

Call 877-GO-GO-NLO (46-46-656)

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Fax Contract to: 312-626-2479

## WHY USE AN ATTORNEY?

**1 . Protect Your Earnest Money.** A good attorney preserves your ability to be released from a bad real estate transaction without losing your earnest money.

**2 . Audit the Transaction:** A good attorney will audit your transaction by reviewing the contract to make sure it includes all of the real property, personal property and additional services are provided as originally negotiated. Your attorney will accompany you to your closing to explain the documents you are signing and make sure that the final closing statement is correct.

**3 . Negotiate Changes and Structure the Transaction:** A good attorney can negotiate any changes to the contract excluding price. This can include the closing date, special items to be included. Tax pro-rations, how to deal with tenants, post closing possession and special requirements such as credit for closing costs.

## WHEN SHOULD I HIRE AN ATTORNEY?

Attorneys representing the buyer are typically hired after the seller has accepted the buyer's offer. Attorneys typically

charge \$350 to \$750 for representation. Most communications are via fax, telephone and email. Payment for most attorney fees is made at closing.

## WHAT TO DO AFTER THE SELLER ACCEPTS YOUR OFFER?

Generally, it is important to fax or hand deliver your seller accepted contract to your attorney immediately. This allows your attorney to have as much time as possible to review your contract and request modifications.

## WHO SHOULD BE YOUR ATTORNEY?

Your best choice in an attorney is someone who your trust and is concerned about your needs. Good experience and specializing in the field of real estate is also helpful. While cost should be a factor – quality is far more important for the largest purchase most families ever make.

## WHERE IS THE CLOSING?

Typically, your closing will be held at the offices of the seller's attorney's title company. Sometimes, the closing will be held at the seller's attorney's office or the lenders office.

## WHAT HAPPENS AT THE CLOSING?

Your attorney will audit the transaction by reviewing the title, the financial figures and items negotiated during the attorney review period. Your attorney may also be

able to identify issues such as predatory lending, excessive title charges and missing items.

## WHAT IS ATTORNEY REVIEW?

Typically, your attorney has five business days after the seller has accepted the contract to make requests or modifications to the contract. This is traditionally referred to as attorney review.

## WHAT ARE THE MOST COMMON ITEMS NEGOTIATED DURING ATTORNEY REVIEW?

**Closing Date:** The closing date can be modified to a date mutually acceptable to both parties.

**Possession:** The safest way to purchase property is to take possession at the time of closing. Sometimes where the seller is unable to vacate the premises prior to closing, possession will occur post-closing. Your attorney will help you negotiate deposits and other items to safeguard your possession rights.

**Tax Proration:** Many times, taxes are due but unpaid at the time of closing. Your attorney will help to ensure that the seller gives you a credit for these unpaid taxes. Your attorney will also negotiate for credits to help with any future tax increases.

**Mortgage Contingency:** Your attorney will request that a mortgage contingency be added and if one is already in place, your attorney will ask for an extension of the deadline when a mortgage commitment is delayed.

**Repairs:** After a home or termite inspection reveals problems. Your attorney will make requests to have repairs completed without jeopardizing your house purchase. Typically, the seller will agree to basic repairs. This allows you as the buyer to ultimately have the power to proceed if the building is in reasonably good shape or be released from the contract if the building is not repairable.

**Personal Property:** Is the stove included? Do the light fixtures stay? What about the special satellite dish or home theater? Your attorney will ensure that these items are included in your contract.

### SHORT SALES & DISTRESSED PROPERTY

**Short Sale:** A short sale is when the seller of the property will not be able to pay off all of the existing mortgages on the property. This is usually the results of the purchase price being less than the total value of the mortgages. Since 2008, housing values have dropped as much as 70% causing a large portion of housing stock to need to be sold far below the original value and many times for price that doesn't allow for the payment of all mortgages. There are 3 things to be aware of: 1) You may have to wait for up to 3 months for short sale approval to be given. 2) The average short sale can take 9 months to get to closing 3) The short sale may never be approved and you may need to walk away from the transaction. Short sales are great transactions for a buyer looking for good value and without a requirement to be in a new house by a certain time.

**REO/Rehabbed Housing:** As a result of many homes being sold at foreclosure since 2008, there is a relatively large housing stock of REO housing for sale. REO is housing for sale by the original mortgage lender who get possession of

the home when the property doesn't sell to a third party at the foreclosure sale. The benefits are a low price and good value, the problem is that the home is often in such poor condition that no conventional residential home loan mortgage can be underwritten for the home. The solution is often to buy the home from a third party that buys the home and rehabs it for conventional loans. Another solution is to rehab the home yourself using a 203K loan from the government.

**Distressed Property** – Buying property at the foreclosure auction. When a home is foreclosed upon, the home is eventually sold at an auction. Typically, you must bring 25% of the purchase price with you to the auction with the remainder due in 24 hours. This is a process that is designed for the bank to take back ownership and possession and also a great opportunity for value purchases by investors who have cash available to purchase these homes. The discounts off of the original value of the home can be as much as 80%. From a practical standpoint, these homes must be purchased in cash and carry a lot of risk with them including taking title subject to tenants, building code violations, unpaid taxes and poor mechanical condition.

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## GUIDE TO BUYER'S REAL ESTATE TRANSACTION

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*Quick Steps to Success!*

