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REAL ESTATE POTPOURRI

New Real Estate Purchase Contract:

In April of 2007 the Columbus Bar Association and the Columbus Board of Realtors released a new Real Estate Purchase Contract. The new Real Estate Purchase Contract contains many of the same provisions that the previous version included, however, some of the new provisions and revisions of the old terms could be significant to you in your purchase or sale of real property. A couple of noteworthy changes are discussed below.

Attorney Approval Clause

One of the new provisions, Paragraph 1.4, contains an Attorney Approval Clause. This new provision allows the Buyer or Seller to terminate a contract within so many days if the party's attorney disapproves of the contract. Along with a notice to terminate an attorney must include a way to cure (e.g. raise the price) which allows the other party to remedy the attorney's disapproval. If the Buyer or Seller's attorney notifies the other party of its disapproval, within the allotted time period, the other party has two days to accept the attorney's changes or the contract will be terminated if the disapproving party does not waive its disapproval. Generally a Buyer will want to insert a short period of time in which the Seller's attorney must notify the Buyer of its disapproval, as this protects the Seller from having the Buyer's attorney disapprove the contract because the price is too low if a better offer comes in. On the other hand, a Seller will want to make this period of time as long as it can to keep the contract contingent upon their attorney's approval in case a better offer does present itself.

Tax Proration

Paragraph 2.1(3) states that all tax prorations shall be based upon the most recent available tax rate and valuation, giving effect to applicable exemptions, recently voted millage, change in valuation etc.... The Contract goes on to say that the proration will be final at the time of closing. In order for the Seller to pay its fair share of taxes for new builds or homes that have increased in value significantly since the last valuation, the Buyer should add in language that the "tax proration shall be calculated using the assumption that the Purchase Price is the tax valuation."

Title Insurance

The new Contract requires the Seller to furnish and pay for an ALTA Homeowner's Commitment and Policy. This is a superior and more expensive title policy than the old Contract required. The new Homeowner's Policy broadens the definition of insured to include (1) successors in interest to an insured; (2) successors to an insured by its conversion to another kind of entity; (3) and under many circumstances a grantee of an insured under a deed delivered without payment of actual valuable consideration conveying the title.

Title Insurance – Re-Issue and Refinance Rates:

In Ohio, it is standard for a seller to purchase a buyer's homeowner's title insurance policy. What some sellers may not know is that if they purchased their home within ten years from the date they plan to sell the home and can furnish their title insurance policy to the title agency handling the sale of the home, the sellers should be able to purchase the buyer's policy at a "reissue rate" equal to a discount of 30% off the policy premium.

With the recent downturn in interest rates, many people have been looking into refinancing their home loans. An added incentive to prospective refinancers is that, if they purchased their home within ten years of the refinance, they are able to purchase title insurance at a "refinance rate" or at a discount of 30%.

Homestead Exemption:

In 2007, the State of Ohio promulgated a new, expanded homestead exemption that provides additional tax relief to qualified senior citizens and disabled individuals which allows them to reduce their property tax burden by shielding some of the market value of their home from taxation. The new homestead exemption is available to all Ohio homeowners, **regardless of income**, who are either age 65 or older or permanently and totally disabled. The exemption allows qualifying homeowners to exempt \$25,000 of the market value of their home from all local property taxes. The typical qualifying homeowner saves about \$400 per year. To apply for a homestead exemption an individual can obtain an application from his or her local County Auditor's Office. Applications are to be submitted prior to June 2, 2008.

If you have any questions or concerns regarding your real estate, please call Eric B. Gamble or any other GH lawyer at (614) 221-0922.

Please be aware that the information contained herein should not be construed as legal advice; and each set of circumstances needs to be evaluated independently. If you should have any questions or concerns please call us we would be glad to help in any way we can.