . Where deeds are executed and accepted in performance of executory contracts to convey, the latter become functus officio, and thenceforth the rights of the parties are to be determined by the deeds, and not by the contracts, the presumption being that the deeds give expression to the final purposes of the parties; and the deeds will be conclusive unless it be shown that the grantees have been led by fraud or mistake of fact to accept something different from what the executory contracts called for, in which cases the courts will give relief as in other cases of fraud or mistake. By 1893, we declared that "[n]o rule of law is better settled" than the doctrine of merger. *Slocum v. Bracy*, 56 N.W. 826, 827 (1893).

5. **Overall Caution - Beware (or Take Advantage of) the "...is cancelled" Trap**

A. The PA or addenda may contain language providing that if a contingency is unfulfilled, the PA automatically is cancelled. By contrast, a provision that does not contain the automatic cancellation language is considered an unfulfilled condition that, in the event of default, only is able to be cancelled by the buyer as a “*cancellation with a 15-day right to cure*,” as provided by Minn. Stat. 559.217, Subd. 3.

B. Consider this language from the MNAR Inspection Contingency Addendum:

If Buyer, or licensee representing or assisting Buyer, notifies Seller, or licensee representing or assisting Seller, of the identified issues and proposed remedy, and if within _____ Business Days after such notice Buyer and Seller have not agreed in writing to a remedy of the identified issues, this Purchase Agreement is canceled without further notice required. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid hereunder to be refunded to Buyer, and thereafter neither party shall have any further liability to the other.

C. *Kalenburg v. Klein*, 847 N.W.2d 34 (Minn. App 2014) considered a provision in an MNAR Financing Addendum providing that “*If Buyer cannot secure financing specified in this purchase agreement, and the purchase agreement does not close on the closing date specified, this purchase agreement is cancelled.*” The court held that this language automatically cancelled the PA by its own terms, and that no formal declaratory cancellation under Minn. Stat. 559.217, Subd. 4, even though the Financing Addendum offered that permissive option to either party.

D. Practice Pointer: If time really is of the essence to your client, or if your client prefers that a contingency be accomplished by a certain date, consider inserting the phrase that in the event of default, “...this purchase agreement is cancelled.”

i. Alternatively, if your client does not prefer to risk automatic cancellation, delete the language that permits it, such that the defaulting party will have the right to cure.

E. Several MSBA forms include language stating that if a contingency is not met, the PA shall be “void,” or “void within 5 business days after the deadline date.” This language likely will be interpreted to cancel the PA under the *Kalenburg* reasoning.

6. **The Purchase Agreement.** An exhaustive analysis of the purchase agreement is beyond the scope and time allotted for this presentation. That said, we highlight some of the more common issues or misunderstandings.

A. Earnest Money. Contrary to popular lay-persons’ belief, it is elementary that the payment of earnest money is not required for the formation of a valid purchase agreement. Rather, payment is a simple condition of the contract which is a curable default. A mutual exchange of promises to buy and sell real property is sufficient consideration. *Craigmile v. Sorenson*, 58 N.W.2d 865, 872, (1953).

B. Effective Date. The “effective date,” used in the MNAR form, or the “acceptance date” used in the MSBA form is the date that the PA is signed and delivered by the

last signing party. It is the key date from which other contractual deadlines flow. The MNAR form specifically provides a line for insertion of the effective date, whereas the MSBA form does not. In the author's experience, far too many real estate agents fail to insert this key date.

- C. Closing Date. Neither the MNAR form nor the MSBA form contain the magic words that if closing does not occur by the specified date, "*this agreement is cancelled*." This renders the failure to close a curable default. Consider whether automatic cancellation language is appropriate for your client.
- D. Wireless Devices. The days of exchanging only keys at the closing are since long over. Homes now often contain electronic or wireless locks, security systems, heating and air conditioning controls, appliance controls, etc. The PA should identify such items, and contain a provision requiring the seller at closing to deliver all electronic log-ins and password information.
- E. Built-Ins. Be certain that all fixtures are identified in the purchase agreement if there is any potential for misunderstanding. Common disputes can occur with respect to whether built-in entertainment systems, wall mounts, chandeliers, home security systems, dishwashers, satellite dishes, etc. are personal property or fixtures.
- F. FIRPTA Affidavit. The *Foreign Investment in Real Property Tax Act* (FIRPTA) requires that a buyer withhold 15% of the sale price and remit the funds withheld at closing along with Internal Revenue Service (IRS) forms 8288 and 8288-A unless an exemption to withholding applies. The buyer is responsible for determining whether any seller is a foreign person and if any withholding is required. If the buyer fails to withhold as required, the buyer may be held liable by the IRS for the seller's tax, penalty and interest.
 - i. The purchase agreement should require that the seller supply the "FIRPTA Affidavit," the most common exemption authorized by IRC § 1445(b)(2), that provides that for the buyer to be exempt from the withholding requirement. The affidavit must include a CNFS (Certification of Non-Foreign Status) stating under penalty of perjury; the seller's U.S. tax identification number; legal name; home address; address of property sold; and that the seller is not a foreign person.
- G. Homestead or Non-Homestead. Consider a representation in the PA regarding the homestead or non-homestead status of the property, since residential real estate title records do not reveal whether or not the property is seller's homestead. Minn. Stat. §507.02 requires both spouses to convey real estate. A conveyance of the homestead must be by joint deed signed by both spouses, and a conveyance without both signatures is void, as opposed to voidable. By contrast, a conveyance of non-homestead real estate requires both signatures, but sellers may use separate deeds.

- H. Electronic Signatures and Counterparts. The PA should contain the parties' agreement that the electronic signature of any party shall constitute valid and binding signatures, and that the agreement may be executed in counterparts.
- I. Personal Property. Mortgage loan underwriters do not wish to see, and often reject, a purchase agreement that lists items of personal property that requires a bill of sale, since lenders are not in the business of financing personal property. If appliances such as the refrigerator, washer, dryer, and microwave are to be included in the sale, the PA should contain a recital that these items are being transferred with no additional monetary value.
- i. And...it certainly is prudent to conduct a UCC-1 search in the office of the Secretary of State to ensure that the personal property is free from any encumbrances.
- J. Representing Your Licensee. Attorneys advising real estate brokers should be mindful of the view of the Minnesota Department of Commerce with respect to sloppy drafting. Consider this enforcement action quoted from *In the Matter of the Real Estate Broker's License of Donna Jean Grover*, MN DOC File #35416/CDL:

(The broker) has an established pattern of incomplete documentation and inadequate and insufficient preparation of documents to clearly identify the specific terms and obligations of the parties. Specifically: (a) Type of Financing - not specified in contracts; (b) Financing Contingency - terms upon providing evidence ambiguous and unclear; (c) Final acceptance date - not noted in file; (d) Extension of contracts - not in writing and signed off by all parties; (e) Estimate of Closing Costs - incomplete; (f) Evidence of acceptance of counter-offers, addendums or amendments - missing signatures and/or dates; (g) As-is term - ambiguous and unclear; and (h) Undated documents.

7. **Common Contingencies.**

- A. Title Examination. This, perhaps, is the most important service an attorney can render to a prospective buyer. The title commitment may indicate the need for many of the usual objections to marketability of title (e.g., the need to satisfy existing liens and encumbrances, record a certified copy of seller's divorce decree, etc.). However, the lender will be exclusively concerned with the validity and priority of its mortgage. The buyer, on the other hand, primarily will be concerned with their ability to use the property for their intended purpose, and the odds are very high that easements, restrictive covenants, and other documents of record may constrict that use, and that the restrictions will only be discovered after closing.
- i. This Actual Example. A couple signs a PA for the purchase of a new home on a small pond, intending that Spouse A relocate her highly profitable day care business from their former home. State regulations will require a fence

enclosing the yard and prohibiting the children's access to the pond. Spouse B intends to erect an architecturally tasteful, high quality storage shed immediately adjacent to the home. Buyers also intend to construct a deck off the dining room sliding glass doors. The good news is that there are no zoning restrictions on any of the intended uses. Documents of record, however, include restrictive covenants prohibiting any home business occupation, fencing, or the construction of outbuildings, as well as an electrical easement prohibiting construction of a deck in the intended area. Buyer had no attorney ("they cost too much"), and therefore no one calls these encumbrances to buyers' attention. After closing, buyers erect the fence, construct both the deck and the outbuilding, and re-open the day care business. Two weeks later, the next door neighbor, armed with a copy of the restrictive covenant, demands closure of the business, and removal of the fence and shed. The neighbor also reports the violation of the easement to the electrical company. Spouses A and B angrily complain, "*Nobody ever told us about this. Yeah, we saw the title commitment, but thought everything was OK because the lender approved our loan. We're now going to consult an attorney...admittedly after the fact.*" You, of course, know what advice you will give, to your clients' great dismay.

B. Financing Addendum

- i. Several Concerns to be Addressed, Including:
 - a. Buyers may not qualify for mortgage financing;
 - b. Buyers may qualify, but at an unacceptably high interest and PMI (private mortgage insurance) rate and terms;
 - c. In the current marketplace, most lenders will advise their buyers that the appraisal and underwriting process will take from 45 – 60 days from the date of the PA;
 - d. Sellers want immediate confirmation that buyers really do qualify for a loan;
 - e. Who will pay for any lender work orders?
- ii. Notwithstanding seller's desire for evidence of a binding loan commitment once the PA has been signed, Minn. Stat. 58.13, Subd. 1(12) expressly prohibits a loan originator from issuing "any document indicating conditional qualification or conditional approval for a residential mortgage loan, unless the document also clearly indicates that *final qualification or approval is not guaranteed, and may be subject to additional review.*
- iii. Drafting (or review) of the Financing Addendum will depend on the type of loan sought.

- a. Conventional loan;
- b. FHA (Federal Housing Administration) loan;
- c. DVA (Department of Veterans Affairs) guaranteed financing;
- d. USDA (U.S. Department of Agriculture) Rural Development Loan;
- e. MN Housing Financing Agency loans;
- f. Seller's mortgage to buyer;
- g. Contract for Deed financing;
- h. Down payment resource programs.

C. Appraisal Contingency

- i. The Concerns:
 - a. The appraisal might show a value less than the purchase price.
 - b. If the appraisal is low, does the buyer have the right to cancel the PA?
 - c. If the appraisal is low, may the seller contractually be permitted to reduce the purchase price?
 - d. If the appraisal is low, may the buyer contractually be permitted to unilaterally elect to pay the full purchase price with additional cash?
- ii. DVA Financing Addendum must contain the required escape clause:

DEPARTMENT OF VETERANS' AFFAIRS ESCAPE CLAUSE: "It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise be obligated to complete the purchase of the Property described herein, if the contract purchase price or cost exceeds the reasonable value of this Property established by the Department of Veterans' Affairs. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of reasonable value established by the Department of Veterans' Affairs."

- iii. MNAR Financing Addendum provides that if buyer cannot secure the financing specified in the PA, the PA is cancelled. A low appraisal likely will prevent buyer from securing the specified financing. However, the MNAR PA gives the following relief to a buyer who wishes to bring more cash to the table in order to purchase at a price higher than that appraised value: "buyer may finance ___% of the sale price, or more in Buyer's sole discretion."
- iv. MNAR forms are deliberately written to be neutral. However, Licensees are free to add additional clauses that favor their client. The author recommends that buyers' Licensees add an appraisal contingency, although strictly speaking one arguably is not necessary if the low appraisal results in lender's denial of financing and the buyer wants out.
- v. Consideration also should be given to a clause permitting seller to reduce the purchase price to the appraised value.

- vi. MSBA Form NO. 17 (Addendum to PA Contingencies for Survey, Appraisal, Development Evaluation, and Archeological / Historical Survey) contains language for an appraisal contingency, and permission of the seller to reduce the purchase price within a three-day period.
- vii. *Kalenburg*, supra, at 40: Lender denied financing for the purchase of a \$740,000 home because the appraisal came in at \$588,000. Seller notified buyer that they would reduce the price to \$588,000, but buyer declined. Held: seller's notice had no effect. "*The financing addendum states that if Buyer cannot secure financing specified in this purchase agreement...this purchase agreement is cancelled...These provisions establish that the inability to obtain financing and the failure to close cancels the purchase agreement.*"

D. Inspection Contingency Addendum

- i. The Issues:
 - a. Buyers always should require such an addendum.
 - b. How long should the inspection period be, and what will be the consequences if the condition of the property becomes materially different between the inspection period and the closing date?
 - c. What qualifications or certifications, if any, should the inspector have?
 - d. Multiple inspections during the inspection period should be considered. For example, the initial inspector may recommend a supplemental inspection by licensed electrician, a fireplace inspector, moisture intrusion expert, structural engineer, or building contractor.
 - e. May the buyer cancel the PA based on the results of the inspections(s)? if so, may the buyer cancel the purchase agreement in their sole discretion based on the inspection results, or must some materiality threshold be met?
 - f. Must buyer furnish a copy of the inspection report to seller? In the alternative, might buyer wish to furnish excerpts of the report to seller if the defects are material so that both the seller and seller's agent would be required to disclose defects to future buyers? Why? Because...
 - i. ...Minn. Stat. §513.55 requires the seller to disclose to buyers all material facts that could adversely and significantly affect an ordinary buyer's use and enjoyment of the property; and ...
 - ii. ...Minn. Stat. 82.68 requires the seller's agent to disclose such material facts to buyers, regardless of whether the seller permits their agent to do so.
 - g. Consider the unreported case of *Zehrer v. Helland*, 1998 WL 346651 (Minn. App 1998) that held that as a matter of law, a buyer who has

obtained a professional inspection is deemed to have relied upon the results of that inspection, rather than on any of the seller's representations.

E. Seller's Contributions to Buyer's Closing Costs Addendum

- i. The Concern: Buyer may wish seller to agree to pay a portion of buyer's closing costs, determined by either a fixed cash contribution, a percent of the sale price, or a percent of the mortgage amount. This contribution could include an offset of buyer's title each fees. Such a provision is common in today's marketplace.
- ii. MNAR Form: Contains a broad definition of closing costs, including buyer's closing fees, title service fees, title searches, title examinations, abstracting, lender's title insurance, owner's title insurance, prepaid items, other costs allowed by buyer's lender, and any mortgage discount points. Any used portion shall be retained by seller.
- iii. MSBA Form No. 2: Contains a restrictive provision limiting seller's contribution only to buyer's mortgage discount points.

F. Buyer's Current Home Sale Contingency.

- i. The drafter should carefully consider whether closing is dependent upon buyer's ability to sell their current homestead. In the current market, such a contingency will be unattractive to many sellers. Most agents will advise buyers to have a fully executed PA for the sale of their home before entering into a PA for the purchase of a new home.
- ii. MNAR Form effective August 1, 2016, contains three options.
 - a. Option 1: Seller has right to demand removal of the contingency for the sale of buyer's home by providing written notice to buyer. Demand can be made for any reason or for no reason at all. Upon such demand, buyer can remove the contingency only by providing the seller with a valid purchase agreement. A showing of buyer's financial ability to close without sale of buyer's home is not sufficient to remove the contingency.
 - b. Option 2: Very simply, the purchase agreement is contingent upon the closing of the buyer's current home.
 - c. Option 3: Buyer represents their ability to financially perform the PA without having to sell or close on any other property.
- iii. MSBA Form 9.
 - a. Option 1: Buyer needs to sell buyer's current homestead. If no such sale occurs by the deadline date, and buyer does not waive this contingency, then the PA shall be void 5 business days after the deadline date.

b. Option 2: Buyer does not need to sell buyer's current homestead.

8. Point of Sale Inspections.

- A. Some Minnesota cities require point of sale inspections or Truth-In-Sale-of-Housing ("TISH") inspections.
 - i. Caution: some cities require such inspections before listing the home for sale, whereas other cities require such inspections prior to closing.
- B. The Minnesota Association of REALTORS® has compiled the following list of cities requiring such inspections: Bloomington; Crystal; Faribault; Golden Valley; Hopkins; Maplewood; Minneapolis; New Hope; North Mankato; Osseo; Richfield; Robbinsdale; St. Louis Park; St. Paul; and South St. Paul.
- C. Counsel should carefully review the applicable ordinance. Penalties for non-compliance vary, and some municipalities make violations a misdemeanor.

9. Common Disclosures

- A. Seller's Property Disclosure Statement (Minn. Stat. 513.52 – 513.61).
 - i. A seller who fails to disclose a known adverse condition is liable for any resulting harm. *Minn. Stat. §513.57, subd. 2.*
 - ii. However, liability will not be imposed upon a seller for "any error, inaccuracy, or omission" if it "was not within the personal knowledge of the seller." *Minn. Stat. §513.57, subd. 1.*
 - iii. Nor will liability be imposed on a seller for failure to disclose information "that could be obtained only through inspection or observation of inaccessible portions of the real estate or could be discovered only by a person with expertise in a science or trade beyond the knowledge of the seller." *Minn. Stat. §513.57, subd. 1; see also Nance v. Evje, 2007 WL 247499 (Minn. App. 2007).*
 - iv. The statutory standard is not one of negligence, but rather that of "scienter," such that an offending party must know that his act or omission is wrongful. *Witzman v. Lehrman, Lehrman & Flom, 601 N.W.2d 179, 186 (1999), citing Restatement (Second) Torts §876(b).*
- B. Common Interest Community (CIC) Disclosure and related Resale Disclosure Certificate for those properties subject to Minnesota Statutes Chapter 515B (Minnesota Common Interest Ownership Act).
 - i. Beware: Disclosure is not required where no association or master association has an obligation to maintain any building containing a dwelling. Common examples include CIC's where the association maintains the monument, a park, a pool or other amenities.
 - ii. Practice Pointer: Carefully review the title commitment to determine whether

any such association exists. If so, obtain all association documents and records, and determine the number of dues and/or arrearages.

C. Arbitration Disclosure – An MNAR Form.

- i. Voluntary; must be signed by buyer, seller, buyer's agent and seller's agent.
- ii. Waives the right to litigate disputes.
- iii. Administered by the National Center for Dispute Settlement, www.ncdsusa.org.
- iv. A request for arbitration must be filed within 24 months of the date of the closing on the property or else the claim cannot be pursued. In some cases of fraud, a court or arbitrator may extend the 24-month limitation period provided herein.
- v. Consider this opening statement at a CLE presentation to trial attorneys by one of the author's most admired attorneys specializing in real estate dispute resolution: "*My professional opinion is that 100% of real estate disputes should be resolved by arbitration rather than litigation. Who disagrees with me?*" Several hours later, no contrarians were left standing...but that's another story.

Disclosure Requirements and Home Inspections

David J. McGee
Chestnut Cambronne PA
Minneapolis

**DISCLOSURE
REQUIREMENTS AND
HOME INSPECTION**

David J. McGee, Esq.
Chestnut Cambronne PA
17 Washington Avenue North, Suite 300
Minneapolis, MN 55401-2048
DMcgee@chestnutcambronne.com

DISCLOSURE

A. HISTORICAL

1. Caveat Emptor is Dead
2. Common Law Obligation

DISCLOSURE

B. Statutory Disclosure

1. Lead Paint
2. Water Wells
3. Sewage Treatment System
4. Underground Storage Tanks
5. Methamphetamine
6. Radon
7. CIC – Resale Disclosure
8. Contract for Deed Sales

DISCLOSURE

- C. Minn. Statute § 513.52
 - 1. Disclosure Statute
 - a. Residential Property
 - b. Transactions
 - 2. Excluded Transactions
 - 3. Timing
 - 4. To Whom Disclosed
 - 5. Contents of Disclosure
 - 6. Exceptions
 - a. Categories
 - b. Professional Inspection Option

DISCLOSURE

- 7. Effect on Common Law
- 8. Seller Alternatives
 - a. Beware of "Off the Cuff" disclosure
 - b. Must say enough

DISCLOSURE

- D. Liability for Non-Disclosure
 - 1. Failure to Comply with Disclosure Statute
 - 2. Other Causes of Action and Remedies
 - a. Negligent misrepresentation
 - b. Fraudulent misrepresentation
 - c. Consumer Fraud Act

DISCLOSURE

E. Disclosure Obligations of Agents and Brokers

- 1. Statutory Disclosure Requirements
- 2. Common Law

INSPECTIONS

A. MANDATORY

- 1. Code Compliance Inspections
- 2. Truth-in-Housing Inspection
- 3. Individual Sewage treatment systems

B. OPTIONAL

INSPECTIONS

C. ADVISIBILITY OF INSPECTIONS

- 1. Protection of Buyer
- 2. Protection of Sellers

**DISCLOSURE
REQUIREMENTS AND
HOME INSPECTION**

ANY QUESTIONS?

