



SHAKER HEIGHTS

POINT OF SALE INSPECTION AND ESCROW REQUIREMENTS

Housing Inspection Department

(216) 491-1470

- **An owner** of any residential real estate must obtain a Certificate of Inspection or Certificate of Compliance prior to entering into any agreement to sell or transfer an interest in their property.
- The **Seller** must complete and submit to the **City's Housing Inspection Department** a "Point of Sale Application" form and pay the applicable fee. **Application Fees:** \$150 for a Condominium unit; \$200 for a Single-family dwelling; \$300 for a Two-family dwelling; \$200 for 1st Apartment unit, \$50 for each additional unit.
- The **Seller** must schedule an appointment for an inspection with the **Housing Inspection Department**.
- The **Seller** will be mailed a "Certificate of Inspection (Point of Sale)" form or "Certificate of Compliance" form by **City** after inspection. A POS inspection is valid for one year from date of issuance.
- The **Seller** must provide the Certificate and a "Buyer's Acknowledgement" form to the **Buyer**.
- The **Seller has two options** if a Certificate of Inspection is received:
 - Correct all violations and receive a "Certificate of Compliance" showing full compliance.
 - If violations remain uncorrected at the time of title transfer, Seller must ensure that a Point of Sale (POS) Escrow Account is established.
- The **Seller** must correct violations if property fails to transfer within 90 days after the Certificate is issued.
- If the **Seller** wants re-inspections of the property prior to sale, a re-inspection fee of \$25 will be charged for each requested re-inspection after the first two requested re-inspections.
- The **Buyer** must, **prior to transfer of title**, sign the "Buyer's Acknowledgement" form and provide it to the **City**, assume responsibility for all violations, obtain a registered contractor's estimate of cost to correct violations, obtain **City** approval of the POS Escrow amount, and provide the City with an original, signed "Escrow Agreement", if the Buyer is establishing the POS Escrow Account, an original signed W-9 form; and a copy of a Driver's License (if an individual), or Articles of Incorporation and proof of registration with the Ohio Secretary of State (if an entity).
- The Buyer must provide, within three (3) days after transfer of title, a check made payable to **City of Shaker Heights** in the amount approved by the City (i.e. 150% of the cost to correct the violations.)
- The **Seller or Buyer** must obtain a written estimate from a contractor registered with the City to correct the remaining violations (contractor list available from the City's Building Department and on City's website (www.shakeronline.com).)
- The **written estimate** must be "itemized" for each violation and the repair cost must reflect current market rates for labor and materials, and follow National Construction Standard guidelines. All estimates must be rounded off to the nearest dollar and submitted on contractor letterhead. Estimates will be rejected if itemized cost does not equal total cost submitted. The written estimate must be submitted to the Housing Inspection Department, and will be approved or disapproved within 3-5 days.

- The total estimate from the **approved contractor** will be multiplied by 150% to determine the amount required to be held in a POS Escrow Account.
- Upon **approval of the escrow amount**, the City will notify the parties or the identified escrow agent for the transaction.
- The **Buyer** or **Seller** must fill out and sign the “Escrow Account Agreement” form (depending on who is establishing the POS Escrow Account).
- The escrow agent for the transaction, or the Seller or Buyer, must then send to the City a preliminary **HUD 1 or other Closing Settlement Statement** demonstrating that the approved POS escrow amount will be available to be deposited by the City of Shaker Heights into a non-interest bearing POS Escrow Account upon title transfer.
- Prior to transfer of the property, the **Director of Housing Inspection** must have issued a “Transfer Release Letter,” which will be issued only after receipt by the City of all of the following documents:
 - A preliminary **HUD 1 or other Closing Settlement Statement**
 - The **Buyer’s Acknowledgment Form**;
 - The **original signed “Escrow Account Agreement” form**;
 - An **original signed W-9 form**;
 - A copy of the **driver’s license** of the person opening the escrow account (if individual), or
 - A copy of **incorporation documents** (if an entity); must be registered with the Ohio Secretary of State
 - The **social security number** of the person opening the account (if individual), or
 - The **tax ID number** of the entity opening the escrow account.
- Within 3 days after transfer of the property, a **check made payable to City of Shaker Heights** in the amount approved by the City must be provided to the **City’s Housing Inspection Department**.
- **Disbursements** from the POS escrow must be requested on the escrow “Disbursement Request Form” and sent to the Housing Inspection Department. A disbursement will be approved if the Director of Housing Inspection determines that substantial progress has been made in correcting the violations and that sufficient funds will remain in escrow to correct all remaining violations. Note: disbursements may take up to **seven (7) business days** to be received. Account Holders will be charged **\$15 per check** issued for disbursement of funds, which will be deducted from the account balance.
- **Disbursements** shall be made as follows:
 - If escrow less than \$5,000, no funds shall be released until all violations are corrected.
 - If escrow between \$5,000 and \$20,000, the City may authorize one partial release of funds.
 - If escrow between \$20,000 and \$40,000, the City may authorize two partial releases of funds.
 - If escrow between \$40,000 and \$60,000, the City may authorize three partial releases of funds.
 - If escrow \$60,000 or more, the City may authorize four partial releases of funds.
- Funds shall be disbursed to the Account Holder at the address provided on the Disbursement Request Form.

For more information contact:

Housing Inspection Department, City of Shaker Heights

3450 Lee Road, Shaker Heights, Ohio 44120

Telephone: (216) 491-1470; Email: housing.insp@shakeronline.com

Any person, including any Seller and Buyer, violating any provision of Chapter 1415 of the Shaker Heights Codified Ordinances may be prosecuted. Violations of Chapter 1415 are first degree misdemeanors punishable by up to 6 months in jail and/or a fine of up to \$1,000.

Note: references to Seller and Buyer include their authorized agents. Revised 5-24-17