

The Tim Barkley Law Offices

To: Residential Real Estate Clients

Re: Pre-Contract Memorandum of Understanding

The following issues should be covered in a memorandum of understanding with the other party in any real estate transaction. After I receive this information, I will be able to start the contract drafting process. This is not an exhaustive list; there may be other matters that will have to be worked out.

1.	Full legal names and current address of all parties.	Seller(s): Buyer(s):
2.	Address of the property (including county) and copy of the latest real estate tax bill.	
3.	Purchase price.	
4.	Amount of deposit and by whom held – can be held in our Client Trust Account.	Amount: Held (In Trust) or Other:
5.	Settlement date and where to settle – we prefer (obviously) to settle in our offices at One Park Avenue, Mt. Airy, MD 21771.	Date: Place (Our Office) or Other:
6.	Who pays transfer/recordation taxes (about 2%)? The default is a 50/50 split. If buyer is a first-time Maryland homebuyer, the buyer's half of the State transfer taxes is waived.	Split Other:
7.	Which inspections need to be done? If buyer is getting a loan, the lender will often dictate what tests are needed. If acceptable, the contract will simply state that buyer has 30 days to inspect as desired and can rescind contract if unsatisfactory.	
8.	Who pays for inspections?	Buyer or Seller
9.	Does buyer need time to secure a loan? What type of loan is the buyer getting (VA/FHA/conventional/private)? Buyer should present a pre-qualification letter from a lender. If the buyer is getting a VA loan, we will need to work closely with the lender to be sure all contractual provisions meet VA requirements.	Default: Apply in 7 days, approval within 45 days Other:
10.	Does buyer or seller need to sell or buy another property? If so, we will need the address of that other property.	

11.	Does the buyer need a contribution by seller toward settlement costs? How much?	
12.	Title company – by statute, Buyer chooses. We often use Middletown Valley Title & Escrow, 301-371-0248. They are quick, professional and efficient, and will gladly perform a settlement outside their offices (i.e., in our office).	Middletown Valley Other:
13.	Names, addresses and contact information for any real estate brokers hired by any party.	
14.	A list of appliances/fixtures/other items to convey.	(Attach list)
15.	Name and address of HOA (if any), statement of annual dues/assessments and copy of covenants.	(No HOA) or attach HOA sale package
16.	Any other contingencies or considerations.	

Thank you for the opportunity to serve you!