David J. McGee, Esq.
Chestnut Cambronne PA
17 Washington Avenue North, Suite 300
Minneapolis, MN 55401-2048
DMcgee@chestnutcambronne.com

DISCLOSURE REQUIREMENTS AND HOME INSPECTION

David J. McGee, Esq.
Chestnut Cambronne PA
17 Washington Avenue North, Suite 300
Minneapolis, MN 55401-2048
Telephone: (612) 339-7300
E-Mail: dmcgee@chestnutcambronne.com
Website: www.chestnutcambronne.com

TABLE OF CONTENTS

- I. Disclosure.....3
 - A. Historical Requirements for Disclosure by Sellers
 - B. Statutory Disclosure Requirements
 - C. Minn. Stat. § 513.52, et seq.
 - D. Liability for Non-Disclosure.
 - E. Disclosure Obligations of Agents and Brokers

- II. Inspections.....9
 - A. Mandatory
 - B. Optional
 - C. Advisability of inspections

DISCLOSURE REQUIREMENTS AND HOME INSPECTION

I. DISCLOSURE

A. Historical Requirements for Disclosure by Sellers

1. Traditionally, the doctrine of *Caveat Emptor* applied. There was not statutory or common law requirement that sellers make any disclosure, other than as noted below. See *Midland Nat'l Bank of Minneapolis v. Perranoski*, 299 N.W.2d 404 (Minn. 1980).
2. If a seller made a disclosure, it needed to be complete. See *Klein v. First Edina Nat'l Bank*, 293 Minn. 418, 196 N.A.W.2d 619 (1972).
3. Special knowledge may create a duty. See *Sit v. T&M Properties*, 408 N.W.2d 182 (Minn. Ct. App. 1987).

B. Statutory Disclosure Requirements

1. **Lead Paint.** (42 U.S.C. 4852d). For all residential dwellings built prior to 1978, the seller must disclose whether the seller has any knowledge of lead based paint and/or lead based paint hazards in the housing unit and whether or not the seller has any reports or records relating to lead based paint or lead based paint hazards in the housing unit.
2. **Water Wells.** (Minn. Stat. § 103I.235, *et seq.*). Before signing a Purchase Agreement, the seller must disclose whether there are any wells on the property and, if so, whether they are in use, not in use, or sealed. A well is “sealed” only if sealed in accordance with regulations.
3. **Individual Sewage Treatment Systems.** (Minn. Stat. § 115.55, *et seq.*). Sellers must disclose how sewage generated at the property is managed. Specifically, they must disclose whether sewage goes to a permitted facility (sanitary sewer) or does not go to a private facility (private system).
4. **Underground Storage Tanks.** There are numerous federal and state laws, regulations and rules governing underground and above ground storage tanks. If such a tank exists on a property, it should always be disclosed.

5. **Methamphetamine Production.** (Minn. Stat. § 152.0275). The seller must disclose if the seller is aware of the manufacture of methamphetamine having occurred on the property. If so, the seller must disclose whether any orders have been issue relative to the remediation and whether the property has been remediated.
6. **Radon.** (Minn. Stat. § 144.496). Effective January 1, 2014, the residential seller must disclose what the seller knows about radon levels, whether radon tests have been performed, the results of those tests and whether a mitigation system is in place. The seller must provide the buyer with the Minnesota Department of Health's publication entitled "Radon in Real Estate Transactions" (see Exhibit 9).
7. **Common Interest Community Resale Transaction.** (Minn. Stat. § 515B.4-107). Whenever a property subject to the Minnesota Common Interest Community Act is resold (i.e., sold by a party other than the original Declarant), the buyer must be provided with a Resale Disclosure Certificate. Although most Associations will use their own form, or that of their management company, the Bar Association has promulgated a form which can be provided to the Association in order for it to make the requisite disclosures.
8. **Contract for Deed Sales.** (Minn. Stat. §§ 559.201-202). Multiple Contract for Deed sellers must provide residential buyers with a disclosure of the potential risks. A multiple seller is one who has sold four or more properties by Contract for Deed within the prior twelve months.

C. Minn. Stat. § 513.52, et seq.

1. Disclosure Statute

- a. Residential Property: The new statute applies to any parcel of real property occupied or intended to be occupied as a single family residence, including units in a common interest community.
- b. Transactions: The statutes apply to virtually every type of transfer, including sale, exchange, deed, contract for deed, lease with option to purchase and other option agreements.

- c. Benefitted Party: Any prospective purchaser of residential real property.

2. Excluded Transactions. (§ 513.34)

- a. Non-residential real property.
- b. Gifts.
- c. Transfers pursuant to Court Order.
- d. Transfers to the Government.
- e. Foreclosures and Deeds in lieu of foreclosure.
- f. Transfers to heirs and devisees.
- g. Transfers between Cotenants.
- h. Transfers among members of immediate families.
- i. Transfers between Divorced Spouses.
- j. New Construction.
- k. Transfers to Tenants in Possession.
- l. Certain CIC Transactions.

3. Timing. (§ 513.55)

- a. The seller must make the disclosure prior to signing the agreement to convey.

4. To whom do you Disclose? (§ 513.55)

- a. The Disclosure must be delivered to the buyer or the licensee “representing or assisting” the prospective buyer.

5. Contents of Disclosure. (§ 513.55)

- a. The seller must disclose, in good faith and to the best of the seller's knowledge, "all material facts of which the seller is aware" that could adversely and significantly affect:
 - (1) An ordinary buyer's use and enjoyment of the property; or
 - (2) Any intended use of the property of which the seller is aware.
- b. The disclosure must be accurate to the date of the disclosure.
- c. If the seller subsequently learns of any inaccuracies, the seller must notify the buyer, in writing, as soon as possible.

6. Exceptions. (§ 513.55)

- a. Minn. Stat. § 513.55 does not create a duty to disclose that the property:
 - (1) Is or was occupied with someone infected with HIV or diagnosed with AIDS.
 - (2) Was the site of a suicide, accidental death, natural death or perceived paranormal activity.
 - (3) Is located in a neighborhood containing any adult family home, community based residential facility or nursing home.
 - (4) Information regarding sex offenders, provided that the seller has provided the buyer with notice that such information can be obtained from a local law enforcement agency or the Department of Corrections.
- b. The seller need not furnish the written disclosure if:
 - (1) The buyer has received a written report from a professional inspector. However, the seller must disclose any facts known to the seller which contradict the information in the written report or was not covered in the report of which he was aware; or
 - (2) If the buyer waives the statutory requirements, by a writing signed by both the buyer and seller.

7. Effect on Common Law (§ 513.56, subd. 4).

- a. The disclosure limitation in § 513.56, subd. 1 and 2 “modifies” the common law duties of disclosure.

8. Seller Alternatives. The written disclosure required by Minn. Stat. § 513.55 may be waived if the seller and the prospective buyer agree in writing. Minn. Stat. § 513.60.

- a. However, even where a waiver exists, if the seller chooses to make certain disclosures, the seller’s disclosure must be complete. Minnesota courts long ago recognized that even if one has no duty to disclose a particular fact, if one chooses to speak he must say enough to prevent the words from misleading the other party. *M.H. v. Caritas Family Services*, 488 n.W.2d 282, 288 (Minn. 1992); see, e.g., *Safeco Ins. Co. of Am. V. Dain Bosworth, Inc.*, 531 N.W.2d 867, 871 (Minn. Ct. App. 1995) (stating that party who chooses to speak must speak truthfully, even in absence of duty to speak); *Klein v. First Edina Nat’l Bank*, 293 Minn. 418, 421, 196 N.W.2d 619, 622 (1972) (stating that, when party speaks, party must disclose sufficient information to avoid misleading another); *Hoyt Properties, Inc. v. Prod. Res. Group, L.L.C.*, 716 N.W.2d 366, 373 (Minn. Ct. App. 2006) *aff’d*, 736 N.W.2d 313 (Minn. 2007) (Stating that “[t]he attorney, indeed, had no duty to concede that his client’s adversaries had a winning claim; but once he chose to respond to Steve Hoyt, he had a duty to be truthful.”) *Swedeen v. Swedeen*, 270 Minn. 491, 500, 134 N.W.2d 871, 877-78 (1965) (finding that “[a] duty to speak may arise from partial disclosure; the speaker being under the duty of saying nothing, or to tell the whole truth. A statement literally true is actionable, if made to create an impression substantially false.”).
- b. Additionally, Minnesota courts have also held that a duty to disclose facts may exist “when disclosure would be necessary to clarify information already disclosed, which would otherwise be misleading’ . . .” *M.H.* 488 N.W.2d at 288 (quoting *L H Airco., Inc. v. Rapistan Corp.*, 446 N.W.2d

372, 380 (Minn. 1989)); *Swedeen*, 270 Minn. at 500, 134 N.W.2d at 877 (1965) (stating it is settled law that a statement which is true but that the maker knows or believes to be misleading because of his failure to state qualifying information is a fraudulent misrepresentation; similarly a half-truth that contains only those matters which are favorable and omits all reference to those which are unfavorable is as much a false representation as if all the facts stated were untrue).

D. Liability for Non-Disclosure.

1. Failure to Comply with Chapter 513 (§ 513.57).

- a. The sale is not invalidated. However, the buyer may subsequently seek rescission.
- b. Seller is liable for the buyer's damages and the buyer is entitled to equitable relief.
- c. An action to recover under these statutes must be commenced within two years after closing.
- d. The remedies provided by these statutes are non-exclusive. All other remedies remain available.

2. Other Causes of Action and Remedies.

- a. Negligent Misrepresentation. (Failure to exercise reasonable care in obtaining or communicating information.) See *Bonhiver v. Graff*, 311 Minn. 111, 248 N.W.2d 291 (1976). The opposing party has no duty to communicate information so rarely is the claim successful against the opposing party (buyer/seller) or their real estate agent.
- b. Fraudulent Misrepresentation. (Traditional fraud factors are applicable.) See *Davis v. Re-Trac Manufacturing Corp*, 276 Minn. 116, 149 N.W.2d 37 (1967)
- c. Consumer Fraud Act. (Minn. Stat. § 325F.68) See *Ly v. Nystrom*, 615 N.W.2d 302 (Minn. 2002) and its progeny. It

must be shown that the cause of action has a benefit to the public. “One on One” real estate transactions rarely meet this standard.

E. Disclosure Obligations of Agents and Brokers

1. **Statutory Disclosure Requirements.** Minn. Stat. § 82.68, subd. 3(a) states: “A licensee shall disclose to a prospective purchaser all material facts of which the licensee is aware, which could adversely and significantly affect an ordinary purchaser’s use or enjoyment of the property of which the licensee is aware.” A real estate agent’s duty to disclose material facts is an independent obligation a part from a seller’s duty to disclose material facts.
 - a. A private right of action against a real estate agent for failure to comply with Minn. Stat. § 82.68, subd. 3(a) does not exist under Minn. Stat. Ch. 82. See Minn. Stat. Ch. 82. Minn. Stat. Ch. 82 grants enforcement powers to the commissioner of commerce. *Semrad v. Edina Realty, Inc.*, 493 N.W.2d 528, 532 (Minn. 1992). Minnesota courts have noted that, while the legislature was aware of the method by which it could create a private right of action under Minn. Stat. Ch. 82, it did not do so. *Semrad*, 470 N.W.2d at 532. Moreover, the penalty provision of the statute makes violation a gross misdemeanor but makes no reference to civil liability. Minn. Stat. § 82.83; *Semrad*, 493 N.W.2d at 532.
2. **Common Law.** Brokers have been found to have liability under theories of both intentional and negligent misrepresentation (depending on what side of the transaction they are on). See *Davis v. Re-Trac Manufacturing Corp.*, 276 Minn. 116, 149 N.W.2d 37 (1967); *Sawyer v. Tildahl*, 275 Minn. 457, 148 N.W.2d 131 (1967).

II. INSPECTIONS

A. Mandatory

1. **Code compliance inspections.** Many municipalities (i.e., Bloomington and St. Louis Park) require a code compliance inspection at the time of sale. These ordinances require that various components of homes must be brought up to code at the time of sale.
2. **Truth-in-Housing Inspections.** Other communities, such as Minneapolis, simply require that an inspection be conducted by an authorized inspector to determine the general condition of the home.

Although these ordinances typically do not require that any repairs be made, the inspection must be conducted and a copy of the report filed with the City.

3. **Individual sewage treatment systems.** State law does not require that all private sewer systems be inspected. However, the state law allows local units of government the opportunity to impose such requirements. Thus, there will be significant differences from county to county and in some instances, from municipality to municipality in the same county.

B. Optional

Regardless of whether a required inspection has taken place, private home inspections are available. There are any number of vendors who are trained to perform such inspections. In some instances, a seller will have an inspection conducted in order to determine the actual condition of the property and proactively make any repairs. More typically, buyers will arrange for their own inspection. In those instances, the Purchase Agreement will contain an Inspection Contingency Addendum (MSBA or MAR form) or other language making the purchase contingent upon a satisfactory inspection.

C. Advisability of inspections

1. Protection of Buyers.

Obviously, a private inspection is helpful to the potential buyer, as it will point out many problems with the property which an ordinary buyer might not notice. With the average home price in the Metropolitan Area being almost \$200,000.00, such inspections are cheap “insurance”. Private inspections are always a good idea; even better in situations involving AS-IS sales or sellers who refuse to make disclosures.

- a. There are different types of inspections (i.e. intrusive, visual, mold, air quality, etc.)

2. Protection of Sellers.

Such inspections can actually protect sellers from future claims by the buyers. It is more difficult for a buyer to prevail in a post-closing claim (litigation or arbitration) if the buyer has had a thorough inspection. Further, there is an unreported case in Minnesota in which the Court of Appeals held that a buyer who has had such an

inspection conducted is deemed to have relied upon the results of that inspection, not on any representations by the seller. *Zehrer v. Helland*, No. C2-98-214, 1998.

QUESTIONS?

What to Do After the Purchase Agreement is Signed and Before the Closing

John H. Brennan
Brennan Law Office
Wayzata

WHAT TO DO AFTER THE PURCHASE AGREEMENT IS SIGNED AND BEFORE THE CLOSING

John H. Brennan, Esq.*

Those of us who regularly practice real estate law often forget that our clients do not necessarily understand how the process works. First-time sellers and buyers are often totally clueless. If the parties are represented by good Realtors, the clients may not turn to you for the “basics”. If they do, you need to be able to explain what will happen and who the participants are. Further, you can educate them as to what they can expect from each of those participants (including you), as well as what is expected of them.

I. GETTING STARTED:

- A. Understand the Deal: If you haven’t been involved in the drafting of the Purchase Agreement, scrutinize it at the first opportunity. Frequently, you will discover that Purchase Agreements contain any number of ambiguities, if not inconsistencies. If those matters are addressed shortly after the agreement is reached, they can typically be resolved in short order. However, if you wait until the eve of the closing, they can be extremely problematic.
- B. Make sure your client understands the deal: Promptly and adequately communicate with your client. Make sure that your client’s expectation of the transaction is consistent with the terms of the Purchase Agreement.
- C. Address any deficiencies: If anything is missing (such as mandatory disclosures), address them immediately.
- D. Set up a Checklist (Exhibit A’): Unless you have no more than five open files in your office, you most likely cannot remember all details of every pending transaction. The Checklist simply makes it easier for you to efficiently represent the client from the day you open the file until the day you close it. This can be a work in progress, as the transaction progresses.

II. INSPECTION ISSUES:

- A. Strongly recommend an inspection: For obvious reasons, they are beneficial to the buyer. However, they can be equally helpful to the seller. If there is an unknown problem, this is the best time to address it. If the buyer later initiates a claim against the seller, the fact that the inspector did not see the condition will support the seller’s claim that she was not aware of it.

* The author wishes to express his sincere gratitude to Matthew Foli, Esq., Hennepin County Deputy Examiner of Titles, who graciously allowed the use of some of his materials from a similar presentation in 2014. As a matter of policy and practice, I only plagiarize from the best.

- B. Recommend use of a competent, experienced inspector: It doesn't matter how competent or handy Dad or Uncle Bill might be, if he is not a professional inspector, he shouldn't be the guy.
1. National Association of Home Inspectors, www.nahi.org. (From the website...) The NAHI Certified Real Estate Inspector (CRI) program is a certification that is earned. The designation is given only to home inspectors who demonstrate their advanced knowledge of, and proficiency at, all aspects of a home inspection. In order to become a NAHI Certified Real Estate Inspector (CRI), one must pass the NAHI CRI Exam and complete 250 full, fee-paid inspections. In addition, NAHI CRI participants must maintain annual continuing education credits and undergo an annual review of completed home inspection reports to remain in the program.
 2. American Society of Home Inspectors, www.ashi.org. (From the website...) All ASHI members are required to abide by the ASHI Code of Ethics, which specifically forbids home inspectors from active brokerage or sale of real estate, or performing repairs on homes that they inspect. ASHI members also agree to perform and report inspections in accordance with the ASHI Standards of Practice. An ASHI Certified Inspector (a) passed the National Home Inspector Examination and ASHI's Standards and Ethics Examination, (b) had inspection reports successfully verified for compliance with ASHI's Standards of Practice, and (c) submitted valid proof of performance of at least 250 fee-paid home inspections that meet or exceed the ASHI Standards of Practice.
 3. Minnesota Society of Housing Inspectors, www.mshi.org. (From the website...) The purpose of the MSHI Standards of Practice is to make known the scope of expected services to be provided by MSHI members for private, fee-paid home inspections.
- C. Understand the report: You will rarely be asked to read or comment on an inspection report. However you may be asked to write an Addendum in which the seller agrees to remedy a condition. Then you will need to understand it. When in doubt, call the inspector.
- D. Timely object and respond: Both the MSBA and MNAR Inspection Contingency forms provide specific time parameters for making objections and resolving them. Regardless of which party you represent, be sure you and your clients understand them. Note that the MNAR was revised as of August 1, 2016. You should familiarize yourself with that form.
- E. Is there need for additional testing: Often, the general inspection report will recommend a further inspection by a specialist. For example, if the inspector sees

a crack in the fire box, he may recommend a further inspection by a fireplace specialist. Always recommend to your buyers that they request the additional inspection. If that cannot be accomplished within the time parameters of the Inspection Contingency Addendum, amend it.

III. MCIOA ISSUES:

- A. Be sure the Resale Disclosure Certificate is promptly ordered: This is usually done by the Realtors or the Closers. The seller doesn't care what the Disclosure says; only that she fulfills her contractual (and statutory) duty to deliver one.
- B. Require the buyer to read the Disclosure Statement packet: Because the packets can be quite lengthy, clients often only skim through them. The buyer will want to pay particular attention to the Declaration and any Rules and Regulations.
- C. Discuss items of concern: The client may not care that he cannot raise chinchillas for fun and profit, but may be quite concerned about leasing restrictions. The ability to have a car parked in the driveway may be critical for a family with high school or college aged kids at home. Recommend to the client that he write down his particular questions which you can then answer without having to review everything.
- D. Financial viability of the Association: With the mortgage melt-down, many owners' associations were unable collect full dues and assessments. It is a good idea for the buyer to study the financials to determine if there appears to be sufficient reserves to cover ongoing operations and periodic capital improvements. If not, a special assessment may be looming.
- E. If the Disclosure Certificate is unacceptable to the Buyer for any reason, be sure to timely object. It is possible that the issue can later be explained or resolved, but the time limitation is critical.

IV. FINANCING:

- A. Is it consistent with the Purchase Agreement: Both parties want to be sure that the financing the buyer is seeking is the same as that provided in the Financing Contingency Addendum. If the buyer needs or chooses to switch to a different loan product, an Amendment should be prepared and signed.
- B. Does the client fully understand it: With a good loan originator (and Realtor), the buyer should fully understand what is involved with the financing process and most of all, her particular loan. If not, it is your job to explain. The Federal Reserve Board has published a "Consumer's Guide to Mortgage Settlement Costs" and it is available on the web at http://amerimac.com/mortgage_settlement_Book.pdf. It is a bit out of date, but will be helpful to the new buyer-borrower.

- C. Understand the jargon (Talk the talk): There are many terms and expressions which relate to mortgage financing, including the following:
1. Real Estate Settlement Procedures Act (RESPA): This is the federal law that requires the lender and title insurer to give parties certain information when they are purchasing a residence. These regulations are always lurking in the background, and provide the foundation for why certain documents are provided to consumers at specific times, and why the documents look the way they do.
 2. Annual Percentage Rate (APR): Obviously there can be differences in the total cost of the loan, and you can compare competing offers by looking at the APR or annual percentage rate of the loan. The APR includes the base interest rate and also mortgage settlement costs.
 3. Loan Estimate: Once you have submitted a completed loan application, the lender must provide a Loan Estimate within three business days. This is a standardized document that sets out an estimate of loan charges, third-party fees, and other costs. The standardization allows consumers to compare lenders and their products, while they are still shopping for a loan.
 4. Closing Disclosure: This document must be provided to the Borrower at least three business days prior to Closing. It sets forth all costs and expenses associated with the purchase and financing. It also highlights differences between the estimated and actual charges. Only very minor changes can be made in the final three days. Anything beyond specified tolerances requires a new Closing Disclosure and will re-start the three-day clock.
 5. ALTA Settlement Statement: This document is presented to the parties at the closing (or the day before closing), shows all costs involved with the transaction and includes references to where the costs would have appeared on the Closing Disclosure.
 6. Application Fee: This covers initial costs of processing loan request and checking credit report.
 7. Loan Origination Fee: This is charged by the lender for evaluating and preparing mortgage loan.
 8. Points: This is a one-time charge, negotiated with the lender, to reduce the interest rate. One point equals one percent of the loan amount.

