

Residential Real Estate Transaction Overview

Step 1: Offer to Purchase.

Before any transaction can occur, the parties must agree on terms upon which they will proceed to sell and buy, a residential piece of real estate. A Buyer usually employs an attorney or a broker to assist him or her in this task. Each transaction is different. While one transaction may be completed by an offer being submitted to the Seller and the Seller signing that Offer, another transaction may go through a series of Counter-Offers, which lengthens the process. To limit a Buyer's fees, it is always wise to try to come to terms as much as possible with a Seller before the Attorney actually drafts the Offer to Purchase. The more time intensive an offer negotiation is, the most costly it will become for a Buyer.

Step 2: Home Inspection.

Most Offers, if they contain an Inspection Contingency, require that the Buyer complete an Inspection within a certain number of days of acceptance of that Offer. The Buyer is responsible for contacting, retaining, and paying for an Inspector to go through the premises, unless the Offer indicates terms to the contrary. After a Home Inspection is complete, the parties must follow the language agreed upon between them when dealing with any defects. The attorney should be consulted if either party has questions regarding any negotiations which result from the facts of the Inspection.

Step 3: Title Insurance.

After the Inspection has been completed and the parties have amended the Offer (if applicable), the Seller's Attorney generally contacts a Title Company to secure Title Insurance for the transaction. The title company will perform a title search which will show each any every active encumbrance recorded with the Register of Deeds for the county wherein the property is situated. Such encumbrances may include, but are not limited to: mortgages, home equity lines of credit, private easements, utility easements, well agreements, and the like. The Attorneys for the Seller and Buyer will review the Title Insurance Commitment to determine what encumbrances, if any, must be satisfied or eliminated prior to closing.

Step 4: Closing.

At closing, the Attorney for the Seller and the Attorney for the Buyer have different roles. When representing a Seller, the Attorney must prepare all of the documents of conveyance including a Closing Statement which provides a financial picture of the transaction, breaking all of the figures down from Purchase Price, Earnest Money Deposit, Closing Credits, to Tax Prorations, Garbage/Recycling Prorations, Utility Prorations, and finally disbursements to Lien Holders, Title Insurance Providers, or Municipalities for Taxes.

The Seller's Attorney must also prepare the Deed which actually conveys the property to a different party, as well as the Wisconsin Real Estate Transfer Tax Return. In Wisconsin, when a property is transferred (with certain exceptions), the Seller must pay \$3/per thousand of the purchase price to the Wisconsin Department of Revenue. For example, if you sell your home for \$100,000, your transfer fee due will likely be \$300.00.

The Buyer's Attorney has a different role which entails review of all the documents prepared by the Seller's Attorney. Usually, this can be done a few days in advance of the closing.

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