



**Alabama Real Estate Commission**  
Empowering | Connecting | Educating  
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## **BRIEFLY LEGAL AND COMMISSION NOTE**

### **Net Sheets and New License Law Books**

July 30, 2019

#### **TODAY'S QUESTION**

Where do I find the law on “net sheets”?

#### **THE ANSWER**

Trick question! There is no law on “net sheets.” There is one on Estimated Closing Statements, however! The law in Section 34-27-36(a)(22) and Rule 790-X-3-.04 requires that each time you receive a written offer or counteroffer, you must prepare and furnish to the buyer or seller a detailed list of what they will be expected to pay and your best guess as to what that cost will be.

- Estimated closing statements are just that. Estimated. We expect you to make your best reasonable guess about the items. You must make reasonable efforts to gather this information. If you later find out different information, you should make the corrections and have the party sign off on the new or corrected estimated closing statement.
- You cannot rely on any estimate of costs provided by a mortgage lender. It is your responsibility to prepare one. There is no cell phone app that gets around this.
- The rule does not require you to prepare an estimated closing statement for the seller when you get a listing. Brokers can require this, but the rule does not.
- The law does not require you to provide what the buyer or seller will “net” when the transaction closes. There is no requirement to find out the existing mortgage payoff or to include it on the estimated closing statement. It is fine to let the seller know that the existing mortgage will have to be paid off at closing, but the Commission will not hold you responsible for obtaining that information. You are only letting the buyer or seller know what kinds and approximate closing costs each will incur.
- You must leave a copy with the buyer or seller and retain one in your company files for three years, as is required for all records, for both closed and failed transactions.

As always, if there is anything we can assist you with, please call (334) 242-5544 or email Mandy Speirs at [mandy.speirs@arec.alabama.gov](mailto:mandy.speirs@arec.alabama.gov).

#### **COMMISSION NOTE –New License Law Book Available**

The 25<sup>th</sup> Edition of the Alabama Real Estate License Law book- Revised 2019 has been printed. The new color is blue. They can be ordered from the Alabama Center for Real Estate (ACRE) at [https://epay.ua.edu/C20219\\_ustores/web/product\\_detail.jsp?PRODUCTID=1769&SINGLESTORE=true](https://epay.ua.edu/C20219_ustores/web/product_detail.jsp?PRODUCTID=1769&SINGLESTORE=true). As always, the License Law and Rules can be found on the Commission’s website under “Laws.”

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