9. Appraisal Fee: To pay for a determination of the value of the house and lot that you want to purchase or refinance.
10. Prepaid interest: The amount of interest the borrower owes from the date of closing to the end of the month during which Closing occurs.
11. Private Mortgage Insurance (PMI): This is usually required by the lender if the down payment is less than twenty percent of the value of the house. The insurance policy covers the lender's losses if the borrower defaults on the loan. When the principal balance has been paid down to a certain level, the borrower can request a discontinuance of the PMI payments.
12. Mortgage Registration Tax (MRT): This tax is required to be paid by the borrower at Closing. The tax rate is .0023 of the principal amount of the debt that is secured by any mortgage of real property located in the state. The tax is not imposed on the lawful interest amounts that may accrue with respect to the debt; only on the principal.
13. Deed Tax: This tax is required to be paid by the seller at Closing (unless the parties have agreed otherwise, which virtually never happens). The tax rate is .0033 of the sale price of the property.
14. Although the Latin terms are rarely used in residential loans, remember that the lender is the "Mortgagee" and the borrower is the "Mortgagor". Those terms are frequently confused (by everyone, including the lenders and lawyers).

V. TITLE ISSUES:

- A. Representing the Buyer: Promptly review the Title Commitment [see Exhibit "B"] and any Schedule B exception documents which will not be released at Closing. Promptly make any objections based on your review. To do so, you may want to send a request to the title company for a "marked-up Commitment" or "Proforma Policy" to be delivered to your buyer at Closing [see "Exhibit "C"].
- B. Representing the Seller: Promptly review the Title Commitment and any title objections raised by the buyer. If the seller is unwilling to cure, notify the buyer. If the seller is willing to do so, start the process. If the matter cannot be cured prior to Closing, consider use of a Letter of Undertaking.
- C. Representing either party: Since both the seller and the buyer have an interest in achieving a successful Closing, work cooperatively. If you cannot agree on an issue, involve the title company's representative who may well have a solution which is acceptable to everyone.

VI. REVIEW OF CLOSING DOCUMENTS:

- A. Representing the Seller: You will find that the vast majority of sellers do not want to pay you to attend the Closing. That is particularly true if they trust their Realtors. From a practical sense, sellers only care about one document: the proceeds check. If everything else is defective, they couldn't care less. Nevertheless, since the sellers do care about the check, you need to help them determine if it is in the correct amount. To do that, you need to review and discuss the Closing Disclosure with the seller.
- B. Representing the Buyer: If everything appears to be on track and a competent Closer is involved, most buyers will decide that the benefit of having you attend the Closing may not justify the cost. In those cases, the more you can review, the better protected your client will be. You will first want to confirm that the title company will provide the requested marked-up Commitment. As with sellers, you will want to review the Closing Disclosure to make sure the economics are right. To do that, your client will also need to have her Loan Estimate and Closing Disclosure in hand. If there are any discrepancies, you can bring the loan originator or closer into the conversation. Finally, if new financing is involved, it is a good idea to review the Note.
- C. Representing either party: If you are going to attend, get there a few minutes early. Your clients may be nervous and will appreciate the extra hand holding. If you are not asked to attend, consider giving your clients your mobile number and tell them they can call you if an issue arises. Such issues rarely arise, but the clients will appreciate your willingness to be on stand-by.

APPENDIX

- Exhibit A: Real Estate Closing Checklist
- Exhibit B: Title Commitment
- Exhibit C: Request for Mark-up
- Exhibit D: Closing Disclosures (Seller and Buyer)
- Exhibit E: ALTA Settlement Statement

EXHIBIT "A"

REAL ESTATE CLOSING CHECKLIST

CLIENT: _____ PROP. ADDRESS: _____

Phone _____

E-Mail _____

OTHER PARTY: _____

ATTORNEY:

Phone: _____

Phone:

Fax:

Email: _____

DATE OF CLOSING: _____

Time: _____

Closer: _____

Phone: _____

Location: _____

DOCUMENT	PARTY	DONE	FILED	COMMENT

POST CLOSING MATTERS

TO BE DONE	BY WHOM	COMMENT

EXHIBIT "B"

COMMITMENT FOR TITLE INSURANCE SCHEDULE A

File No.: 23193

1. **Effective Date:** July 22, 2014 at 8:00 A.M.

2. **Policy or Policies to be issued:**

Amount of Insurance

(a) A.L.T.A. Owner's Policy 2008 (Standard)

\$161,000.00

Proposed Insured:

_____Haley and _____Haley

(b) A.L.T.A. Loan Policy 2008 (Standard)

Proposed Insured:

CASH

3. **The estate or interest in the land described or referred to in this Commitment and covered herein is:**

Fee Simple

4. **Title to the said estate or interest in said land is at the effective date hereof vested in:**

Catherine Swenson and Jeffrey Swenson and Suzanne Swenson

5. **The land referred to in this Commitment is described as follows:**

Lot 2, Block 8, Centennial Crossing, CIC #1228, Hennepin County, Minnesota.

Property is: Abstract

For information purposes only, the property address is purported to be:
16668 90th Ave. N, Maple Grove, MN 55311



**COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
PART I**

File No.: 23193

The following are the requirements to be complied with:

1. Payments to, or for the account of, the ~~sellers~~ or mortgages of the full consideration for the estate or interest to be insured.
2. Instruments in insurable form which must be executed, delivered and duly filed for record.
3. Levied or pending special assessments, if any. A search has been ordered but has not yet been returned.
4. Provide a Well Disclosure Certificate or the conveyance document must contain the following language: "The Seller certifies that the seller does not know of any wells on the described real property".
5. Verify prior to closing that there are no unpaid water/utility charges on subject property.
6. An inspection of premises has been ordered but has not yet been returned.
7. We require standard buyers and sellers affidavits.
8. Satisfaction of mortgage executed by Catherine Swenson and Jeffrey Swenson, husband and wife, in favor of Mortgage Electronic Registration Systems, Inc., as nominee for Countrywide Bank, FSB dated April 18, 2008 filed May 13, 2008 as Document No. 9132133, in the original principal amount of \$128,000.00.
9. We require a Warranty Deed from Catherine Swenson and Jeffrey Swenson, wife and husband, and Suzanna Swenson, and spouse, if any, to _____ Haley and _____ Haley as insured buyers.
10. Note: The abstract for the property insured herein has not been received by Partners Title. This is for informational purposes only and will not appear on the final policy.



**COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
PART II**

File No.: 23193

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Rights or claims of parties in possession, not shown by the public records.
3. Easements or claims of easements or other boundary or location disputes, not shown by the public records.
4. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the Land.
5. Any lien, or right to a lien, for services labor, or material hereto or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the public records.
7. **Note: Upon closing with Partners Title, LLC, Item 1 on Scheduled B-II will be deleted. The Final Policy will extend coverage as to the gap between the Effective Date listed in Item I of Schedule A and the date of recording of the instruments creating the interest to be insured.**
8. Minerals of whatsoever kind, subsurface and surface substances, including but not limited to coal, lignite, oil, gas, uranium, clay, rock, sand and gravel in, on, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto, whether or not appearing in the Public Records or listed in Schedule B.
9. General and special taxes and assessments as hereafter listed, if any (all amounts shown being exclusive of interest, penalties and costs).
10. No coverage is provided for municipal code compliance matters and fees including, but not limited to, utilities, water or sewer services, or fees for tree, weeds, grass and snow or garbage removal, police boarding, vacant building registration and zoning.
11. Levied or pending special assessments, if any.
12. Easements as to common areas.
13. Subject to Declaration for Centennial Crossing Townhomes dated June 10, 2004 filed November 6, 2004 as Document No. 8471321, and as amended thereto.
14. Property Taxes payable in the year 2014 are \$2,217.14 HALF PAID. 1st Half paid in the amount of \$1,108.57. 2nd Half due October 15, 2014 in the amount of \$1,108.57.
Non-Homestead
Base Tax Amount: \$2,217.14
PID.: 17-119-22-13-0082
15. **INFORMATIONAL NOTE- 24 MONTH CHAIN OF TITLE:**
Property acquired by Catherine Swenson and Jeffrey Swenson and Suzanne Swenson, by Quit Claim Deed dated

Copyright 2006-2009 American Land Title Association. All rights reserved.
This document is provided to ALTA members and ALTA members in good standing as of the date of use.
All other uses are prohibited. Reprinted under license from the American Land Title Association.
File No. 23193
MN STG ALTA Commitment Sch B II

Page 1 of 2 STEWART TITLE
GUARANTY COMPANY



COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
PART II

July 18, 2008 filed July 29, 2008 as Document No. 9164908.
Property acquired by Catherine Swenson and Jeffrey Swenson by Trustee's Deed dated April 18, 2008 filed May 13, 2008 as Document No. 9132132.



EXHIBIT “C”

Dear Ms. Jones:

As introduction, I am the attorney for the Haleys. I am requesting that the Haleys be provided with a marked-up Commitment (or pro forma policy) at the Closing. We request that the Title Commitment be modified as follows:

Schedule A:

In Item 1, please show the date and time of recording as the Effective Date.

In Item 4, please show the Haleys as the fee title owners.

Schedule B:

Please delete all of Schedule B-I.

Regarding Schedule B-II, please delete paragraphs 1 through 7 and 15. Please modify paragraph 11 to show that there are no levied or pending special assessments.

If you have any questions about the foregoing or if you anticipate a problem with providing the marked-up Commitment, please contact me as soon as possible. Thank you for your cooperation.

Sincerely,

John B.

EXHIBIT "D"

Closing Disclosure

Closing Information

Date Issued
Closing Date
Disbursement Date
Settlement Agent
File #
Property

Sale Price

Transaction Information

Borrower

Seller

Summaries of Transactions

SELLER'S TRANSACTION

Due to Seller at Closing

01 Sale Price of Property
02 Sale Price of Any Personal Property Included in Sale
03
04
05
06
07
08

Adjustments for Items Paid by Seller in Advance

09 City/Town Taxes to
10 County Taxes to
11 Assessments to
12
13
14
15
16

Due from Seller at Closing

01 Excess Deposit
02 Closing Costs Paid at Closing (J)
03 Existing Loan(s) Assumed or Taken Subject to
04 Payoff of First Mortgage Loan
05 Payoff of Second Mortgage Loan
06
07
08 Seller Credit
09
10
11
12
13

Adjustments for Items Unpaid by Seller

14 City/Town Taxes to
15 County Taxes to
16 Assessments to
17
18
19

CALCULATION

Total Due to Seller at Closing
Total Due from Seller at Closing
Cash From To Seller

Contact Information

REAL ESTATE BROKER (B)

Name
Address

__ License ID
Contact
Contact __ License ID
Email
Phone

REAL ESTATE BROKER (S)

Name
Address

__ License ID
Contact
Contact __ License ID
Email
Phone

SETTLEMENT AGENT

Name
Address

__ License ID
Contact
Contact __ License ID
Email
Phone

Questions? If you have questions about the loan terms or costs on this form, use the contact information above. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Closing Cost Details

Loan Costs	Seller-Paid	
	At Closing	Before Closing
A. Origination Charges		
01 % of Loan Amount (Points)		
02		
03		
04		
05		
06		
07		
08		
B. Services Borrower Did Not Shop For		
01		
02		
03		
04		
05		
06		
07		
08		
C. Services Borrower Did Shop For		
01		
02		
03		
04		
05		
06		
07		
08		
Other Costs		
E. Taxes and Other Government Fees		
01 Recording Fees	Deed:	Mortgage:
02		
F. Prepays		
01 Homeowner's Insurance Premium (mo.)		
02 Mortgage Insurance Premium (mo.)		
03 Prepaid Interest (per day from to)		
04 Property Taxes (mo.)		
05		
G. Initial Escrow Payment at Closing		
01 Homeowner's Insurance	per month for	mo.
02 Mortgage Insurance	per month for	mo.
03 Property Taxes	per month for	mo.
04		
05		
06		
07		
08 Aggregate Adjustment		
H. Other		
01		
02		
03		
04		
05		
06		
07		
08		
09		
10		
11		
12		
13		
J. TOTAL CLOSING COSTS		

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	Loan Term	30 years
Closing Date	4/15/2013			Purpose	Purchase
Disbursement Date	4/15/2013	Seller	Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co. 12-3456			Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____
File #		Lender	Ficus Bank	Loan ID #	123456789
Property	456 Somewhere Ave Anytown, ST 12345			MIC #	000654321
Sale Price	\$180,000				

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES - As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
		In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. <i>See page 2 for details.</i>
Cash to Close	\$14,147.26 Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				\$405.00
01 Appraisal Fee to John Smith Appraisers Inc.					
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title - Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title - Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05 Title - Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title - Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
01 Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)	\$279.04				
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$631.80				
04 Property Taxes (6 mo.) to Any County USA					
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.	\$210.60				
03 Property Taxes \$105.30 per month for 2 mo.					
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title - Owner's Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					

CLOSING DISCLOSURE

PAGE 2 OF 5 • LOAN ID # 123456789

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing	\$189,762.30	M. Due to Seller at Closing	\$180,080.00
01 Sale Price of Property	\$180,000.00	01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$9,682.30	03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		13	
13		14	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing	\$175,615.04	N. Due from Seller at Closing	\$115,665.04
01 Deposit	\$10,000.00	01 Excess Deposit	
02 Loan Amount	\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	\$100,000.00
05 Seller Credit	\$2,500.00	05 Payoff of Second Mortgage Loan	
Other Credits		06	
06 Rebate from Epsilon Title Co.	\$750.00	07 Seller Credit	\$2,500.00
07		08	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$365.04	14 City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)	\$189,762.30	Total Due to Seller at Closing (M)	\$180,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	-\$175,615.04	Total Due from Seller at Closing (N)	-\$115,665.04
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$14,147.26	Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$64,414.96

Additional Information About This Loan

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender

- will allow, under certain conditions, this person to assume this loan on the original terms.
- will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow

Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future.

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%

Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID			Z765416	Z61456	Z61616
ST License ID			Samuel Green	Joseph Cain	Sarah Arnold
Contact	Joe Smith				
Contact NMLS ID	12345		P16415	P51461	PT1234
Contact ST License ID					
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 - LOAN ID # 123456789

EXHIBIT "E"

American Land Title Association	ALTA Settlement Statement - Combined Adopted 05-01-2015
---------------------------------	--

File Number: 22110	Watermark Title Agency, LLC	
Print Date & Time: 7/14/2016 11:55 AM	7601 France Avenue S., Suite 650	
Escrow Officer: Lyna Vanderlinde	Edina, MN 55435	
Settlement Location: 7601 France Avenue S., Suite 650 Edina, MN 55435		

Property Address:	Property Address
	Subdivision
	PIN
Buyer:	
Seller:	
Lender:	Movement Mortgage, LLC - 841 Seahawk Circle, Virginia Beach, VA 23452
Settlement Date:	7/15/2016
Disbursement Date:	7/15/2016
Additional dates per state requirements:	7/15/2016

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		Financial		
	\$245,000.00	Sales Price of Property	\$245,000.00	
		Deposit		\$4,000.00
		Loan Amount		\$223,850.00
\$5,550.00		Seller Credit		\$5,550.00
		1st 1/2 2016 Prop Taxes to Hennepin County Treasurer POCS \$1,448.01		
		Prorations/Adjustments		
\$110.78		County Taxes 7/1/2016 to 7/15/2016		\$110.78
		Loan Charges to Movement Mortgage, LLC		
		Commitment Fee to Movement Mortgage, LLC		
		Prepaid Interest (\$23.00 per day from 7/15/2016 to 8/1/2016)	\$391.00	
		Processing Fee to Movement Mortgage, LLC	\$500.00	
		Tax Service to Movement Mortgage, LLC		
		Underwriting Fee to Movement Mortgage, LLC	\$695.00	
		Other Loan Charges		

		Appraisal Fee to Drexel Appraisals POCB \$500.00		
		Credit Report Fee to Credit Plus	\$46.75	
		Flood Certification to Corelogic	\$7.00	
		IRS Transcript Fee to Logicease	\$21.25	
		MI Upfront Premium to HUD	\$3,850.00	
		Impounds		
		Homeowner's Insurance \$126.38 per month for 2 mo.	\$252.76	
		Property Taxes \$241.34 per month for 6 mo.	\$1,448.04	
		Aggregate Adjustment		\$252.79
		Title Charges & Escrow/Settlement Charges		
		Title - Lender's Policy \$223,850.00 Premium - \$635.00 to Watermark Title Agency, LLC	\$100.00	
		Title - Owner's Policy (optional) \$245,000.00 Premium - \$251.25 to Watermark Title Agency, LLC	\$786.25	
		Document Recording Service to Watermark Title Agency, LLC		
\$60.00		Payoff Processing to Watermark Title Agency, LLC		
\$395.00		Settlement Fee Seller to Edina Realty Title		
		Title - Settlement Agent Fee to Watermark Title Agency, LLC	\$275.00	
		Title Search / Exam to Watermark Title Agency, LLC	\$670.00	
		Commission		
		Broker Admin Commission / Buyer to Century 21 Luger Realty	\$349.00	
\$434.00		Broker Admin Commission / Seller to Edina Realty, Inc.		
\$6,615.00		Real Estate Commission Buyer's Broker \$6,615.00 to Century 21 Luger Realty		
\$8,085.00		Real Estate Commission Seller's Broker \$8,085.00 to Edina Realty, Inc.		
		Government Recording and Transfer Charges		
\$5.00		Conservation Fee Deed \$5.00 Mortgage \$5.00 to Hennepin County Recorder	\$5.00	
		Recording Fee for Release to Hennepin County Recorder POCT \$46.00		
		Recording Fees Deed: \$46.00 Mortgage: \$46.00 to Hennepin County Recorder	\$92.00	
\$833.00		Tax Stamp for State Deed to Hennepin County Recorder		
		Tax Stamp for State Mortgage to Hennepin County Recorder	\$537.24	
		Payoff(s)		
\$160,795.78		Payoff of First Mortgage Loan to Wells Fargo Home Mortgage		
		Miscellaneous		
		Home Warranty Fee		
\$51.72		Utility Bill - Service Lien Balance to Minneapolis Finance Dept.		
		Homeowner's Insurance Premium (12 mo.) to State Farm Insurance	\$1,516.50	
		Seller		Borrower/Buyer
		Debit		Debit
		Credit		Credit
\$182,935.28	\$245,000.00		\$256,542.79	\$233,763.57
		Subtotals		
		Due From Borrower		\$22,779.22
\$62,064.72		Due To Seller		
\$245,000.00	\$245,000.00	Totals	\$256,542.79	\$256,542.79

Title Insurance – Simultaneous Rate Premiums

The Owner's and Lender's title insurance premiums set out above represent the actual rates filed with the Minnesota Department of Insurance. The Owner's and Lender's title insurance premiums shown on the Closing Disclosure were calculated and disclosed in the manner required by Federal regulation as required by the Consumer Financial Protection Bureau (CFPB). Despite the difference in the breakdown of premiums disclosed, the total combined premiums as required to be disclosed by the CFPB equals the total combined premiums calculated above using the current rules and rates of this State.

SUBSTITUTE FORM 1099 SELLER STATEMENT: The information contained herein is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported. SELLER INSTRUCTIONS: If this real estate was our principal residence, file form 2119, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of form 4797, Form 6252 and/or Schedule D (Form 1040). This transaction does not need to be reported on Form 1099-S if you sign a certification containing assurances that any capital gain from this transaction will be exempt from tax under new IRS Code Section 121. You are required by law to provide the Settlement Agent with your correct taxpayer identification number. If you do not provide the Settlement Agent with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law.

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize Watermark Title Agency, LLC to cause the funds to be disbursed in accordance with this statement.

Closing Time: The Closing Process and Common Documents Used in Closing

Sarah E. Fisher-Otten
Fisher Law Firm PLLC
Bloomington

Closing Time: The Closing Process and Common Documents Used in Closings

SARAH E. FISHER-OTTEN
ATTORNEY, OWNER

FISHER LAW FIRM, PLLC WWW.FISHERLAWMN.COM
BLOOMINGTON, MN 651.442.0206

What is the closing?

- The culmination of real estate transaction
- 2 primary purposes:
 - Conveyance of property; and
 - Resolution of financial terms agreed upon by the parties

Attorney Involvement in Closings

- Varies, depending
- Drafting and Recording
- Attendance at Closing? Maybe

Common Documents Used at Closing

- Conveyancing Documents
- Title Insurance
- Disclosures
- Tax Documents
- Post-Closing Documents

Where Do Closing Documents Come From?

- Purchase Agreement
- Uniform Conveyancing Blanks
- MSBA Forms
- American Land Title Association

Conveyancing Documents

- Deed
- Bill of Sale
- Power of Attorney, if applicable
- Affidavits

Deeds

- Warranty
 - Minn. Stat. § 507.07
 - 5 statutory warranties of title
 - Seizen
 - Right to Convey
 - Covenant against Encumbrances
 - Quite enjoyment
 - Warranty of title

Deeds continued

- Limited Warranty
- Quit Claim
 - Minn. Stat. § 507.07
 - All right, title and interest of the grantor in the property, but not after-acquired title unless expressly stated.
- Other
 - Trustee's, Personal Representative's

Conveyancing Documents

- Bill of Sale
- Power of Attorney, if applicable
- Affidavits
 - Seller's Affidavit
 - Borrower's Affidavit/Affidavit of Purchaser
 - Seller's Foreign Investment in Real Property Tax Act ("FIRPTA")

Title Insurance

- Title Commitment
- Title Documents referenced in the Commitment
- “Marked Up” Commitment
- Pro Forma Policy

Basic Statutory Disclosure Requirements

- Individual Subsurface Sewage Treatment System
 - (*Minn. Stat. § 115.55, subd. 6*)
- Well Disclosure
 - (*Minn. Stat. § 103I.235, subd. 1(b),(c)*)
- Tank Affidavit
 - (*Minn. Stat. § 116.48, subd. 5,6*)
- Radon Disclosure
 - (*Minn. Stat. § 144.496*)
- Common Interest Community Resale Disclosure
 - (*Minn. Stat. § 515B.4-107*)

Other Documents

- Loan Documents
- Loan Estimate and Closing Disclosure
 - As of 10/03/15, replaced the GFE and HUD-1
 - Loan Estimate = Initial TIL disclosure and GFE
 - Closing Disclosure = Final TIL disclosure and HUD-1
- Closing Agent’s Compliance Agreements

Basic Tax Documents

- Form 1099
 - 26 U.S.C. § 6045(e)
 - Relates to gross proceeds from transaction and nature of property involved
 - Not applicable to sale of principal residence for \$250,000 or less, or \$500,000 or less for married filing jointly
 - Must be provided to customer by broker

Basic Tax Documents cont.

