

LAWYERS LINK



EIGHT REAL ESTATE DOCUMENTS TO KEEP AND WHAT HAPPENS IF YOU DON'T

Source: Realtor.com

After a real estate sale, there are a lot of documents to organize. But do you have to keep them all? After all, you don't want to have to file all of it if you don't have to; but you also don't want to chuck something crucial.

Your closing company is required by law to keep a record of your closing documents, so that's a good fallback in case you misplace yours. Still, it's smart for you to keep important documents on hand,

Continued on next page



Continued from previous page

particularly if, later on, you need to file a claim against the seller or your professional representation team (i.e., your real estate agent, home inspector, or mortgage lender). Hopefully, that doesn't happen, but it's wise to be prepared.

So, of the hundreds of documents you'll encounter during the home-buying process, here are the ones you should keep—and why.

1. Buyer's Agent Agreement

When you choose a real estate agent, you sign a buyer's agent agreement—a contract between you and the brokerage, stating that the agent represents you in the purchase of your home.

This agreement outlines the terms of the relationship with your agent—including who pays the agent's commission (in most cases, the seller), the length of the agreement (90 to 120 days is standard in most markets), and the terms for terminating the agreement.

Why you should keep it: This contract spells out what services your agent agreed to provide you with—and it can come into play if you have an issue with your agent after the transaction closes.

2. Purchase Agreement

Every home sale starts with a real estate purchase agreement—a legally binding contract signed by home buyers and sellers that confirms that they agree upon a certain purchase price, closing date, and other terms.

Why you should keep it: The provisions stated in this contract must be followed to the letter. If you or the seller fails to fulfill these duties, there could be legal ramifications.

3. Addenda, Amendments, or Riders

These types of documents alter or amend the terms of your purchase contract. For example, if a survey reveals that there's an encroaching fence built by a neighbor, and you'd like the fence removed, the sales contract has to be formally amended.

Why you should keep them: Addenda, amendments, and riders are often related to home inspections or appraisals, and because they change the original terms of the signed contract, they're worth holding onto. For instance, if both parties signed a repair addendum, where the seller agreed to make certain repairs based on the home inspection, you'll need this addendum if you find issues with the repairs down the road.

4. Seller Disclosures

Sellers are required by law to disclose certain problems with the home, both present and past, that they're aware of that could affect its value. While laws vary by state, these disclosures might include lead-based paint, pest infestations, and renovations done without a permit.

Why you should keep them: If major problems crop up with your home after you move in, these disclosures can be the basis for a future lawsuit against the seller. If you lose them, you might have trouble holding the seller accountable in a court of law.

5. Home Inspection Report

After your home inspection, your inspector should produce a report with detailed notes on the condition of the home and any potential problems.

Why you should keep it: This document is an extremely detailed list of everything that the home inspector finds, and it typically includes photos of problem areas. By keeping this report, you'll have a record of any repairs that you may need to make to the property in the future.

Continued on next page

Continued from previous page

6. Closing Disclosure

Mortgage lenders must provide borrowers with a closing disclosure (also called a CD) at least three business days before settlement. This document spells out things such as your loan term (typically 15 or 30 years), loan type (a fixed-rate or adjustable-rate mortgage), the interest rate, and closing costs, among other financials.

Why you should keep it: Your CD is an itemized list of all the costs associated with closing and your mortgage, and it's important to have for future reference. It's also the document you'll need when you go to file your taxes, since you can take deductions for things such as mortgage points.

7. Title Insurance Policy

Title insurance offers protection against any competing claims to a home. As part of the process, the insurer will run a title search of public records, seeking loose ends such as liens against the property or fraudulent signatures on ownership documents.

Why you should keep it: You'll need this document in the event another party, such as a previous owner, tries to claim the property. Note that there is separate title insurance to cover lenders versus buyers, and you would do well to get a policy for yourself.

8. Property Deed

When you take title and become the sole owner of the property, you'll receive a deed—a legal document that confirms or conveys the ownership rights to the home. It must be a physical document signed by both the buyer and the seller.

Typically, the property deed is mailed to you after the title transfer documents are recorded in your county's public records office.

Why you should keep it: Presenting a property deed is the only way to show someone you legally own the home you're residing in. Because the deed is sent to you directly, neither your mortgage lender nor title company is required to keep a copy of it.



MONTHLY INDUSTRY TERMS

Certificate of Reasonable Value (CRV)

An appraisal issued by the Veterans Administration showing the property's current market value.

Conditions, Covenants, & Restrictions (CC&R's)

A document that controls the use, requirements and restrictions of a property.

Deed

Written instrument which, when properly executed and delivered, conveys title.