**FOR SALE OR PURCHASE BY OWNER CHECKLIST**

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To prepare all the firm’s clients with fast, efficient service, the following checklist has been compiled to give one a detailed list of FAQ’s and information needed to begin the process of Selling or Purchasing a home “by owner” in Michigan.

This list may not include everything, but it is a good start to have if you are selling your home on a weekend, or late in the evening. In any event, please call attorney Tim Klisz at (313)402-0853 to go over the details of your tentative agreement with any potential Purchaser or Seller. Nothing can substitute for the experienced legal advice from a real estate attorney.

1. **Sales Price** - What is the final agreed upon price between yourself and the Buyer or Seller.
2. **Parties Contact Information**  - In order to complete a Purchase Agreement, the attorney will need the full names, addresses, phone numbers, present and future mortgage company, as well as any realtors or title companies involved.
3. **Earnest Money Deposit** - how much money will the purchaser be putting down on the property? The standard amount in Michigan is 3% of the purchase price, and it is advised that the earnest money deposit be held by the firm. Purchasers should make the check payable to: **Klisz Law Office, PLLC,** where the funds will be deposited and held in the firm's IOLTA Trust account until closing or other event.
4. **Terms of Sale Agreement** - will this transaction be Cash, Cash with New Mortgage, FHA/VA Mortgage, Land Contract or Rent to Own? In order to draft the purchase agreement, the attorney will need to know all the purchaser plans on paying for the home. The above are some of the options which can be used to finance a transaction, however this list is not exhaustive. For a standard mortgage, the attorney will need to know the down payment and the mortgage amount, if known. If these numbers are not available, the agreement can read, “minimum down and maximum mortgage amount.”
5. **Occupancy** -in some instances, the seller of the property needs to occupy the property beyond closing. In this case, the occupancy terms need to be negotiated at the beginning of the transaction. Normally, the seller will elect 30, 60 or 90 days occupancy. If no occupancy is required, this term would be considered “immediate.” The seller's desired occupancy will be calculated in dollars and held from the sellers proceeds, by the title company as an escrow agent, pending the turnover of the keys following the occupancy time. When the occupancy is over, the funds are split between the seller and the buyer, based on the actual number of days used versus the money held.
6. **Contingencies** - these are agreements between the buyer and the seller, which will “hold up” the deal, until these conditions are met or waived. The traditional terms might include: sale of the buyer's home, inspection, mortgage approval, attorney approval of the language of the contract, etc. in drafting your purchase agreement, please inform Mr. Klisz of any desired contingencies, which will become part of the agreement. The Klisz Law Office, PLLC recommends that both purchasers and sellers use a private inspection clause, because generally houses in Michigan are sold “AS-IS” and only a professional home inspector can protect a purchaser. Generally, the purchaser pays for the inspection at his or her own expense. Some cities in the Metro Detroit area also have city inspections, such as Westland and Dearborn Heights. In these cases, it is the sellers duty to have the home pre-inspected by the city, and have all repairs done before a certificate of occupancy will be issued by the authorities.
7. **Personal Property Items** - another vital piece to the purchase agreement, is what items are specifically included in the home sale in which items are excluded. An example would be for sellers to include items such as appliances, curtains, washer and dryer, while excluding family heirlooms, custom items and the like. Most purchaser agreements contain a standard list of included items, but the parties can agree to modify this.
8. **Legally Required Seller's Disclosure Statements** - Michigan law provides that a sellers disclosure statement must be accurately and truthfully filled out by the seller of real estate, and provided to purchaser prior to or at the signing of the purchase agreement. One exception to this rule is if the property is being sold by a probate estate, but otherwise the seller must honestly answer the questions regarding the condition of the home, property, and any other items pertinent to the form. Also, if the home was built prior to 1978, when the seller must also provide the purchaser with a Lead Paint Disclosure Statement, which sets forth the sellers knowledge of any lead based paint that might be in the home.
9. **Real Estate Agents** - because these transactions are “by owner,” there should be no real estate agents involved. If a purchaser is involved with a realtor, and is attempting to purchase a home “by owner,” the realtors compensation must be negotiated in the deal. Often times, a seller will agree to pay the real estate agent 3% for handling the deal. Otherwise, the seller could refuse to deal with a purchaser who is represented by a realtor, or ask that the purchaser pay their own realtor for services rendered. The purchase agreement should be very clear when it comes to realtors, and who will be paying for their services. The standard realtor commission in Michigan is 6%, but obviously parties looking to sell or purchase “by owner” would like to avoid these charges. Of course, these fees can be negotiated between the parties in the realtors.
10. **Closing Fees/Costs** - the Klisz Law Office, PLLC uses Title One in Livonia to provide the necessary services to close the real estate transaction. Title One charges a flat fee for processing the for sale by owner paperwork, and this is usually paid for by the seller of the transaction. Buyers can also expect to pay a closing fee to the mortgage company, as a standard mortgage costs. Other costs for buyers and sellers can very greatly. Buyers should check with their mortgage company for mortgage closing costs and sellers should expect to pay the following out of their proceeds: State and County Transfer Taxes, Owner's Policy of Title Insurance, Water Escrow (to pay the final water bill), Occupancy Escrow, etc.. Sellers will be entitled to a pro-rata share of pre-paid property taxes, which they have paid in advance, which will be a credit at closing. There are many other miscellaneous costs which could affect either party to a transaction, so one should ask questions of their mortgage company and attorney prior to closing.
11. **Disclaimer** - please be advised that the Klisz Law Office, PLLC has presented this information to a potential client as informative, but this document does not create an attorney-client relationship between a potential client and the firm. This document is not to be considered legal advice, as that information can only be given with actual consultation with the firm. If you have any questions about this document or a “For Sale By Owner” transaction, please call attorney Tim Klisz at 313-402-0853 or visit the firm on the Web at www.kliszlaw.com