- Certificate of Real Estate Value (“CRV” and “eCRV”)
 - Required by MN Dept. of Revenue
 - Reviewed by the county of sale and the Dept. of Rev. to verify sale terms and ensure fair and equitable property tax assessments statewide
 - Paper forms used in the past; now only eCRV accepted
 - Completed through website
 - www.revenue.state.mn.us/CRV/Pages/eCRV.aspx

Post-Closing Documents

- Owner’s Title Insurance Policy
- Mortgage Satisfactions
 - Follow up on these
 - HELOCS
 - Specifically request a revolving line of credit be closed and the HELOC satisfied so LOC cannot be run up again.
- Closing Book
- Any checklist items

Other Helpful Information

- MSBA's Practicelaw Checklists
 - Real Property Closing Checklist When Representing the Seller
 - Real Property Closing Checklist When Representing the Buyer
- Minnesota CLE's Minnesota Real Estate Purchase and Sale Deskbook
 - 2nd ed.
 - Chapter 12, Closings

Closing Time: The Closing Process and Common Documents Used in Closings

Sarah E. Fisher-Otten
Fisher Law Firm, PLLC
Bloomington

Materials Prepared by:

Sarah E. Fisher-Otten, Fisher Law Firm, PLLC
Marvin A. Liszt, Bernick, Lifson, P.A.

Closing Time: The Closing Process

The closing or “settlement” is the culmination of the real estate transaction and has two primary purposes: conveyance of the property and resolution of the financial terms previously agreed to. Within each of these broad categories are various issues which need to be addressed. A successful and amicable closing, like most other matters, depends upon preparation and communication. Waiting until the last minute to accomplish the required tasks will often result in unnecessary stress and complication for the clients, closer and attorneys. It is my belief that clients, especially in residential transactions, want the purchasing and closing experience to be a pleasant experience. While preparation and open communication between all parties concerned cannot guarantee this result, it will certainly go a long way in making it so.

When attorneys do get involved in residential transactions in Minnesota, it is common for them to do so after the Purchase Agreement has already been executed. This is, of course, not desirable, but it is reality. The attorney’s first task must be to review the Purchase Agreement and all related documents. These constitute the blueprint for the transaction and everything you will need to do is dictated by the agreements of the parties. Such things as purchase price, allocation of costs, the type of deed to be utilized, the closing date, etc., is prescribed by these documents. While in certain circumstances these documents can be amended, in most instances they will govern the obligations of the parties.

In recent years, it has become commonplace for attorneys not to be physically present at residential closings held at title companies. Technology has allowed drafts of documents to be exchanged quickly and, as a result, efficiency has increased. Most of the time, closing and title documents can be reviewed by the parties prior to the closing date, often times alleviating the need for the attorney to be physically present at the closing. If an issue does arise at closing requiring the attorney’s input or attention, it can often be resolved by an email or phone call.

The import of this section will be to acquaint the attorney with the most commonplace documents utilized in a typical residential closing in Minnesota. This presentation is not intended to cover every document you might encounter, but it will familiarize you with the documents you will see in most situations. Many of the documents you'll encounter can be found on the Practicelaw webpage when you log into the Minnesota State Bar Association's website. If you are familiar with these documents and understand how they are used, you will be able to navigate yourself through most residential closings. For additional information regarding specific documents and matters, I refer you to Chapter 12 of the *Minnesota Real Estate Purchase & Sale Deskbook* published by Minnesota CLE.

It should be noted that most residential transactions are governed by the Real Estate Settlement Procedures Act ("RESPA") in 12 U.S.C. § 2601, et seq. RESPA was enacted in 1974 to assist consumers in making decisions about closing services by eliminating kickbacks and referral payments that increased costs for consumers and by aiding consumers in shopping for settlement services. Congress also enacted RESPA to protect consumers from unnecessarily high settlement charges and abusive practices in connection with real estate closings. The goals of RESPA are met by requiring certain disclosures regarding closing costs, lender servicing, escrow practices, and business relationships are provided to purchasers and borrowers at various times during the transaction. A good resource for more information on RESPA is the U.S. Department of Housing and Urban Development's website, www.hud.gov.

Common Documents at Closing

1. Conveyancing Documents

A. Deed

- i. Warranty
- ii. Limited Warranty
- iii. Quit Claim
- iv. Other

B. Bill of Sale

C. Power of Attorney, if applicable

D. Affidavits

- i. Seller's Affidavit
- ii. Borrower's Affidavit/Affidavit of Purchaser
- iii. Foreign Investment in Real Property Tax Act ("FIRPTA") Affidavit
(completed by Seller)

2. Title Insurance Documents

A. Title Commitment

B. Title Documents referenced in the Commitment

C. "Marked Up" Commitment

D. Pro Forma Policy

3. Loan Documents

(Beyond scope of this presentation, but should be reviewed and discussed with Buyer, if so requested.)

4. Basic Disclosure Requirements

- A. Individ. Subsurface Sewage Treatment System (*Minn. Stat. § 115.55, subd. 6*)
- B. Well Disclosure (*Minn. Stat. § 103I.235, subd. 1(b),(c)*)
- C. Tank Affidavit (*Minn. Stat. § 116.48, subd. 5,6*)
- D. Radon Disclosure (*Minn. Stat. § 144.496*)
- E. MN Common Interest Community Resale Disclosure (*Minn. Stat. § 515B.4-107*)

5. Loan Estimate and Closing Disclosure

- A. Required by RESPA and Dodd-Frank
- B. Replaced the Good Faith Estimate, HUD-1, and Truth-in-Lending Act Disclosures as of October 3, 2015
- C. Loan Estimate
 - i. Formerly initial Truth-in-Lending Disclosure and GFE
 - ii. 3 pages
 - iii. Lender must provide within 3 days of application
- D. Closing Disclosure
 - i. Formerly final Truth-in-Lending Disclosure and HUD-1
 - ii. 5 pages, provides details about final mortgage loan selected
 - iii. Lender must provide 3 days before scheduled closing

6. Title Company's Compliance Agreements

- A. Documents required by title company to be completed for their own purposes

7. Tax Documents

A. Form 1099 (26 U.S.C. § 6045(e))

- i. Not applicable to sale of principal residence for \$250,000 or less (\$500,000 or less for married filing jointly)

B. Certificate of Real Estate Value (“CRV”)

- i. Required by the Minnesota Dept. of Revenue
- ii. Reviewed by the county of sale and the Dept. of Rev. to verify sale terms and ensure fair and equitable property tax assessments statewide
- iii. Paper CRV forms PE-20 and PE-20A used in the past
- iv. As of October 1, 2014, “eCRV” is the only method of submitting a certificate of real estate value
- v. eCRV website: www.revenue.state.mn.us/CRV/Pages/eCRV.aspx

8. Post-Closing

- A. Owner’s Title Insurance Policy
- B. Mortgage Satisfactions
- C. Closing Book
- D. Any checklist items

Other Helpful Documents

- 1. Checklist for Attorneys Representing Seller
- 2. Checklist for Attorneys Representing Buyer

(Top 3 inches reserved for recording data)

WARRANTY DEED
Individual(s) to Individual(s)

Minnesota Uniform Conveyancing Blanks
Form 10.1.1 (2016)

eCRV number: _____

DEED TAX DUE: \$ _____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, _____
(insert name and marital status of each Grantor)

_____ ("Grantor"),

hereby conveys and warrants to _____
(insert name of each Grantee)

_____ ("Grantee"), as

(Check only one box.) tenants in common, *(If more than one Grantee is named above and either no box is checked or both boxes are checked, this conveyance is made to the named Grantees as tenants in common.)*
 joint tenants,

real property in _____ County, Minnesota, legally described as follows:

Check here if all or part of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto, subject to the following exceptions:

Check applicable box:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____.)
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

(signature)

(signature)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, by _____
(month/day/year)

(insert name and marital status of each Grantor)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:
(insert legal name and residential or business address of Grantee)

MINNESOTA • REVENUE

Deed Tax: *Deed Tax Rate*

State rate: .0033
ERF Tax¹ - Hennepin County and Ramsey County: .0001

Total rate for real property conveyed in Hennepin and Ramsey Counties: .0034
Total rate for real property conveyed in all other Minnesota Counties: .0033

Example: Real Property is sold for \$ 200,000 in:

	<u>Tax Due</u>
Hennepin County (Total rate .34%)	\$ 680
Ramsey County (Total rate .34 %)	\$ 680
All other 85 Minnesota counties (Total rate .33%)	\$ 660

Consideration: The value given for making a conveyance of real property.

Net Consideration: Consideration less the value of any lien or encumbrance remaining on the property prior to the time of sale and that is not released or satisfied as a result of the sale. An example would be a buyer's assumption of the seller's mortgage.

Execution and Delivery: Deed tax is due at the time a taxable deed or instrument is presented for recording. Minn. Stat. §287.21(d).

Deeds executed or presented prior to July 1, 1999: Tax was imposed on the execution and delivery of the deed and not on the date the document was recorded. For example, a deed executed in 1962 and presented for recording in 1985 would have paid tax based on the tax rate in effect in 1962.

Deeds executed and presented on or after July 1, 1999: Tax is imposed and becomes payable at the time the deed is presented for recording.

¹ Environmental Response Fund Tax. Minn. Stat. § 383A.80 and Minn. Stat. § 383B.81

Deed tax—exemptions and minimum tax transfers

(651) 556-4721

The following information will help you determine if a deed is exempt from tax or qualifies for the minimum tax of \$1.65 (\$1.70 in Hennepin and Ramsey counties). The statements provided below in the “**Minimum tax**” section are optional but can be used by the grantor to state the reason the document qualifies for minimum tax treatment. Either incorporate the statement into the deed or use Form M20 to indicate which statement applies.

(In the absence of a qualifying reason, deed tax must be based at least on the fair market value of the property being conveyed. See, for instance, Minn. Stat. § 287.20, subd. 2(g).)

Recordable documents transferring real property that are not deeds for deed tax purposes

1. Transfer of real property by court order. The order itself must result in a change of ownership.
2. Transfer of real property through a referee’s or sheriff’s certificate of sale issued to the purchaser in a mortgage or lien foreclosure sale.
3. Transfer of real property through a referee’s, sheriff’s or certificate holder’s certificate of redemption from a mortgage or lien foreclosure sale issued to the redeeming mortgagor.

Exempt deeds, documents

1. Deed to or from the federal government of any agency or instrumentality thereof.
2. Deed between the parties to a marriage dissolution pursuant to the terms of the dissolution decree.
3. Deed conveying a cemetery lot or lots.
4. Deed by a personal representative distributing the decedent’s property according to the terms of the will or probate court order.
5. Deed between co-owners partitioning their undivided interest in the same piece of property.
6. Deed or other instrument of conveyance issued pursuant to a permanent school fund land exchange under Minn. Stat. § 92.121 and related laws.
7. Deed or other instrument which grants, creates, modifies, or terminates an easement.
8. Deed executed under a Chapter 11 or 12 plan of reorganization. Chapter 11: §1146(C) Federal Bankruptcy Code; Chapter 12: §1231(C).

Deeds qualifying for minimum tax

1. Deed making a designated transfer (as defined in Minn. Stat. § 287.20).
 - a. Deed between a sole owner and a legal entity owned directly or indirectly by that sole owner, or between two legal entities owned directly or indirectly by a sole owner.
 - b. Deed between a husband and wife and a legal entity owned directly or indirectly by that husband and wife, or between two legal entities owned directly or indirectly by that couple.
 - c. Deed between co-owners and a legal entity owned directly or indirectly by those co-owners, or between two legal entities owned directly or indirectly by those co-owners.
 - d. Deed between a grantor and a revocable trust created by that grantor, or between revocable trusts created by the same grantor.

e. Deed transferring substantially all assets of a corporation pursuant to a reorganization under section 368(a) of IRC.

f. Deed transferring substantially all assets of a partnership pursuant to a continuation under section 708 of IRC.

Please Note: All the co-owners must maintain the same ownership percentage in the entity holding the transferred real property after the designated transfer as they had before.

In addition, if within six months an ownership interest in the transferee entity is transferred to some other party or entity, tax is due on the initial transfer.

Statement: This deed transfers real property as part of a designated transfer under Minn. Stat. § 287.21.

2. Deed of real property resulting from the consolidation or merger of two or more corporations, limited liability companies, or partnerships, or any combination of the two.

Statement: This deed transfers real property to complete a merger/consolidation.

3. Deed gifting real property.

Statement: This deed transfers real property as a gift without conditions, benefits, or rewards.

4. Deed correcting error (corrective deed).

Statement: This deed was given without added consideration and merely corrects an error in a previously recorded deed.

5. Deed transferring property in exchange for less than \$500 of consideration, monetary or otherwise.

Statement: This deed transfers real property in exchange for \$500 or less of consideration.

6. Deed transferring real property to an intermediary as part of an IRC section 1031 exchange and the intermediary’s total documented fee for the transfer is \$500 or less. A “full” deed tax will be paid when final transfer is made.

Statement: This deed is transferring property to an intermediary as part of an IRC section 1031 exchange. A “full” deed tax will be paid when the final transfer is made.

7. Deed written between a principal and agent, and the agent’s total compensation for the entire transaction, monetary or otherwise, is \$500 or less.

Statement: This deed is between a principal and agent for \$500 or less of consideration.

(Top 3 inches reserved for recording data)

LIMITED WARRANTY DEED
Business Entity to Individual(s)

Minnesota Uniform Conveyancing Blanks
Form 10.2.7 (2016)

eCRV number: _____

DEED TAX DUE: \$ _____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, _____
(insert name of Grantor)

a _____ under the laws of _____ ("Grantor"),
hereby conveys and quitclaims to _____
(insert name of each Grantee) ("Grantee"), as

(Check only one box.)

- tenants in common,
 joint tenants,

(If more than one Grantee is named above and either no box is checked or both boxes are checked,
this conveyance is made to the named Grantees as tenants in common.)

real property in _____ County, Minnesota, legally described as follows:

Check here if all or part of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto.

This Deed conveys after-acquired title. Grantor warrants that Grantor has not done or suffered anything to encumber the property, EXCEPT:

Check applicable box:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____.)
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

(name of Grantor)

By: _____
(signature)

Its: _____
(type of authority)

By: _____
(signature)

Its: _____
(type of authority)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, by _____
(month/day/year) (name of authorized signer)

_____ as _____
(type of authority)

and by _____
(name of authorized signer)

as _____ of _____
(type of authority) (name of Grantor)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:
(insert legal name and residential or business address of Grantee)

QUIT CLAIM DEED
Individual(s) to Individual(s)

Minnesota Uniform Conveyancing Blanks
Form 10.3.1 (2016)

eCRV number: _____

DEED TAX DUE: \$ _____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, _____
(insert name and marital status of each Grantor)

_____ ("Grantor"),

hereby conveys and quitclaims to _____
(insert name of each Grantee)

_____ ("Grantee"), as

(Check only one box.)

- tenants in common,
- joint tenants,

(If more than one Grantee is named above and either no box is checked or both boxes are checked, this conveyance is made to the named Grantees as tenants in common.)

real property in _____ County, Minnesota, legally described as follows:

Check here if all or part of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto.

Check applicable box:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____.)
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

(signature)

(signature)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, by _____
(month/day/year)

(insert name and marital status of each Grantor)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:
(insert legal name and residential or business address of Grantee)

WARRANTY BILL OF SALE

1 FOR VALUABLE CONSIDERATION, [Seller's name] _____
 2 _____, [marital status] _____, Seller,
 3 sells and transfers title to and possession of certain personal property located at: [street address]
 4 _____
 5 to [Buyer's name] _____, Buyer,
 6 which personal property is described as follows: _____
 7 _____
 8 _____
 9 _____
 10 _____
 11 _____
 12 _____
 13 _____
 14 _____
 15 _____
 16 _____
 17 _____
 18 _____
 19 _____
 20 _____
 21 _____

22 subject to the lien of any security agreement assumed by Buyer; subject to any liens,
 23 encumbrances, adverse claims or other matters that Buyer has created, suffered or permitted to
 24 accrue; and, subject to the following liens, claims and encumbrances: _____
 25 _____
 26 _____
 27 _____
 28 _____

29 Seller warrants that: Seller is the owner of the personal property described above; the personal
 30 property is free from all liens, claims and encumbrances (except as listed above); and Seller has
 31 the right to sell and transfer title to and possession of the personal property to Buyer. Seller
 32 warrants and shall defend Buyer's title to the personal property against any and all persons who
 33 claim any interest through Seller's interest in the personal property described above, subject only
 34 to the liens, claims and encumbrances listed above. Any cause of action for a breach of warranty
 35 of title as to the personal property must be commenced by Buyer within one year of the Date of
 36 Closing or be deemed waived. Minn. Stat. §336.2-725.
 37

Date: _____ SELLER

STATE OF MINNESOTA)
)
 COUNTY OF _____)

This instrument was acknowledged before me on _____, 2____, by
 _____,
 [marital status] _____, Seller.

Notarial Stamp or Seal (Or Other Title or Rank)

 Signature of Person Taking Acknowledgment

MSBBA

(Top 3 inches reserved for recording data)

**STATUTORY SHORT FORM POWER OF ATTORNEY
MINNESOTA STATUTES, SECTION 523.23**

**Minnesota Uniform Conveyancing Blanks
Form 100.1.1 (2014)**

**STATUTORY SHORT FORM POWER OF ATTORNEY
MINNESOTA STATUTES, SECTION 523.23**

Before completing and signing this form, the principal must read and initial the **IMPORTANT NOTICE TO PRINCIPAL** that appears after the signature lines in this form. Before acting on behalf of the principal, the attorney(s)-in-fact must sign this form acknowledging having read and understood the **IMPORTANT NOTICE TO ATTORNEY(S)-IN-FACT** that appears after the notice to the principal.

PRINCIPAL (Name and Address of Person Granting the Power)

ATTORNEY(S)-IN-FACT
(Name and Address)

SUCCESSOR ATTORNEY(S)-IN-FACT (Optional)

To act if any named attorney-in-fact dies, resigns, or is otherwise unable to serve
(Name and Address)

First Successor _____

Second Successor _____

NOTICE: If more than one attorney-in-fact is designated to act at the same time, make a check or "x" on the line in front of one of the following statements:

- _____ Each attorney-in-fact may independently exercise the powers granted.
- _____ All attorneys-in-fact must jointly exercise the powers granted.

EXPIRATION DATE (Optional)

_____ , _____
Use Specific Month Day Year Only

I (the above named Principal) appoint the above named Attorney(s)-in-Fact to act as my attorney(s)-in-fact:

FIRST: To act for me in any way that I could act with respect to the following matters, as each of them is defined in Minnesota Statutes, section 523.24:

(To grant to the attorney-in-fact any of the following powers, make a check or "x" on the line in front of each power being granted. You may, but need not, cross out each power not granted. Failure to make a check or "x" on the line in front of the power will have the effect of deleting the power unless the line in front of the power of (N) is checked or "x"-ed.)

Check or "x"

_____ (A) real property transactions;
I choose to limit this power to real property in _____ County, Minnesota, described as follows: (Use legal description. Do not use street address.)

(If more space is needed, continue on the back or on an attachment.)

- _____ (B) tangible personal property transactions;
- _____ (C) bond, share, and commodity transactions;
- _____ (D) banking transactions;
- _____ (E) business operating transactions;
- _____ (F) insurance transactions;
- _____ (G) beneficiary transactions;
- _____ (H) gift transactions;
- _____ (I) fiduciary transactions;
- _____ (J) claims and litigation;
- _____ (K) family maintenance;
- _____ (L) benefits from military service;
- _____ (M) records, reports, and statements;
- _____ (N) all of the powers listed in (A) through (M) above and all other matters, other than health care decisions under a health care directive that complies with Minnesota Statutes, chapter 145C.

SECOND: (You must indicate below whether or not this Power of Attorney will be effective if you become incapacitated or incompetent. Make a check or "x" on the line in front of the statement that expresses your intent.)

- _____ This power of attorney shall continue to be effective if I become incapacitated or incompetent.
- _____ This power of attorney shall not be effective if I become incapacitated or incompetent.

THIRD: My attorney(s)-in-fact MAY NOT make gifts to the attorney(s)-in-fact, or anyone the attorney(s)-in-fact are legally obligated to support, UNLESS I have made a check or an "x" on the line in front of the second statement below and I have written in the name(s) of the attorney(s)-in-fact. The second option allows you to limit the gifting power to only the attorney(s)-in-fact you name in the statement. Minnesota Statutes, section 523.24, subdivision 8, clause (2), limits the annual gift(s) made to my attorney(s)-in-fact, or to anyone the attorney(s)-in-fact are legally obligated to support, to an amount, in the aggregate, that does not exceed the federal annual gift tax exclusion amount in the year of the gift.

_____ I do not authorize any of my attorney(s)-in-fact to make gifts to themselves or to anyone the attorney(s)-in-fact have a legal obligation to support.

_____ I authorize _____
(write in name(s))
as my attorney(s)-in-fact, to make gifts to themselves or to anyone the attorney(s)-in-fact have a legal obligation to support.

FOURTH: (You may indicate below whether or not the attorney-in-fact is required to make an accounting. Make a check or "x" on the line in front of the statement that expresses your intent.)

_____ My attorney-in-fact need not render an accounting unless I request it, or the accounting is otherwise required by Minnesota Statutes, section 523.21.

_____ My attorney-in-fact must render _____
(Monthly, Quarterly, Annual)
accountings to me or _____
(Name and Address)

_____ during my lifetime, and a final accounting to the personal representative of my estate, if any is appointed, after my death.

In Witness Whereof I have hereunto signed my name this _____ day of _____.

(Signature of Principal)

ACKNOWLEDGEMENT OF PRINCIPAL

State of Minnesota, County of _____

This instrument was acknowledged before me on _____
(month/day/year), by _____
(insert name of Principal)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

**ACKNOWLEDGEMENT OF NOTICE TO ATTORNEY(S)-IN-FACT
AND SPECIMEN SIGNATURE OF ATTORNEY(S)-IN-FACT.**

By signing below, I acknowledge I have read and understand the IMPORTANT NOTICE TO ATTORNEY(S)-IN-FACT required by Minnesota Statutes, section 523.23, and understand and accept the scope of any limitations to the powers and duties delegated to me by this instrument.

(Notarization not required)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Specimen signature of Attorney(s)-in-Fact
(Notarization not required)

IMPORTANT NOTICE TO THE PRINCIPAL

READ THIS NOTICE CAREFULLY. The power of attorney form that you will be signing is a legal document. It is governed by Minnesota Statutes, chapter 523. If there is anything about this form that you do not understand, you should seek legal advice.

PURPOSE: The purpose of the power of attorney is for you, the principal, to give broad and sweeping powers to your attorney(s)-in-fact, who is the person you designate to handle your affairs. Any action taken by your attorney(s)-in-fact pursuant to the powers you designate in this power of attorney form binds you, your heirs and assigns, and the representative of your estate in the same manner as though you took the action yourself.

POWERS GIVEN: You will be granting the attorney(s)-in-fact power to enter into transactions relating to any of your real or personal property, even without your consent or any advance notice to you. The powers granted to the attorney(s)-in-fact are broad and not supervised. **THIS POWER OF ATTORNEY DOES NOT GRANT ANY POWERS TO MAKE HEALTH CARE DECISIONS FOR YOU. TO GIVE SOMEONE THOSE POWERS, YOU MUST USE A HEALTH CARE DIRECTIVE THAT COMPLIES WITH MINNESOTA STATUTES, CHAPTER 145C.**

DUTIES OF YOUR ATTORNEY(S)-IN-FACT: Your attorney(s)-in-fact must keep complete records of all transactions entered into on your behalf. You may request that your attorney(s)-in-fact provide you or someone else that you designate a periodic accounting, which is a written statement that gives reasonable notice of all transactions entered into on your behalf. Your attorney(s)-in-fact must also render an accounting if the attorney-in-fact reimburses himself or herself for any expenditure they made on behalf of you. An attorney-in-fact is personally liable to any person, including you, who is injured by an action taken by an attorney-in-fact in bad faith under the power of attorney or by an attorney-in-fact's failure to account when the attorney-in-fact has a duty to account under this section. The attorney(s)-in-fact must act with your interests utmost in mind.

TERMINATION: If you choose, your attorney(s)-in-fact may exercise these powers throughout your lifetime, both before and after you become incapacitated. However, a court can take away the powers of your attorney(s)-in-fact because of improper acts. You may also revoke this power of attorney if you wish. This power of attorney is automatically terminated if the power is granted to your spouse and proceedings are commenced for dissolution, legal separation, or annulment of your marriage. This power of attorney authorizes, but does not require, the attorney(s)-in-fact to act for you. You are not required to sign this power of attorney, but it will not take effect without your signature. You should not sign this power of attorney if you do not understand everything in it, and what your attorney(s)-in-fact will be able to do if you do sign it.

Please place your initials on the following line indicating you have read this **IMPORTANT NOTICE TO THE PRINCIPAL:** _____

IMPORTANT NOTICE TO THE ATTORNEY(S)-IN-FACT

You have been nominated by the principal to act as an attorney-in-fact. You are under no duty to exercise the authority granted by the power of attorney. However, when you do exercise any power conferred by the power of attorney, you must:

- (1) act with the interests of the principal utmost in mind;
- (2) exercise the power in the same manner as an ordinarily prudent person of discretion and intelligence would exercise in the management of the person's own affairs;
- (3) render accountings as directed by the principal or whenever you reimburse yourself for expenditures made on behalf of the principal;
- (4) act in good faith for the best interest of the principal, using due care, competence, and diligence;
- (5) cease acting on behalf of the principal if you learn of any event that terminates this power of attorney or terminates your authority under this power of attorney, such as revocation by the principal of the power of attorney, the death of the principal, or the commencement of proceedings for dissolution, separation, or annulment of your marriage to the principal;
- (6) disclose your identity as an attorney-in-fact whenever you act for the principal by signing in substantially the following manner:
Signature by a person as "attorney-in-fact for (name of the principal)" or "(name of the principal) by (name of the attorney-in-fact) the principal's attorney-in-fact";
- (7) acknowledge you have read and understood this **IMPORTANT NOTICE TO THE ATTORNEY(S)-IN-FACT** by signing the power of attorney form.

You are personally liable to any person, including the principal, who is injured by an action taken by you in bad faith under the power of attorney or by your failure to account when the duty to account has arisen.

The meaning of the powers granted to you is contained in Minnesota Statutes, chapter 523. If there is anything about this document or your duties that you do not understand, you should seek legal advice.

(Top 3 inches reserved for recording data)

**AFFIDAVIT REGARDING SELLER
by Individual(s)**

**Minnesota Uniform Conveyancing Blanks
Form 50.1.2 (2011)**

State of Minnesota, County of _____

_____ being first duly sworn on oath say(s) that:
(insert name of each affiant)

1. (They are) (____ he is) (____ he knows) _____ the person(s) named as _____ in the document dated _____ and filed for record _____ as Document Number _____
(month/day/year) *(month/day/year)*
(or in Book _____ of _____, Page _____), in the Office of the County Recorder Registrar of Titles
(check the applicable boxes)
of _____ County, Minnesota.

2. Said person(s) (is) (are) of legal age and under no legal disability with place of business(es) respectively at _____

and for the last ten (10) years (has)(have) resided at:

3. There are no:

a. Bankruptcy, divorce or dissolution proceedings involving said person(s) during the time period in which said person(s) have had any interest in the premises described in the above document ("Premises");

b. Unsatisfied judgments of record against said person(s) nor, to your Affiant(s) knowledge, any actions pending in any courts which affect the Premises;

c. Tax liens filed against said person(s);

except as herein stated:

- 4. Any bankruptcy, divorce or dissolution proceeding of record against parties with the same or similar names, during the time period in which the above-named person(s) (has) (have) had any interest in the Premises, are not against the above-named person(s).
- 5. Any judgments or tax liens of record against parties with the same or similar names are not against the above-named person(s).
- 6. There has been no labor or materials furnished to the Premises for which payment has not been made.
- 7. There are no unrecorded contracts, leases, easements, or other agreements or interests relating to the Premises except as stated herein:
- 8. There are no persons in possession of any portion of the Premises other than pursuant to a recorded document except as stated herein:
- 9. There are no encroachments or boundary line questions affecting the Premises of which Affiant(s) (has) (have) knowledge.
- 10. The person(s) (has) (have) not received medical assistance from the State of Minnesota or any county medical assistance agency.

Affiant(s) know(s) the matters herein stated are true and make(s) this Affidavit for the purpose of inducing the acceptance of title to the Premises.

Affiant

(signature)

(signature)

Signed and sworn to before me on _____, by _____
(month/day/year)

(insert name of person making statement)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

(Top 3 inches reserved for recording data)

**AFFIDAVIT REGARDING PURCHASER
by Individual(s)**

**Minnesota Uniform Conveyancing Blanks
Form 50.1.1 (2011)**

State of Minnesota, County of _____

_____ being first duly sworn on oath say(s) that:
(insert name of each affiant)

1. (They are) (____ he is) (____ he knows) _____ the person(s) named as _____ in the document dated _____ and filed for record _____ as Document Number _____
(month/day/year) *(month/day/year)*
(or in Book _____ of _____, Page _____), in the Office of the County Recorder Registrar of Titles
(check the applicable boxes)
of _____ County, Minnesota.

2. Said person(s) (is) (are) of legal age and under no legal disability with place of business(es) respectively at _____

and for the last ten (10) years (has)(have) resided at:

3. There are no:

a. Bankruptcy, divorce or dissolution proceedings involving said person(s) during the time period in which said person(s) have had any interest in the premises described in the above document ("Premises");

b. Unsatisfied judgments of record against said person(s) nor, to your Affiant(s) knowledge, any actions pending in any courts which affect the Premises;

c. Tax liens filed against said person(s);

except as herein stated:

4. Any bankruptcy, divorce or dissolution proceeding of record against parties with the same or similar names, during the time period in which the above-named person(s) (has) (have) had any interest in the Premises, are not against the above-named person(s).

5. Any judgments or tax liens of record against parties with the same or similar names are not against the above-named person(s).

6. Said person(s) (has) (have) not ordered or arranged for any labor or materials to be furnished to the Premises for which payment has not been made.

7. There are no persons in possession of any portion of the Premises of which Affiant(s) (has) (have) knowledge, other than pursuant to a recorded document, except as stated herein:

Affiant(s) know(s) the matters herein stated are true and make(s) this Affidavit for the purpose of inducing the acceptance of title to the Premises.

Affiant

(signature)

(signature)

Signed and sworn to before me on _____, by _____
(month/day/year)

(insert name of person making statement)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

CERTIFICATE OF NON FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person. To inform _____ (the "Transferee") that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

1. That the Transferor is the owner of the following described property, to wit:

Block: _____ Lot: _____ County: _____

Premises: _____

2. The Transferor is not a non-resident alien for purposes of the U.S. income taxation (as such term is defined in the Internal Revenue Code and Income Tax Regulations).

3. The Transferor's U.S. taxpayer identification number (Social Security Number) is _____

4. The Transferor's address is _____

5. The Transferor understands that this certification be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS CERTIFICATION AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS TRUE, CORRECT AND COMPLETE, AND I FURTHER DECLARE THAT I HAVE AUTHORITY TO SIGN THIS DOCUMENT ON BEHALF OF THE TRANSFEROR.

DATED: _____

BY: _____

BY: _____

BY: _____

BY: _____

ALTA Commitment Form

COMMITMENT FOR TITLE INSURANCE
Issued by



STEWART TITLE GUARANTY COMPANY, a Texas Corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This Commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Chairman of the Board



President

Dennis J. Unger, Vice President
Authorized Countersignature
Land Title, Inc.
Company

Roseville, MN 55113
City, State

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and Stipulations and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.ata.org/>>.*



All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252.

Stewart Title Guaranty Company
Issued by its Agent, Land Title, Inc.
2200 West County Road C, Suite 2205 Roseville, MN 55113

COMMITMENT

SCHEDULE A

Commitment No. 396901

Case No. 396901

1. Effective Date: January 1, 2013 at 7:00 A.M.
2. Policy or Policies to be issued:
 - (a) ALTA Owner's Policy - 6/17/06 Amount \$500,000.00
Proposed Insured: John J. Jones and Jill J. Jones
 - (b) ALTA Long Form Loan Policy - 6/17/06 Amount \$400,000.00
Proposed Insured: ABC Mortgage Company, its respective successors and assigns as their interests may appear.
3. Title to the Fee Simple estate or interest in the land described or referred to in this Commitment is at the effective date hereof vested in:
John A. Smith and Jill A. Smith, husband and wife, as joint tenants
4. The land referred to in the Commitment is described as follows:
Lot 1, Block 1, Black Acre, Hennepin County, Minnesota

11 Viking Lane
Minneapolis, Minnesota

Abstract Property, Hennepin County

This commitment is invalid unless the Insuring Provisions and Schedules A and B are attached.

Schedule A consists of 1 page(s)

Stewart Title Guaranty Company
Issued by its Agent, Land Title, Inc.
2200 West County Road C, Suite 2205 Roseville, MN 55113

COMMITMENT

SCHEDULE B - Section I

Requirements

1. The following are the requirements to be complied with:
 - A. Payments to, or for the account of, the sellers or mortgages of the full consideration for the estate or interest to be insured.
 - B. Instruments in insurable form which must be executed, delivered and duly filed for record.
 - C. Satisfaction of Mortgage executed by John A. Smith and Jill A. Smith, husband and wife, dated January 1, 2000, filed January 2, 2000 as Document Number 1111111, in the original amount of \$250,000.00, in favor of ABC Lender.
 - D. Warranty Deed from John A. Smith and Jill A. Smith, husband and wife, to John J. Jones and Jill J. Jones.
 - E. Mortgage Deed duly executed by John J. Jones and Jill J. Jones, husband and wife, in favor of ABC Mortgage Company, in the original amount of \$400,000.00.
 - F. The standard form of Seller's and/or Purchaser's Affidavit, satisfactory to the Company, will be required.

Case No. 396901

Commitment No. 396901
ALTA Commitment - 2006

This commitment is invalid unless the Insuring Provisions and Schedules A and B are attached.

Schedule B1 consists of 1 page(s)

Stewart Title Guaranty Company
Issued by its Agent, Land Title, Inc.
2200 West County Road C, Suite 2205 Roseville, MN 55113

COMMITMENT

SCHEDULE B - Section II

Exceptions

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date hereof but prior to the date the Proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

NOTE: Upon closing with Land Title, Inc., Item 1 on Schedule B-II will be deleted. The Final Policy will extend coverage as to the gap between the Effective Date listed in Item 1 of Schedule A and the date of recording of the instruments creating the interest to be insured.

2. Rights or claims of parties in possession not shown by the public records.
3. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
4. Easements or claims of easements, which are not shown by the public records.
5. Any lien or right to a lien for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the records.
7. General and special taxes and assessments as hereafter listed, if any (all amounts shown being exclusive of interest, penalties and costs).
8. No coverage is provided for municipal code compliance matters and fees including, but not limited to, utilities, right of way maintenance, water or sewer services, or fees for tree, weeds, grass, and snow or garbage removal, police boarding, vacant building registration and zoning.
9. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the public records.

Case No. 396901

Commitment No. 396901
ALTA Commitment - 2006

This commitment is invalid unless the Insuring Provisions and Schedules A and B are attached.

Schedule B2 consists of 2 page(s)

Stewart Title Guaranty Company
Issued by its Agent, Land Title, Inc.
2200 West County Road C, Suite 2205 Roseville, MN 55113

COMMITMENT

SCHEDULE B - Section II

Exceptions

10. Taxes payable in the year 2012 in the amount of \$10,000.00 Total, paid in full; (12-120-23-24-1115)
Base Tax: \$10,000.00, Homestead.
Note: 1st Half Taxes are payable on or before May 15th and 2nd Half Taxes are payable on or before October 15th.
11. Levied and pending special assessments have been ordered.
12. Drainage and utility easements over the subject property as shown on the recorded plat.
13. Covenants, Conditions and Restrictions, dated January 1, 1990, filed January 2, 1990 as Document Number 1211111.
14. If there are any questions regarding this Commitment, please contact Larry S. Mountain at (651) 697-6116 or by email at lmountain@landtitleinc.com.

Case No. 396901

Commitment No. 396901
ALTA Commitment - 2006

This commitment is invalid unless the Insuring Provisions and Schedules A and B are attached.

Schedule B2 consists of 2 page(s)

**COMMITMENT FOR TITLE INSURANCE
ISSUED BY
BLANK TITLE INSURANCE COMPANY**

NOTICE

IMPORTANT—READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

THE COMPANY’S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, *Blank Title Insurance Company*, a _____ (the “Company”), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Policy Amount and the name of the Proposed Insured.

If all of the Schedule B, Part I—Requirements have not been met within _____ (*insert the time period*) after the Commitment Date, this Commitment terminates and the Company’s liability and obligation end.

COMMITMENT CONDITIONS

1. DEFINITIONS

- (a) “Knowledge” or “Known”: Actual or imputed knowledge, but not constructive notice imparted by the Public Records.
- (b) “Land”: The land described in Schedule A and affixed improvements that by law constitute real property. The term “Land” does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.
- (c) “Mortgage”: A mortgage, deed of trust, or other security instrument, including one evidenced by electronic means authorized by law.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance[issued by _____]. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form].



- (d) "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
 - (e) "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
 - (f) "Proposed Policy Amount": Each dollar amount specified in Schedule A as the Proposed Policy Amount of each Policy to be issued pursuant to this Commitment.
 - (g) "Public Records": Records established under state statutes at the Commitment Date for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.
 - (h) "Title": The estate or interest described in Schedule A.
2. If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.
3. The Company's liability and obligation is limited by and this Commitment is not valid without:
- (a) the Notice;
 - (b) the Commitment to Issue Policy;
 - (c) the Commitment Conditions;
 - (d) Schedule A;
 - (e) Schedule B, Part I—Requirements; [and]
 - (f) Schedule B, Part II—Exceptions; and
 - (g) a counter-signature by the Company or its issuing agent that may be in electronic form].
4. **COMPANY'S RIGHT TO AMEND**
The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company shall not be liable for any other amendment to this Commitment.
5. **LIMITATIONS OF LIABILITY**
- (a) The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:
 - (i) comply with the Schedule B, Part I—Requirements;
 - (ii) eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or
 - (iii) acquire the Title or create the Mortgage covered by this Commitment.
 - (b) The Company shall not be liable under Commitment Condition 5(a) if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
 - (c) The Company will only have liability under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
 - (d) The Company's liability shall not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Conditions 5(a)(i) through 5(a)(iii) or the Proposed Policy Amount.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance[issued by _____]. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form].

- (e) The Company shall not be liable for the content of the Transaction Identification Data, if any.
- (f) In no event shall the Company be obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I—Requirements have been met to the satisfaction of the Company.
- (g) In any event, the Company's liability is limited by the terms and provisions of the Policy.

6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT

- (a) Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
- (b) Any claim must be based in contract and must be restricted solely to the terms and provisions of this Commitment.
- (c) Until the Policy is issued, this Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.
- (d) The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.
- (e) Any amendment or endorsement to this Commitment must be in writing [and authenticated by a person authorized by the Company].
- (f) When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.

7. IF THIS COMMITMENT HAS BEEN ISSUED BY AN ISSUING AGENT

The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for the purpose of providing closing or settlement services.

8. PRO-FORMA POLICY

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

[9. ARBITRATION

The Policy contains an arbitration clause. All arbitrable matters when the Proposed Policy Amount is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Proposed Insured as the exclusive remedy of the parties. A Proposed Insured may review a copy of the arbitration rules at <http://www.alta.org/arbitration>.]

This page is only a part of a 2016 ALTA® Commitment for Title Insurance[issued by _____]. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form].

[Transaction Identification Data for reference only:

Issuing Agent:
Issuing Office:
ALTA® Universal ID:
Loan ID Number:
Commitment Number:
Issuing Office File Number:
Property Address:]
[Revision Number:]

SCHEDULE A

1. Commitment Date:
2. Policy to be issued:
 - (a) [2006 ALTA® Owner's Policy][2006 ALTA® Loan Policy][_____ ALTA® _____ Policy]
Proposed Insured: _____
Proposed Policy Amount: \$ _____
 - [(b) [2006 ALTA® Owner's Policy][2006 ALTA® Loan Policy][_____ ALTA® _____ Policy]
Proposed Insured: _____
Proposed Policy Amount: \$ _____]
 - [(c) [2006 ALTA® Owner's Policy][2006 ALTA® Loan Policy][_____ ALTA® _____ Policy]
Proposed Insured: _____
Proposed Policy Amount: \$ _____]
3. The estate or interest in the Land described or referred to in this Commitment is _____ (Identify estate covered, i.e., fee, leasehold, etc.)
4. Title to the [_____] estate or interest in the Land is at the Commitment Date vested in:
5. The Land is described as follows:

BLANK TITLE INSURANCE COMPANY

By: _____
Authorized Signatory

This page is only a part of a 2016 ALTA® Commitment for Title Insurance[issued by _____]. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form].



**SCHEDULE B, PART I
Requirements**

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
(Documents to be listed here)

(Additional Requirements may be listed here by number)

**SCHEDULE B, PART II
Exceptions**

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

- [1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.]

(Additional Exceptions may be listed here by number)

This page is only a part of a 2016 ALTA® Commitment for Title Insurance[issued by _____]. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form].

ALTA Owner's Policy (6-17-06)

OWNER'S POLICY OF TITLE INSURANCE ISSUED BY



Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protection
 if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk;5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.



Stewart Morris Jr.
Chairman of the Board



Stewart S. Morris
President

Authorized Countersignature
Land Title, Inc.
Company
New Brighton, Minnesota
City, State

Part 1 of
Policy
Serial No. O-9301-123456

SCHEDULE A

Name and Address of Title Insurance Company: Stewart Title Guaranty Company
P.O. Box 2029
Houston, Texas 77252-2029

File No.: 396901

Policy No.: O-9301-123456

Loan No.:

*Address Reference: 11 Viking Lane
Minneapolis, Minnesota

Amount of Insurance: \$500,000.00

Date of Policy: February 12, 2013 at 10:00 AM

1. Name of Insured:

John J. Jones and Jill J. Jones, husband and wife, as joint tenants

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. Title is vested in:

John J. Jones and Jill J. Jones, husband and wife, as joint tenants

4. The Land referred to in this policy is described as follows:

Lot 1, Block 1, Black Acre, Hennepin County, Minnesota

*FOR COMPANY REFERENCE PURPOSE ONLY, NOT AN INSURING PROVISION.

Countersigned:

Authorized Signatory

SCHEDULE B

File No.: 396901

Policy No.: *Pro Forma*

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) that arise by reason of:

1. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
2. No coverage is provided for municipal code compliance matters and fees including, but not limited to, utilities, right of way maintenance, water or sewer services, or fees for tree, weeds, grass, and snow or garbage removal, police boarding, vacant building registration and zoning.
3. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the public records.
4. The lien of all taxes payable in the year 2013, and thereafter, and taxes and assessments levied subsequent to the date of this policy.
First half taxes are due and payable on or before May 15, 2013.
Second half taxes are due and payable on or before October 15, 2013.
(Taxes payable in the year 2012, and prior, have been paid in full.)
5. Drainage and utility easements over the subject property as shown on the recorded plat.
6. Covenants, Conditions and Restrictions, dated January 1, 1990, filed January 2, 1990 as Document Number 1211111.
7. Mortgage executed by John J. Jones and Jill J. Jones, husband and wife, dated February 1, 2013, filed February 12, 2013 as Document Number A123456 in the office of the County Recorder within and for Hennepin County, Minnesota, in the original amount of \$400,000.00, in favor of ABC Mortgage Company.

COVERED RISKS (Continued)

9. Title being vested other than as stated in Schedule A or being defective
- (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
- (i) to be timely, or
(ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.
- The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
- (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
- or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
- (a) created, suffered, assumed, or agreed to by the Insured Claimant;

- (b) not known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
- (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the

Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include a ny p r o p e r t y b e y o n d t h e l i n e s o f t h e a r e a d e s c r i b e d i n S c h e d u l e A, n o r a n y r i g h t, t i t l e, i n t e r e s t, e s t a t e, o r e a s e m e n t i n a b u t t i n g s t r e e t s, r o a d s, a v e n u e s, a l l e y s, l a n e s, w a y s, o r w a t e r w a y s, b u t t h i s d o e s n o t m o d i f y o r l i m i t t h e e x t e n t t h a t a r i g h t o f a c c e s s t o a n d f r o m t h e L a n d i s i n s u r e d b y t h i s p o l i c y.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

CONDITIONS (Continued)

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending

the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance. To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
 - (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
 - (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as Insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guarantees, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.
- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Claims Department, P.O. Box 2029, Houston, Texas 77252-2029.

DISCLOSURE OF SEWAGE TREATMENT SYSTEM.

© Copyright 1997, 1998, by Minnesota State Bar Association, Minneapolis, Minnesota.

WARNING TO PREPARER: Make no changes to this form unless such changes are visible.

[Complete this next paragraph if this form is used as an addendum to a Purchase Agreement:]

This addendum is a continuation of the Purchase Agreement dated _____ by and between _____, as Sellers, and _____, as Buyers, for property described below in Section A.

The Disclosure Law. Pursuant to Minnesota Statutes Section 115.55, Subdivision 6, before signing an agreement to sell or to transfer real property, the seller or transferor must disclose in writing to the buyer or transferee information on how sewage generated at the property is managed. Unless the buyer/transferee and seller/transferor agree to the contrary in writing before the closing of the sale, a seller/transferor who fails to disclose the existence or known status of a subsurface sewage treatment system at the time of sale, and who knew or had reason to know of the existence or known status of the system is liable to the buyer/transferee for costs relating to bringing the system into compliance with the subsurface sewage treatment system rules and for reasonable attorney fees for collection of costs from the seller/transferor. An action under this subdivision must be commenced within two years after the date on which the buyer/transferee closed the purchase or transfer of the real property where the system is located.

IF YOU DO NOT UNDERSTAND THIS LAW, CONSULT YOUR LAWYER.

A. PROPERTY DESCRIPTION.

Property Identification Number (Tax Parcel No.):

Quarter: Section: Township: Range: County:

Legal Description: Lot ____, Block ____, (plat name) _____

(If metes-and-bounds description, attach legal description on separate sheet.)

Street Address:

B. STATUTORY DISCLOSURE OF SEWAGE SYSTEM.

[Seller/Transferor must complete this section.]

M.P.C.A. PERMITTED FACILITY: *[Check only one from 1, 2, and 3:]*

- 1. Seller/Transferor states that sewage generated at the property goes to a facility permitted by the Minnesota Pollution Control Agency (for example, the sewer lines on the property are connected to a municipal sewer system or public sewage treatment system).
- 2. Seller/Transferor states that sewage generated at the property does not go to a facility permitted by the Minnesota Pollution Control Agency, and is therefore subject to applicable requirements.
- 3. Seller/Transferor states that no sewage is generated at the property.

IN-USE SUBSURFACE ON-SITE SEWAGE TREATMENT SYSTEM: *[Check either 4 or 5:]*

- 4. Seller/Transferor has no knowledge whether there is a subsurface sewage treatment system in use on the property.
- 5. Seller/Transferor knows that there *[strike one:]* **are / are no** subsurface sewage treatment systems in use on the property. If Seller/Transferor discloses the existence of a subsurface sewage treatment system on the property, then Minnesota law requires that the location of the system be disclosed to Buyer/Transferee with a map. *[Complete the map below in Section C.]*

SUPPLEMENTAL DISCLOSURE REGARDING SUBSURFACE ON-SITE SYSTEM.

This supplemental disclosure asks for information that is not required as part of the statutory disclosure. Completion of this Supplement is voluntary.

<p>D. INFORMATION REGARDING PERFORMANCE AND USE. Seller's answers to these questions might assist a state-licensed inspector in evaluating the performance of the subsurface on-site sewage treatment system. [See MINN. RULES, chapter 7080.]</p>	
1	<p>a. The property is [check one] <input type="checkbox"/> in full time residential use <input type="checkbox"/> in part-time, seasonal, or recreational use (lake cabin, etc.)</p> <p>b. What is the average number of people who have used the system during the past two years? _____</p>
2	How many toilets flush into the system? _____
3	Does a dishwasher empty into the system? <u>yes / no</u> If "yes," how many times per week? _____
4	Does a garbage disposal empty into the system? <u>yes / no</u> If "yes," how many times per week? _____
5	Does a clothes washer empty into the system? <u>yes / no</u> If "yes," how many loads of wash per week? _____
6	Are there any other sources of water which drain into the system? <u>yes / no</u> If "yes," describe:
7	Has the system malfunctioned while you have owned the property? <u>yes / no</u> If "yes," describe:
8	Describe the work performed on the system while you have owned the property, including routine maintenance and pumping:
<p>E. INFORMATION REGARDING LOCATION. If Seller/Transferor is unable to provide answers to these questions, Buyer should obtain this information from other sources. Minnesota law and local ordinances restrict the ability to build or to rebuild improvements within flood plains, shorelands, and wetlands. You might also be restricted from using the property if the property does not have enough land area to install a new drainfield. These restrictions affect wells and subsurface on-site sewage treatment systems. If the subsurface on-site sewage treatment system fails, you might not be allowed to rebuild in its present location.</p>	
1	Is any part of the system, including all drainfields, located in a Flood Plain? <u>yes / no / unknown</u>
2	Is any part of the system, including all drainfields, located in a Shoreland Zone? <u>yes / no / unknown</u>
3	Is any part of the system, including all drainfields, located in or near a wetland or low lying area? <u>yes / no / unknown</u> If "yes," describe:
4	Is the system, including all drainfields, located within the property lines? <u>yes / no / unknown</u> If "no," describe encroachment or easement:

5	Is the system, including all drainfields, located within the setback lines ? <u>yes / no / unknown</u> If "no," describe encroachment:
---	--

F. INFORMATION REGARDING GOVERNMENTAL NOTICES AND SELLER'S/TRANSFEROR'S KNOWLEDGE.

1	Have you received any notices regarding your system from any governmental unit? <u>yes / no</u> If "yes," explain:
2	Do you know of any defects in the sewer system? <u>yes / no</u> If "yes," describe:
3	Is there enough useable land area on the property to construct a new drainfield? <u>yes / no / unknown</u>
4	Do you have any other information about repairs or maintenance of the system that has not already been disclosed in this form? <u>yes / no</u> If "yes," describe:

G. SELLER'S/TRANSFEROR'S ADDRESS INFORMATION.

Seller's/Transferor's name and address before sale or transfer:
Seller's/Transferor's address after sale or transfer:

Certification: I certify that none of the published text of this form has been deleted or altered except as indicated by strike out or by additional text shown in a typeface different than the published form.		
Name of lawyer or other preparer _____ Signature of lawyer or other preparer _____		
STATEMENT BY SELLER/TRANSFEROR: To my knowledge, the information on this Supplemental Disclosure is true, accurate, and complete.		
_____ Signature of Seller/Transferor	_____ Print Name of Seller/Transferor	_____ Date
_____ Signature of Seller/Transferor	_____ Print Name of Seller/Transferor	_____ Date
ACKNOWLEDGMENT AND RECEIPT BY BUYER/TRANSFeree: I have received this Supplemental Disclosure on [date] _____.		
_____ Signature of Buyer/Transferee	_____ Signature of Buyer/Transferee	

SUPPLEMENTAL SHEET

WELL DISCLOSURE STATEMENT

© Copyright 2005 by Minnesota State Bar Association, Minneapolis, Minnesota. No copyright is claimed for statutory text.

1 This document, dated _____, concerns the real property located at:
2 *[street address]* _____
3 and legally described as: _____
4 _____
5 _____
6 _____ County, Minnesota [the "Property"].
7 _____

8 **Minnesota Statutes Section 1031.235 Real property sale; disclosure of location of wells.** Subdivision 1. Disclosure of wells
9 to buyer. (a) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer
10 information about the status and location of all known wells on the property, by delivering to the buyer either a statement by the
11 seller that the seller does not know of any wells on the property, or a disclosure statement indicating the legal description and
12 county, and a map drawn from available information showing the location of each well to the extent practicable. In the disclosure
13 statement, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.

14 The sealing of a well must be done in accordance with the rules adopted by the Minnesota Commissioner of Health. Minn. Stat. Section 1031.301,
15 Subdivision 4.

16 Seller discloses that there are _____ Wells on the Property.

For each well on the Property, check the appropriate columns:		In use	Not in use	Sealed
	Well No. 1			
	Well No. 2			
	Well No. 3			
	Well No. 4			

23 All wells on the Property, known to Seller, are depicted on this map:



50 At closing, Seller shall provide a Well Disclosure Certificate that complies with the requirements of Minnesota Statutes Section 1031.235.

51
52 **Minnesota Statutes Section 1031.235 Subd. 2. Liability for failure to disclose.** Unless the buyer and seller agree to the contrary,
53 in writing, before the closing of the sale, a seller who fails to disclose the existence or known status of a well at the time of sale
54 and knew or had reason to know of the existence or known status of the well, is liable to the buyer for costs relating to sealing
55 of the well and reasonable attorney fees for collection of costs from the seller, if the action is commenced within six years after
56 the date the buyer closed the purchase of the real property where the well is located.

Seller(s) signatures: _____

Buyer received this Disclosure on *[date]*: _____
Buyer(s) signatures: _____

(Top 3 inches reserved for recording data)

AFFIDAVIT REGARDING UNDERGROUND OR
ABOVE GROUND STORAGE TANK
Minn. Stat. 116.48

Minnesota Uniform Conveyancing Blanks
Form 50.3.3 (2012)

State of Minnesota, County of _____

_____ ("Affiant"),

(insert name of Affiant)

being first duly sworn on oath, says that:

1. I am:

(check one box)

an owner of the Property described below.

the _____
of _____
a _____ under the laws of _____,
which is an owner of the Property described below.

2. An above ground storage tank underground storage tank (the "Tank") is located on the land situated in

(check one box)

_____ County, Minnesota legally described as follows (the "Property"):

Check here if all or part of the described real property is Registered (Torrens)

3. The Tank is described as follows: (e.g., size, use, materials used in fabrication, etc.)

4. The location of the Tank on the Property is shown on the attached map.

5. To the knowledge of Affiant,

there has not been a known release of a regulated substance from the Tank.

(check one box)

there has been a known release of a regulated substance from the Tank: (describe release)

6. The following restrictions resulting from a release of a regulated substance from the Tank are currently in force on the Property:

7. The name(s) of the owner(s) of the Property is (are):

Affiant

(signature)

Signed and sworn to before me on _____, by _____
(month/day/year)

(insert name of Affiant)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

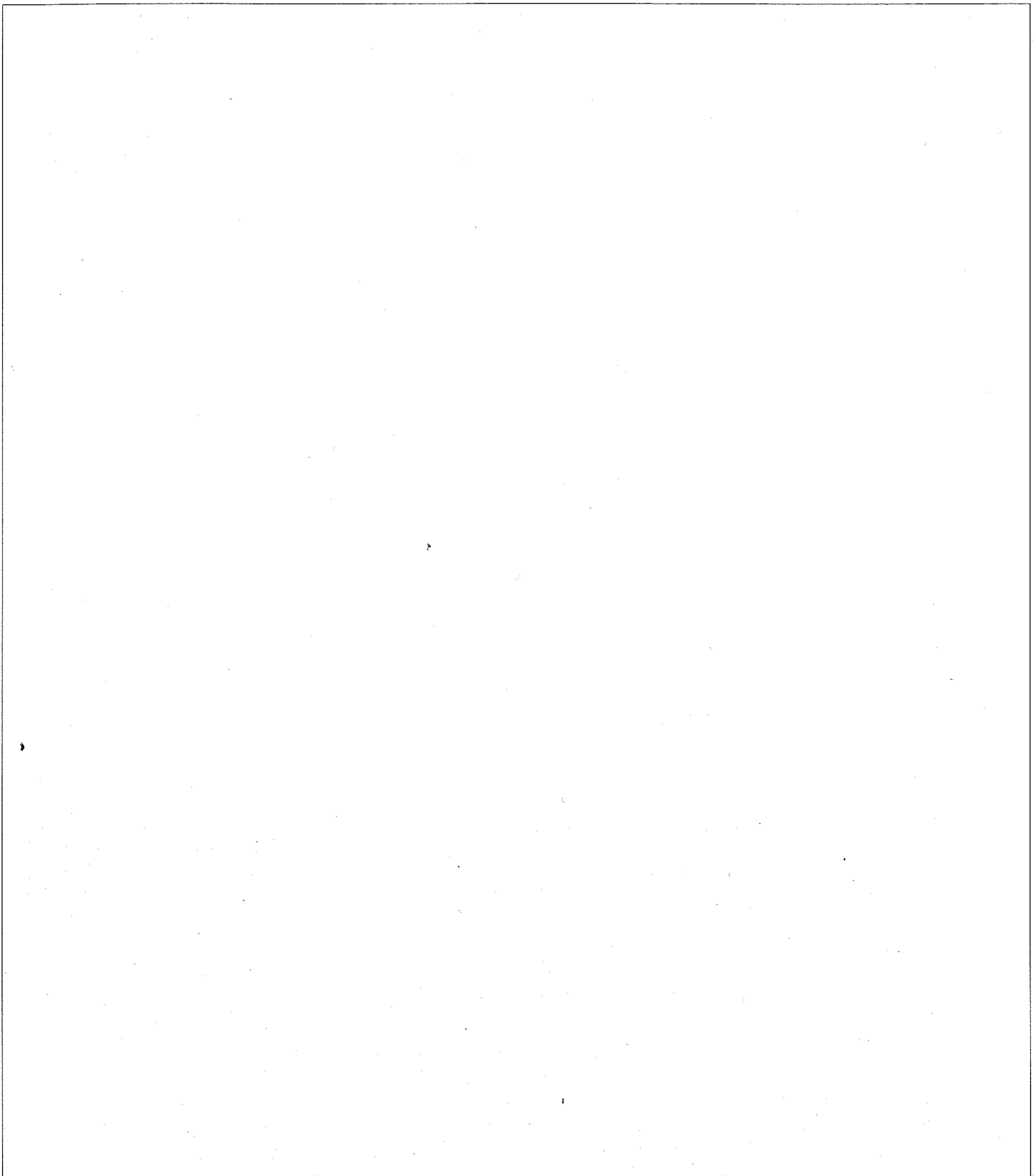
My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Note: A map showing the boundaries of the Property and the location of the Tank must be attached to this Affidavit to comply with Minn. Stat. 116.48.

EXHIBIT

Map depicting the boundary of the Property and the location of the Tank



RADON DISCLOSURE

Copyright 2013 by Minnesota State Bar Association, Minneapolis, Minnesota. No copyright is claimed for statutory text. BEFORE YOU USE OR SIGN THIS FORM, YOU SHOULD CONSULT WITH A LAWYER TO DETERMINE THAT THIS FORM ADEQUATELY PROTECTS YOUR LEGAL RIGHTS. Minnesota State Bar Association disclaims any liability arising out of use of this form.

This document, dated _____, concerns the real property located at:
[street address] _____
and legally described as:

MINNESOTA RADON AWARENESS ACT

Minn. Stat. Section 144.496 (2013)

Subdivision 1. Citation. This section may be cited as the "Minnesota Radon Awareness Act."

Subd. 2. Definitions. (a) The following terms used in this section have the meanings given them.

(b) "Buyer" means a person negotiating or offering to acquire for value, legal or equitable title, or the right to acquire legal or equitable title to residential real property.

(c) "Mitigation" means measures designed to permanently reduce indoor radon concentrations.

(d) "Radon test" means a measurement of indoor radon concentrations according to established industry standards for residential real property.

(e) "Residential real property" means property occupied as, or intended to be occupied as, a single-family residence, including a unit in a common interest community as defined in section 515B.1-103, clause (10), regardless of whether the unit is in a common interest community not subject to chapter 515B.

(f) "Seller" means a person who owns legal or equitable title to residential real property.

(g) "Elevated radon concentration" means a radon concentration at or above the United States Environmental Protection Agency's radon action level.

Subd. 3. Radon disclosure. (a) Before signing an agreement to sell or transfer residential real property, the seller shall disclose in writing to the buyer any knowledge the seller has of radon concentrations in the dwelling. The disclosure shall include:

- (1) whether a radon test or tests have occurred on the real property;
- (2) the most current records and reports pertaining to radon concentrations within the dwelling;
- (3) a description of any radon concentrations, mitigation, or remediation;
- (4) information regarding the radon mitigation system, including system description and documentation, if such system has been installed in the dwelling; and
- (5) a radon warning statement meeting the requirements of subdivision 4.

(b) The seller shall provide the buyer with a copy of the Minnesota Department of Health publication entitled "Radon in Real Estate Transactions."

(c) The seller's radon disclosure requirements in this section apply to the transfer of any interest in residential real estate, whether by sale, exchange, deed, contract for deed, lease with an option to purchase, or any other option.

(d) The seller's radon disclosure requirements in this section do not apply to any of the following:

- (1) real property that is not residential real property;
- (2) a gratuitous transfer;
- (3) a transfer made pursuant to a court order;
- (4) a transfer to a government or governmental agency;
- (5) a transfer by foreclosure or deed in lieu of foreclosure;
- (6) a transfer to heirs or devisees of a decedent;

- (7) a transfer from a cotenant to one or more other cotenants;
- (8) a transfer made to a spouse, parent, grandparent, child, or grandchild of the seller;
- (9) a transfer between spouses resulting from a decree of marriage dissolution or from a property settlement agreement incidental to that decree;
- (10) an option to purchase a unit in a common interest community, until exercised;
- (11) a transfer to a person who controls or is controlled by the grantor as those terms are defined with respect to a declarant under section 515B.1-103, clause (2);
- (12) a transfer to a tenant who is in possession of the residential real property; or
- (13) a transfer of special declarant rights under section 515B.3-104.

(e) A seller may provide the written disclosure required under this section to a real estate licensee representing or assisting a prospective buyer. The written disclosure provided to the real estate licensee representing or assisting a prospective buyer is considered to have been provided to the prospective buyer. If the written disclosure is provided to the real estate licensee representing or assisting the prospective buyer, the real estate licensee must provide a copy to the prospective buyer.

Subd. 4. Radon warning statement. The radon warning statement must include the following language: Radon Warning Statement. "The Minnesota Department of Health strongly recommends that ALL homebuyers have an indoor radon test performed prior to purchase or taking occupancy, and recommends having the radon levels mitigated if elevated radon concentrations are found. Elevated radon concentrations can easily be reduced by a qualified, certified, or licensed, if applicable, radon mitigator."

"Every buyer of any interest in residential real property is notified that the property may present exposure to dangerous levels of indoor radon gas that may place the occupants at risk of developing radon-induced lung cancer. Radon, a Class A human carcinogen, is the leading cause of lung cancer in nonsmokers and the second leading cause overall. The seller of any interest in residential real property is required to provide the buyer with any information on radon test results of the dwelling."

Subd. 5. Liability; transfer not invalidated. (a) A seller who fails to make a radon disclosure as required by this section, and is aware of material facts pertaining to radon concentrations in the dwelling, is liable to the buyer.

(b) A buyer who is injured by a violation of this section may bring a civil action and recover damages and receive other equitable relief as determined by the court. An action under this subdivision must be commenced within two years after the date on which the buyer closed the purchase or transfer of the real property.

(c) This section does not invalidate a transfer solely because of the failure of any person to comply with a provision of this section. This section does not prevent a court from ordering a rescission of the transfer.

Subd. 6. Effective date. This section is effective January 1, 2014, and applies to agreements to sell or transfer residential real property executed on or after that date.

Radon Warning Statement

"The Minnesota Department of Health strongly recommends that ALL home buyers have an indoor radon test performed prior to purchase or taking occupancy, and recommends having the radon levels mitigated if elevated radon concentrations are found. Elevated radon concentrations can easily be reduced by a qualified, certified, or licensed, if applicable, radon mitigator.

Every buyer of any interest in residential real property is notified that the property may present exposure to dangerous levels of indoor radon gas that may place the occupants at risk of developing radon-induced lung cancer. Radon, a Class A human carcinogen, is the leading cause of lung cancer in nonsmokers and the second leading cause overall. The seller of any interest in residential real property is required to provide the buyer with any information on radon test results of the dwelling."

Seller's Disclosure of Radon

Seller, answer each question with a check for "yes" or "no" where indicated or "unknown."

	Yes	No	Unknown
Seller has knowledge of radon concentrations in the dwelling.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One or more radon tests have been conducted in the dwelling.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seller has records or reports pertaining to radon concentrations within the dwelling. <i>If Seller has answered "yes," then the most current records and reports pertaining to radon concentrations within the dwelling are attached.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has a mitigation system been installed? <i>If Seller has answered "yes," then information regarding the radon mitigation system, including system description and documentation, is attached.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Radon concentrations at or above the U.S. Environmental Protection Agency Radon Action Level are known to be present within the dwelling.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Radon concentrations have been mitigated to below the U.S. Environmental Protection Agency Radon Action Level.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Seller(s) signatures: _____

[date] _____

Buyer received this Disclosure and the brochure entitled "Radon in Real Estate Transactions" published by the Minnesota Department of Health.

Buyer(s) signatures: _____

Radon in Real Estate Transactions



All Minnesota homes can have dangerous levels of **radon gas** in them. Radon is a colorless, odorless and tasteless **radioactive gas** that can seep into homes from the earth. When inhaled, its radioactive particles can damage the cells that line the lungs. Long-term exposure to radon can lead to **lung cancer**. About 21,000 lung cancer deaths each year in the United States are caused by radon, making it a serious health concern for all Minnesotans.

It **does not matter if the home is old or new** and the only way to know how much radon gas has entered the home is to conduct a radon test. MDH estimates **2 in 5 homes built before 2010** and **1 in 5 homes built since 2010** exceed the 4.0 pCi/L action level.



In Minnesota, buyers and sellers in a real estate transaction are free to negotiate radon testing and reduction. Ultimately, it is up to the buyer to decide an acceptable level of radon risk in the home. Prospective buyers should keep in mind that it is inexpensive and easy to measure radon, and radon levels can be lowered at a reasonable cost. The MDH Radon Program website provides more detailed information on radon, including the MDH brochure "Keeping Your Home Safe from Radon."

The Minnesota Radon Awareness Act does not require radon testing or mitigation. However, many relocation companies and lending institutions, as well as home buyers, require a radon test when purchasing a house. The purpose of this publication is to educate and inform potential home buyers of the risks to radon exposure and how to test for and reduce radon as part of real estate transactions.



Disclosure Requirements

Effective January 1, 2014, the Minnesota Radon Awareness Act requires specific disclosure and education be provided to potential home buyers during residential real estate transactions in Minnesota. This publication is being provided by the seller in order to meet a requirement of the Act. In addition, **before signing a purchase agreement to sell or transfer residential real property**, the seller shall disclose in writing to the buyer any knowledge the seller has of radon concentrations in the dwelling.

The disclosure shall include:

1. whether a radon test or tests have occurred on the property;
2. the most current records and reports pertaining to radon concentrations within the dwelling;
3. a description of any radon concentrations, mitigation, or remediation;
4. information regarding the radon mitigation system, including system description and documentation, if such system has been installed in the dwelling; and
5. a radon warning statement.

Radon Warning Statement

"The Minnesota Department of Health strongly recommends that ALL homebuyers have an indoor radon test performed prior to purchase or taking occupancy, and recommends having the radon levels mitigated if elevated radon concentrations are found. Elevated radon concentrations can easily be reduced by a qualified, certified, or licensed, if applicable, radon mitigator.

Every buyer of any interest in residential real property is notified that the property may present exposure to dangerous levels of indoor radon gas that may place the occupants at risk of developing radon-induced lung cancer. Radon, a Class A human carcinogen, is the leading cause of lung cancer in nonsmokers and the second leading cause overall. The seller of any interest in residential real property is required to provide the buyer with any information on radon test results of the dwelling."

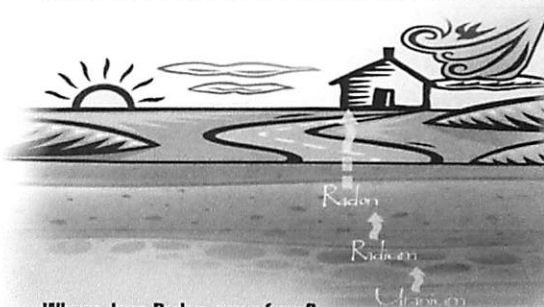
Radon Facts

How dangerous is radon?

Radon is the **number one cause of lung cancer in non-smokers** and the second leading cause of lung cancer overall, next to tobacco smoking. Thankfully, much of this risk can be prevented through testing and taking action to reduce high levels of radon gas when and where they are found. Your risk for lung cancer increases with higher levels of radon gas, prolonged exposure and whether or not you are a smoker.

Where is your greatest exposure to radon?

Radon is present everywhere, and there is no known safe level. Your greatest exposure is where it can concentrate indoors and where you spend most of your time. For most Minnesotans, this is at home. Whether a home is old or new, well-sealed or drafty, with or without a basement, **any home can have high levels of radon**.



Where does Radon come from?

Radon comes from the soil. It is produced by the natural decay of uranium and radium commonly found in nearly all soils in Minnesota. As a gas, radon moves freely through the soil and eventually into the air you breathe. Our homes tend to draw soil gases, including radon, into the structure.

I have a new home, aren't radon levels reduced already?

Homes built in Minnesota since June 2009 are required to contain construction features that may limit radon entry. These features are known as passive Radon Resistant New Construction (RRNC). While these passive RRNC features may lower the amount of radon in newer homes, it does not guarantee low levels. It is recommended all new homes be tested for radon, and if elevated levels are found, these passive RRNC features can be easily and inexpensively activated with the addition of a radon fan in the attic. If you are buying a new home, ask if the home has any RRNC features and if the home has been tested.

What is the recommended action based on my results?

If the average radon in the home is at or **above 4.0 pCi/L, the house should be fixed**. Consider fixing the home if radon levels are between 2 pCi/L and 3.9 pCi/L. While it isn't possible to reduce radon to zero, the best approach is to reduce the radon levels to as low as reasonably achievable. Any amount of radon, even below the recommended action level, carries some risk.

How are radon tests conducted in real estate transactions?

Because of the unique nature of real estate transactions, involving multiple parties and financial interests, there are special protocols for radon testing.



Continuous Radon Monitor (CRM)

Fastest

Test is completed by a certified contractor with a calibrated CRM for a minimum of 48 hours.

Test report is analyzed to ensure that it is a valid test.



Simultaneous Short-term Testing

Second fastest

Two short-term test kits are used at the same time, placed 6-12 inches apart, for a minimum of 48 hours.

Test kits are sent to the lab for analysis.

The two test results are averaged to get the radon level.



Sequential Short-term Testing

Slowest

One short-term test is performed for a minimum of 48 hours.

Test kit is sent to lab for analysis.

Another short-term kit is used in the same place as the first, started right after the first test is taken down. Test is performed for a minimum of 48 hours.

Test kit is sent to the lab for analysis.

The two test results are averaged to get the radon level.

Radon Testing

House conditions when testing

Be aware that any test lasting less than three months requires closed-house conditions.

Closed-house conditions: mean keeping all windows and doors closed, except for normal entry and exit.

Before Testing: Begin closed-house conditions at least 12 hours before the start of the radon test.

During Testing: Maintain closed-house conditions during the entire duration of the short term test. Operate home heating or cooling systems normally during the test.

Where the test should be conducted

Any radon test conducted for a real estate transaction needs to be placed in the lowest livable area of the home suitable for occupancy. In Minnesota, this is typically in the basement, whether it is finished or unfinished.

The test kit should be placed:

- two to six feet above the floor
- at least three feet from exterior walls
- four inches away from other objects
- in a location where it won't be disturbed
- not in enclosed areas
- not in areas of high heat or humidity

If the house has multiple foundation types, it is recommended that each of these be tested. For instance, if the house has one or more of the following foundation types—basement, crawl space, slab-on-grade—a test should be performed in the basement and in at least one room over the crawlspace and one room with a slab-on-grade area.

Who should conduct radon testing in real estate transactions?

All radon tests should be conducted in accordance with national radon measurement protocols, by a certified and MDH listed professional. This ensures the test was conducted properly, in the correct location and under appropriate building conditions. A list of these radon measurement professionals can be found at MDH's Radon web site. A seller may have previously conducted testing in a property. If the test result is at or above the action level the home should be mitigated.

Radon Mitigation

Lowering radon in existing homes – Radon Mitigation

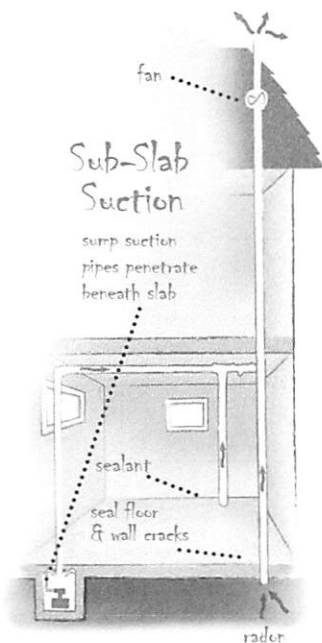
When elevated levels of radon are found, they should be mitigated. Elevated radon concentrations can be easily reduced by a nationally certified and MDH listed radon mitigation professional. A list of these radon mitigation professionals can be found at MDH's Radon web site.

Radon mitigation is the process or system used to reduce radon concentrations in the breathing zones of occupied buildings. The goal of a radon mitigation system is to reduce the indoor radon levels to below the EPA action level of 4.0 pCi/L. A quality radon reduction (mitigation) system is often able to reduce the annual average radon level to below 2.0 pCi/L.

Active sub-slab suction (also called sub-slab depressurization, or SSD) is the most common and usually the most reliable type of system because it draws radon-filled air from beneath the house and vents it outside. There are standards of practice that need to be followed for the installation of these systems. More information on radon mitigation can be found at the MDH Radon website.

After a radon reduction system is installed

Perform an independent short-term test to ensure that the reduction system is effective. Make sure the radon system is operating during the entire test. Once a confirmatory radon test shows low levels of radon in the home, be sure to retest the house every two years to confirm continued radon reduction.



Contact the MDH Radon Program if you are uncertain about anything regarding radon testing or mitigation.

The MDH Radon Program can provide:

- Information about radon health effects, radon testing and radon mitigation;
- Names of trained, certified and MDH listed radon professionals;

MDH Radon Program
625 Robert St N
P.O. Box 64975
St. Paul, MN 55164-0975
(651) 201-4601
1(800) 798-9050



Email: health.indoorair@state.mn.us
Web: www.health.state.mn.us/radon

MINNESOTA COMMON INTEREST COMMUNITY RESALE DISCLOSURE CERTIFICATE

© Copyright 2010 by Minnesota State Bar Association, Minneapolis, Minnesota. No copyright is claimed for statutory text.

This Disclosure is required by MINN. STAT. section 515B.4-107.

1 Name of Common Interest Community: _____
2 Name of Association: _____
3 Address of Association: _____
4 _____
5 Unit Number(s) (include principal unit and any garage, storage, or other auxiliary units): _____
6 _____
7 Common elements licensed under Minnesota Statutes, section 515B.2-109(e): _____
8 _____

9 The following information is furnished by the association named above according to Minnesota Statutes, section 515B.4-107.

10
11 1. There is no right of first refusal or other restraint on the free alienability of the above unit(s) contained in the declaration, bylaws, rules and
12 regulations, or any amendment to them, except as follows: _____
13 _____
14 _____

15
16 2. The following periodic installments of common expense assessments and special assessments are payable with respect to the above unit(s):

17
18 a. Annual assessment installments: \$ _____ Due: _____
19
20 b. Special assessment installments: \$ _____ Due: _____
21
22 c. Unpaid assessments, fines, or other charges: (1) Annual \$ _____
23 (2) Special \$ _____
24 (3) Fines \$ _____
25 (4) Other Charges \$ _____
26

27 d. The association has/has not (strike one) approved a plan for levying certain common expense assessments against fewer than all the units
28 according to Minnesota Statutes, section 515B.3-115, subsection (e). If a plan is approved, a description of the plan is attached to this
29 certificate.
30

31 3. In addition to the amounts due under paragraph 2, the following additional fees or charges other than assessments are payable by unit owners
32 (include late payment charges, user fees, etc.): _____
33 _____
34 _____

35
36 4. There are no extraordinary expenditures approved by the association, and not yet assessed, for the current and two succeeding fiscal years, except
37 as follows: _____
38 _____
39 _____

40
41 5. The association is obligated to replace the following components of the common interest community:
42 _____
43 _____
44 _____

45 The association has the following amounts in its reserves for replacement of those components:
46 _____
47 _____
48 _____

49 The replacement of the following components is funded by assessments levied only against the unit or units served by the component, pursuant
50 to Minnesota Statutes, section 515B.3-115(e)(1) or (2): _____
51 _____
52 _____

53
54 6. The following documents are furnished with this certificate according to statute:

- 55 a. The most recent regularly prepared balance sheet and income and expense statement of the association.
56 b. The current budget of the association.

57
58 7. There are no unsatisfied judgments against the association, except as follows (identify creditor and amount):
59 _____
60 _____

61
62 8. There are no pending lawsuits to which the association is a party, except as follows (identify and summarize status):
63 _____
64 _____

65
66 9. Description of insurance coverages:

67 a. The association provides the following insurance coverage for the benefit of unit owners (Reference may be made to applicable sections of
68 the declaration or bylaws; however, any additional coverages should be described in this space):
69 _____
70 _____

71 b. The following described fixtures, decorating items, or construction items within the unit referred to in Minnesota Statutes, section 515B.3-113,
72 subsection (b), are insured by the association (check as applicable):

73
74 Ceiling or wall finishing materials Built-in appliances
75 Finished flooring Improvements and betterments as originally constructed
76 Cabinetry Additional improvements and betterments installed by unit
77 Finished millwork owners
78 Electrical, heating, ventilating, and air conditioning
79 equipment, or plumbing fixtures serving a single unit

80
81 10. The board of directors of the association has not notified the unit owner (i) that any alterations or improvements to the unit or to the limited common
82 elements assigned to it violate any provision of the declaration; or (ii) that the unit is in violation of any governmental statute, ordinance, code,
83 or regulation, except as follows: _____
84 _____
85 _____
86 _____

87
88
89
90
91
92
93
94
95
96
97
98
99
100

11. The remaining term of any leasehold estate affecting the common interest community and the premises governing any extension or renewal of it are as follows: _____

12. This Resale Disclosure Certificate is given in connection with the resale of a unit by a unit owner who is not a declarant and who, therefore, is not liable for express warranties under Minnesota Statutes, section 515B.4-112, or implied warranties under Minnesota Statutes, section 515B.4-113. The conveyance of this unit may, however, result in a transfer of preexisting warranties made by a declarant under the referenced statutes, subject to the terms of Minnesota Statutes, sections 515B.4-114 and 515B.4-115.

13. In addition to the above, the following matters affecting the occupancy or use of the unit, or the unit owner's obligations with respect to the unit, are deemed material: _____

I hereby certify that the foregoing information and statements are true and correct as of:

(Date)

By: _____

Title: _____
(Association Representative)

Address: _____

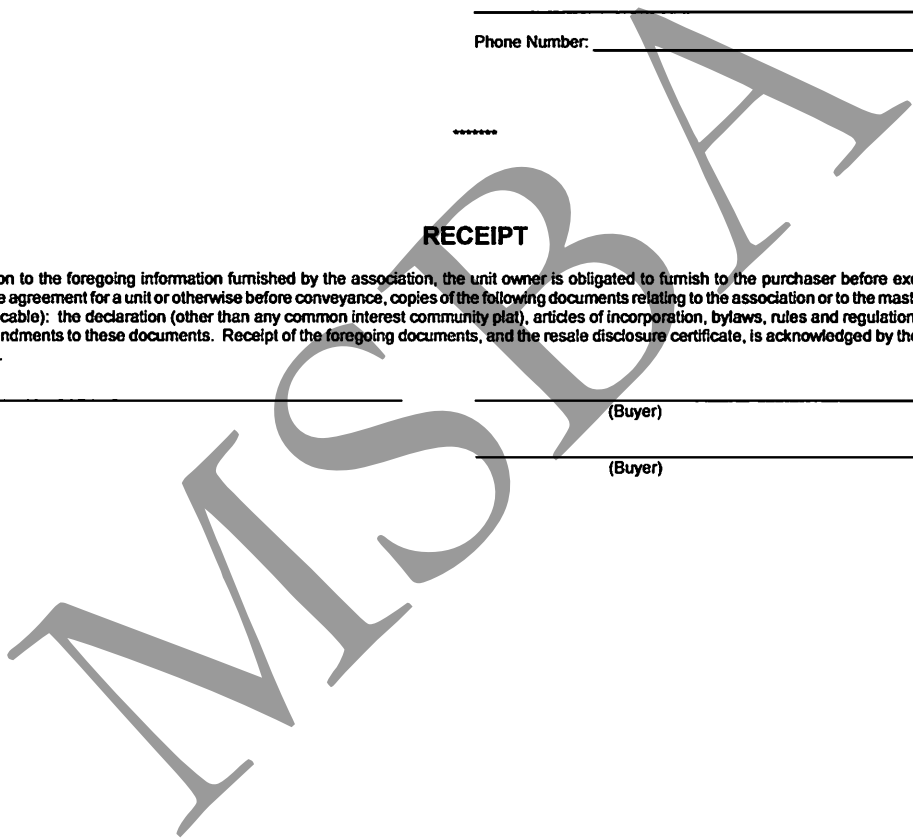
Phone Number: _____

RECEIPT

In addition to the foregoing information furnished by the association, the unit owner is obligated to furnish to the purchaser before execution of any purchase agreement for a unit or otherwise before conveyance, copies of the following documents relating to the association or to the master association (as applicable): the declaration (other than any common interest community plat), articles of incorporation, bylaws, rules and regulations (if any), and any amendments to these documents. Receipt of the foregoing documents, and the resale disclosure certificate, is acknowledged by the undersigned buyer(s).

Date: _____ (Buyer)

(Buyer)





Good Faith Estimate (GFE)

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	
Originator Email	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

- 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.
- This estimate for all other settlement charges is available through [].
- After you lock your interest rate, you must go to settlement within [] days (your rate lock period) to receive the locked interest rate.
- You must lock the interest rate at least [] days before settlement.

Summary of your loan

Your initial loan amount is	\$
Your loan term is	years
Your initial interest rate is	%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ per month
Can your interest rate rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of % . The first change will be in .
Even if you make payments on time, can your loan balance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in and the monthly amount owed can rise to \$. The maximum it can ever rise to is \$.
Does your loan have a prepayment penalty?	<input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$.
Does your loan have a balloon payment?	<input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ [] .

Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due.

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Summary of your settlement charges

A	Your Adjusted Origination Charges (See page 2.)	\$
B	Your Charges for All Other Settlement Services (See page 2.)	\$
A + B	Total Estimated Settlement Charges	\$

Understanding your estimated settlement charges

Some of these charges can change at settlement. See the top of page 3 for more information.

Your Adjusted Origination Charges										
1. Our origination charge This charge is for getting this loan for you.										
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of [] % is included in "Our origination charge." (See item 1 above.) <input type="checkbox"/> You receive a credit of \$ [] for this interest rate of [] %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ [] for this interest rate of [] %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.										
A	Your Adjusted Origination Charges	\$								
Your Charges for All Other Settlement Services										
3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>		Service	Charge							
Service	Charge									
4. Title services and lender's title insurance This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.										
5. Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property.										
6. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>		Service	Charge							
Service	Charge									
7. Government recording charges These charges are for state and local fees to record your loan and title documents.										
8. Transfer taxes These charges are for state and local fees on mortgages and home sales.										
9. Initial deposit for your escrow account This charge is held in an escrow account to pay future recurring charges on your property and includes <input type="checkbox"/> all property taxes, <input type="checkbox"/> all insurance, and <input type="checkbox"/> other [].										
10. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ [] per day for [] days (if your settlement is []).										
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire. <table border="1"> <thead> <tr> <th>Policy</th> <th>Charge</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>		Policy	Charge							
Policy	Charge									
B	Your Charges for All Other Settlement Services	\$								
A + B	Total Estimated Settlement Charges	\$								



Instructions

Understanding which charges can change at settlement

This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
<ul style="list-style-type: none"> Our origination charge Your credit or charge (points) for the specific interest rate chosen (after you lock in your interest rate) Your adjusted origination charges (after you lock in your interest rate) Transfer taxes 	<ul style="list-style-type: none"> Required services that we select Title services and lender's title insurance (if we select them or you use companies we identify) Owner's title insurance (if you use companies we identify) Required services that you can shop for (if you use companies we identify) Government recording charges 	<ul style="list-style-type: none"> Required services that you can shop for (if you do not use companies we identify) Title services and lender's title insurance (if you do not use companies we identify) Owner's title insurance (if you do not use companies we identify) Initial deposit for your escrow account Daily interest charges Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

- If you want to choose this same loan with **lower settlement charges**, then you will have a **higher interest rate**.
- If you want to choose this same loan with a **lower interest rate**, then you will have **higher settlement charges**.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE	The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$	\$	\$
Your initial interest rate ¹	%	%	%
Your initial monthly amount owed	\$	\$	\$
Change in the monthly amount owed from this GFE	No change	You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change	Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$	\$	\$

¹ For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Using the shopping chart

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name				
Initial loan amount				
Loan term				
Initial interest rate				
Initial monthly amount owed				
Rate lock period				
Can interest rate rise?				
Can loan balance rise?				
Can monthly amount owed rise?				
Prepayment penalty?				
Balloon payment?				
Total Estimated Settlement Charges				

If your loan is sold in the future

Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.





A. Settlement Statement (HUD-1)

B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:	E. Name & Address of Seller:	F. Name & Address of Lender:
G. Property Location:	H. Settlement Agent:	I. Settlement Date:
	Place of Settlement:	

J. Summary of Borrower's Transaction

100. Gross Amount Due from Borrower	
101. Contract sales price	
102. Personal property	
103. Settlement charges to borrower (line 1400)	
104.	
105.	
Adjustment for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. Gross Amount Due from Borrower	
200. Amount Paid by or in Behalf of Borrower	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. Total Paid by/for Borrower	
300. Cash at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	
302. Less amounts paid by/for borrower (line 220)	()
303. Cash <input type="checkbox"/> From <input type="checkbox"/> To Borrower	

K. Summary of Seller's Transaction

400. Gross Amount Due to Seller	
401. Contract sales price	
402. Personal property	
403.	
404.	
405.	
Adjustment for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. Gross Amount Due to Seller	
500. Reductions In Amount Due to seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. Total Reduction Amount Due Seller	
600. Cash at Settlement to/from Seller	
601. Gross amount due to seller (line 420)	
602. Less reductions in amounts due seller (line 520)	()
603. Cash <input type="checkbox"/> To <input type="checkbox"/> From Seller	

The Public Reporting Burden for this collection of information is estimated at 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

L. Settlement Charges

700. Total Real Estate Broker Fees		Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows :			
701. \$	to		
702. \$	to		
703. Commission paid at settlement			
704.			

800. Items Payable in Connection with Loan			
801. Our origination charge	\$	(from GFE #1)	
802. Your credit or charge (points) for the specific interest rate chosen	\$	(from GFE #2)	
803. Your adjusted origination charges		(from GFE #A)	
804. Appraisal fee to		(from GFE #3)	
805. Credit report to		(from GFE #3)	
806. Tax service to		(from GFE #3)	
807. Flood certification to		(from GFE #3)	
808.			
809.			
810.			
811.			

900. Items Required by Lender to be Paid in Advance			
901. Daily interest charges from	to	@ \$	/day (from GFE #10)
902. Mortgage insurance premium for	months to		(from GFE #3)
903. Homeowner's insurance for	years to		(from GFE #11)
904.			

1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account		(from GFE #9)	
1002. Homeowner's insurance	months @ \$	per month \$	
1003. Mortgage insurance	months @ \$	per month \$	
1004. Property Taxes	months @ \$	per month \$	
1005.	months @ \$	per month \$	
1006.	months @ \$	per month \$	
1007. Aggregate Adjustment		-\$	

1100. Title Charges			
1101. Title services and lender's title insurance		(from GFE #4)	
1102. Settlement or closing fee	\$		
1103. Owner's title insurance		(from GFE #5)	
1104. Lender's title insurance	\$		
1105. Lender's title policy limit \$			
1106. Owner's title policy limit \$			
1107. Agent's portion of the total title insurance premium to	\$		
1108. Underwriter's portion of the total title insurance premium to	\$		
1109.			
1110.			
1111.			

1200. Government Recording and Transfer Charges			
1201. Government recording charges		(from GFE #7)	
1202. Deed \$	Mortgage \$	Release \$	
1203. Transfer taxes		(from GFE #8)	
1204. City/County tax/stamps	Deed \$	Mortgage \$	
1205. State tax/stamps	Deed \$	Mortgage \$	
1206.			

1300. Additional Settlement Charges			
1301. Required services that you can shop for		(from GFE #6)	
1302.	\$		
1303.	\$		
1304.			
1305.			

1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)			

Loan Estimate

DATE ISSUED 2/15/2013
APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$180,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE Conventional FHA VA _____
LOAN ID # 123456789
RATE LOCK NO YES, until 4/16/2013 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

Loan Terms		Can this amount increase after closing?
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Does the loan have these features?		
Prepayment Penalty	YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$206 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? YES YES

Costs at Closing	
Estimated Closing Costs	\$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	\$16,054 Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

Additional Information About This Loan

LENDER Ficus Bank
NMLS/___ LICENSE ID
LOAN OFFICER Joe Smith
NMLS/___ LICENSE ID 12345
EMAIL joesmith@ficusbank.com
PHONE 123-456-7890

MORTGAGE BROKER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$15,773 Principal you will have paid off.
Annual Percentage Rate (APR)	4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.45% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature _____ Date _____ Co-Applicant Signature _____ Date _____

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued 4/15/2013
Closing Date 4/15/2013
Disbursement Date 4/15/2013
Settlement Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
 Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
Seller Steve Cole and Amy Doe
 321 Somewhere Drive
 Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type Conventional FHA
 VA _____
Loan ID # 123456789
MIC # 000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments	Years 1-7	Years 8-30
Payment Calculation		
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
		In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender’s Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
01 Homeowner’s Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$279.04				
04 Property Taxes (6 mo.) to Any County USA	\$631.80				
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner’s Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner’s Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	– \$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	– \$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION**K. Due from Borrower at Closing \$189,762.30**

01	Sale Price of Property	\$180,000.00
02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)	\$9,682.30
04		

Adjustments

05		
06		
07		

Adjustments for Items Paid by Seller in Advance

08	City/Town Taxes	to	
09	County Taxes	to	
10	Assessments	to	
11	HOA Dues	4/15/13 to 4/30/13	\$80.00
12			
13			
14			
15			

L. Paid Already by or on Behalf of Borrower at Closing \$175,615.04

01	Deposit	\$10,000.00
02	Loan Amount	\$162,000.00
03	Existing Loan(s) Assumed or Taken Subject to	
04		

05	Seller Credit	\$2,500.00
----	---------------	------------

Other Credits

06	Rebate from Epsilon Title Co.	\$750.00
----	-------------------------------	----------

07		
----	--	--

Adjustments

08		
09		
10		
11		

Adjustments for Items Unpaid by Seller

12	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
13	County Taxes	to	
14	Assessments	to	
15			
16			
17			

CALCULATION

Total Due from Borrower at Closing (K)	\$189,762.30
Total Paid Already by or on Behalf of Borrower at Closing (L)	– \$175,615.04

Cash to Close **From** **To Borrower** **\$14,147.26****SELLER'S TRANSACTION****M. Due to Seller at Closing \$180,080.00**

01	Sale Price of Property	\$180,000.00
02	Sale Price of Any Personal Property Included in Sale	
03		
04		

05		
----	--	--

06		
----	--	--

07		
----	--	--

08		
----	--	--

Adjustments for Items Paid by Seller in Advance

09	City/Town Taxes	to	
10	County Taxes	to	
11	Assessments	to	
12	HOA Dues	4/15/13 to 4/30/13	\$80.00
13			
14			
15			
16			

N. Due from Seller at Closing \$115,665.04

01	Excess Deposit	
02	Closing Costs Paid at Closing (J)	\$12,800.00
03	Existing Loan(s) Assumed or Taken Subject to	
04	Payoff of First Mortgage Loan	\$100,000.00

05	Payoff of Second Mortgage Loan	
----	--------------------------------	--

06		
----	--	--

07		
----	--	--

08	Seller Credit	\$2,500.00
----	---------------	------------

09		
----	--	--

10		
----	--	--

11		
----	--	--

12		
----	--	--

13		
----	--	--

Adjustments for Items Unpaid by Seller

14	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
15	County Taxes	to	
16	Assessments	to	
17			
18			
19			

CALCULATION

Total Due to Seller at Closing (M)	\$180,080.00
Total Due from Seller at Closing (N)	– \$115,665.04

Cash **From** **To Seller** **\$64,414.96**

Additional Information About This Loan

Loan Disclosures

Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
 - will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

Closing Acknowledgement

File Number: 396901

Property Address: 11 Viking Lane Minneapolis, Minnesota

COMPLIANCE AGREEMENT:

The undersigned hereby agree to cooperate with any representatives of the lender or Land Title, Inc. regarding any reasonable requests made subsequent to closing to correct errors made concerning this transaction or provide any and all additional documentation deemed necessary by the Lender or Land Title, Inc. to effect this transaction and make the loan marketable or insurable. The undersigned further agree that "to cooperate" as used in this agreement includes but is not limited to, the agreement by the undersigned to execute or re-execute any documents which the Lender or Land Title, Inc., in the ordinary course of business, deem necessary or desirable to complete this transaction, market the loan, and insure the title to the real property. However, the parties hereby understand that the Sellers listed in the document, if any, are not responsible for performing any duties or obligations of the Buyers/Borrowers in this transaction and the Buyers/Borrowers are not responsible for Performing any such duties or obligations of the Sellers, if any. The undersigned and Land Title, Inc. hereby further agree that in the event this agreement is enforced, or attempted to be enforced by judicial process, the prevailing party or parties, is or are entitled to all reasonable costs, disbursements and attorney's fees incident thereto, from non-prevailing party or parties.

FINAL WATER/SEWER BILL:

The undersigned Sellers of the above mention property do hereby acknowledge that there are no delinquent water and/or sewer charges currently a lien on the property. The Sellers further state that they will make arrangements with the Water Department to have a final reading made on the water meter. The Sellers assume full responsibility for the final water and/or sewer bill and agree to pay it promptly to prevent it from becoming a lien on the property. The undersigned Sellers and Buyers acknowledge that Land Title, Inc. makes no representations as to the status of the water and sewer charges against the property reference above. They further agree to hold Land Title, Inc. and its agents harmless from any loss, damages or expenses, which may result from a water or sewer delinquency.

WELL AND SEPTIC DISCLOSURE AND INDEMNITY:

In compliance with Minnesota Statutes, the undersigned do certify that there ARE _____,
ARE NOT _____ any wells on the above reference property (Initial Here)
(Initial Here)

If applicable, we the undersigned release Land Title, Inc. and its underwriter from any and all consequences of Minnesota Statutes Sec. 115.55 pertaining to individual sewage treatment systems. (Buyer(s) Initial Here) _____
(Seller(s)Initial Here) _____

LEGAL DISCLOSURES:

The undersigned further acknowledge receipt of the following two disclosures required by MN Statute 507.45 at least five business days prior to closing: (1) You are informed a closing fee will be charged in the amount of \$ _____ (B)/\$ _____ (S). (2) Land Title, Inc., its agent, acting as real estate closing agent in the above transaction, has not and, under applicable state law, may not express opinions regarding the legal effect of the closing documents or of the closing itself.

HOMESTEAD STATUS/APPLICATION:

The undersigned Sellers of the above mentioned property do hereby certify that property taxes for the current year are FULL _____ NON _____ HOMESTEAD classification
(Initial Here) (Initial Here)

The Buyers understand and take the responsibility for homesteading property immediately after closing and upon occupying the property.

TENANCY:

The Buyers hereby request that the deed establishing title in their names show the grantees as:

JOINT TENANTS _____ / TENANTS IN COMMON _____
(Initial Here) (Initial Here)

Date: 2/15/2013

BUYER:

John J. Jones

Jill J. Jones

Email address : _____

Email address: _____

Closing Documents CD or Emailed

SELLER:

John A. Smith

Jill A. Smith

Email address : _____

Email address: _____

Closing Documents CD or Emailed

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 2014	Miscellaneous Income
		2 Royalties \$	Form 1099-MISC	
		3 Other income \$	4 Federal income tax withheld \$	
PAYER'S federal identification number	RECIPIENT'S identification number	5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$	
		11	12	
Account number (see instructions)	13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no.	

Form **1099-MISC**

(keep for your records)

www.irs.gov/form1099misc

Department of the Treasury - Internal Revenue Service

Certificate of Real Estate Value

PE-20

Buyers' last name(s), first, middle initial _____ Address _____ Daytime phone _____

Sellers' last name(s), first, middle initial _____ New address _____ Daytime phone _____

Street address or rural route of property purchased _____ City or township _____ County _____

Date of deed or contract _____ Legal description of property purchased (lot, block and plat, or attach 3 copies of the legal description) _____

Financial arrangements

Was personal property such as furniture, inventory or equipment included in the purchase price? If yes, describe below and list current (not replacement) value. (Use the back of this page if needed.) yes no

Total purchase price _____ \$ _____ \$ _____

Down payment _____ \$ _____ \$ _____

Points or prepaid interest paid by seller _____ \$ _____ \$ _____

Total personal property current value: \$ _____

Type of acquisition (check all that apply)

- Buyer and seller are relatives or related businesses
- Transaction involved the trade of property
- Buyer is a unit of government
- Name added to or co-owner's name removed from deed (not a sale)
- Property is a gift or inheritance
- Buyer is a religious or charitable organization
- Condemnation or foreclosure transaction
- Buyer purchased partial interest only
- Payoff or resale of contract
- Purchase agreement signed over two years ago. Year signed: _____

Type of property transferred (check all that apply)

- Land only
- Land and buildings
- Construction of a new building after January 1 of year of sale

Planned use of property (check one)

- Residential single family
- Residential duplex, triplex
- Cabin or recreational (non-commercial)
- Agricultural (number of acres: _____)
- Commercial-industrial (type of business: _____)
- Apartment building (number of units: _____)
- Other (describe: _____)

If you check one of the four boxes below, you must complete schedule PE-20A and attach it to this certificate.

Will this property be the buyer's principal residence? yes no

Method of financing (complete only if seller-financed, including a contract for deed or assumed mortgage)

Check:	Mortgage or contract for deed amount at purchase	Monthly payment for principal and interest	Interest rate now in effect	Total number of payments	Date of any lump sum (balloon) payments
Assumed Mortgage <input type="checkbox"/>	Contract for Deed <input type="checkbox"/>	_____	_____	_____	_____

I declare that the information on this form is true, correct, and complete to the best of my knowledge and belief.

Name (print or type) _____ Signature _____ Phone _____ Date _____

Co	<input type="checkbox"/> C <input type="checkbox"/> T	Yr Bld	SD	Yr	Land	Bldg	Tot	Primary property identification #		
Acres	Tillable	CER	CRP RIM	Use	Deed	Yr	Land	Bldg	Tot	Secondary parcel identification #
Good for study <input type="checkbox"/> yes <input type="checkbox"/> no If no, give reason/code _____										
C	HC	ST	Adjc	Adjs	Use	Tillable EMV	Apt	FM	b	
	GA	C	I	MV	2	MV	ID	c		
Co	CT	PT	Date	T	M	S	d	Are there more than 4 parcels? <input type="checkbox"/> yes <input type="checkbox"/> no Put extra numbers on back.		

The Certificate of Real Estate Value

Buyers of real property must file a Certificate of Real Estate Value with the auditor of the county where the property is located if its sale price (or other consideration) is more than \$1,000 and the deed is a:

warranty deed,
contract for deed,
quit claim deed,
trustee deed,
executor deed or
probate deed.

If the price is \$1,000 or less, you do not have to file a Certificate of Real Estate Value. However, on the back of the deed you file with the county auditor, write, "The sale price or other consideration given for this property was \$1,000 or less."

The Minnesota Department of Revenue uses information from these certificates to determine if assessors throughout Minnesota are valuing property according to the same standards, and to determine how much state aid will go to all school districts and cities in the next year. (The value of the real property in each school district and city affects the amount of financial aid the state will provide.)

Deed tax calculation

If you are buying this property on a contract for deed and are not receiving the deed now, you do not owe deed tax at this time. You will be required to pay deed tax when you receive the deed for the property.

Deed tax is calculated on the purchase price of the property, less any assumed mortgages and special assessments and taxes included in the purchase price.

The rate of tax is \$1.65 for each \$500 of purchase price.

Use of information

According to Minn. Stat. section 272.115., the social security numbers or federal identification numbers of the grantors and grantees must appear on this certificate. The social security numbers are private data and will be used to ensure that taxes related to the transaction are being correctly paid. The social security numbers may be given to state or federal tax officials. If the social security number is not provided, the deed or other sale document may not be accepted for filing by the county recorder, and the property cannot be homesteaded for property tax purposes.

Real Property Closing Checklist When Representing the Seller

Prepared by Shawn Vogt Sween, Law Office of Shawn Vogt Sween
for MSBA's Practicelaw (January 2011)

Seller:

Seller's Counsel:

Closing Agent:

Buyer:

Buyer's Counsel:

Title Company:

Property:

Closing Date:

Purchase Price:

Loan Amount:

Initial Contact

- Get the purchase agreement and any amendments from the agent
- Review purchase agreement
- Call the seller to make sure they know I'm representing them.
 - Get the name, number, and account number of mortgage for payoff
- Get in touch with the buyer's closing agent.

Title Review or Title Insurance

- Gather any abstracts
- Review the abstract
- Check the legal description. Draw it out to ensure it's the right property.
- Make copies of the legal description, the last few transactions, and the abstracter's opinion
- Send the abstract to the buyer's attorney with a receipt letter

Seller's HUD-1

- Send a commission statement to the buyer's attorney.
- Fill out the HUD-1 for the sellers.
- Send the seller's HUD-1 to the buyer's attorney.

Documents to Prepare in Advance

- Deed (including well language)
- Mortgage Payoff
- Bill of Sale
- Power of Attorney
- Affidavit of Seller
- Closing Instruction Letter detailing transfer of funds (provide for transfer of keys and other misc.)
- For commercial/rental property:
 - Assignment and assumption of leases, security deposits
 - Assignment and assumption of contracts and permits
 - FIRPTA Affidavit
- Certification for no information reporting (for 1099-s) or 1099-S Info Request Form

Closing Meeting

- Execute deed and other documents
- Gather SSN from sellers for the 1099-S
- Power of Attorney
- HUD-1 Settlement Statement

Post-Closing

- Receive funds from buyer (either via certified check or wire transfer)
- Send documents to the buyer
 - Deed
 - HUD-1
 - Affidavit of Seller
 - Abstract (if not already sent)
- Record loan payoffs
- Transfer funds from trust account to parties needing to be paid

Real Property Closing Checklist When Representing the Buyer

Prepared by Shawn Vogt Sween, Law Office of Shawn Vogt Sween
for MSBA's Practicelaw (January 2011)

Seller:

Seller's Counsel:

Closing Agent:

Buyer:

Buyer's Counsel:

Title Company:

Property:

Closing Date:

Purchase Price:

Loan Amount:

Initial Contact

- Get the purchase agreement from the agent
- Review purchase agreement
- Call the buyer to make sure they know I'm representing them.
- Get in touch with the lender. Title Opinion or title insurance?
- Get in touch with the seller's closing agent.

Title Review or Title Insurance

- Determine if the lender wants title opinion or title insurance.
- Order title insurance or draft title opinion
- Ensure that the proper endorsements are included
- Get closing protection letter

Buyer's HUD-1

- Get the commission statement from the seller's closing agent
- Get a Sales-side HUD from seller's closing agent
- Fill out the HUD-1 for the buyers.
- Send the buyer's preliminary HUD-1 to the lender.
- Send wiring instructions to the lender
- Complete final HUD-1

Documents to Prepare in Advance

- Power of Attorney
- Affidavit of Borrower
- Certificate of Real Estate Value
- Mortgage Registration Tax Form
- Deed Tax Form
- Closing Instruction Letter (provide for transfer of keys and other misc)
- For commercial property:
 - Estoppel certificates from tenant
 - Subordination, Non-disturbance and Attornment Agreements from tenants
 - Tenant Notice Letter

Closing Meeting

- Execute mortgage documents
- Transfer funds (either via certified check or wire transfer)
- Power of Attorney
- HUD-1

Post-Closing

- Record mortgage
- Record deed
- Transfer funds from trust account to parties needing to be paid
- Update abstract
- Send final title opinion to the bank
- Pay mortgage tax
- Fill out Form 1099-S
- Post-closing letter to buyer—remind buyer to file for the homestead exemption