



AHS[®] FIRST-TIME HOMEBUYER GUIDE



WHAT YOU SHOULD KNOW
BEFORE, DURING AND AFTER PURCHASING A HOME

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AHS AMERICAN
HOME SHIELD[®]



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LAYING THE **FOUNDATION**

Building a home starts with a good foundation, and buying a home starts with some important basics, too.

Know the benefits & responsibilities of owning a home.

Owning instead of renting a home has several financial advantages as well as significant responsibilities. By paying mortgage payments instead of rental payments, you will have the opportunity to build equity over time. (Equity, which is basically the difference in what you owe on the home and its fair market value, builds as you pay the loan down and the home's value increases.) Another benefit is that you may be able to deduct mortgage loan interest amounts and property taxes from your income tax. (Consult your tax advisor about your specific situation.) In addition to the financial obligations of owning a home, there are other important responsibilities to anticipate, such as maintenance, utilities, upkeep, furnishings and repairs.

Check out tax credits.

The American Recovery and Reinvestment Act of 2009 authorizes a tax credit of up to \$8,000 for qualified first-time homebuyers purchasing a principal residence on or after January 1, 2009, and before December 1, 2009. A first-time buyer is defined as a buyer who has not owned a principal residence during the three-year period prior to the purchase. For married taxpayers, this includes the homeownership history of both spouses. The tax credit is equal to 10 percent of the home's purchase price, up to a maximum of \$8,000. The income limit for claiming the tax credit for single taxpayers is \$75,000 and \$150,000 for married taxpayers filing a joint return. Check with your tax professional for more information about the tax credit and how it applies to you, such as figuring the tax credit for modified adjusted gross incomes and partial tax credits, as well as how to claim the tax credit.

Get your own credit in order.

Lenders will be taking a close look at your financial history, including income, credit, debts and assets. You'll be asked to disclose to the lender all outstanding debts, including any loan or financial obligations such as credit card balances, alimony and child support payments, car loans, medical bills, etc. Lenders will also want to see how much money you have in savings, after deducting your down payment amount. You'll also be asked for your employment history and will need to show job and income stability and security. Review your credit report before you start looking for a home.

Here are the **main credit bureaus:**

Equifax

P.O. Box 740241
Atlanta, GA 30374-0241
(800) 685-1111
(770) 612-3200

www.equifax.com / credit report

Experian

P.O. Box 9701
Allen, TX 75013
(888) 397-3742

www.experian.com / credit report

Trans Union

Consumer Disclosure Center
P.O. Box 2000
Chester, PA 19022
(800) 888-4213

www.transunion.com / credit report

TIP:

Check your credit through one of these sources before you go through the pre-approval process. This will allow you to correct any errors on the report before it effects your mortgage approval.

Visit www.annualcreditreport.com

This central site allows you to request a free credit file disclosure, commonly called a credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion.

Take these steps to **improve your credit score:**

1. Address any corrections that are needed on your credit report. Most credit reports contain at least one error.
2. Pay down any outstanding debts as much as possible to show lenders that you spend within your limits.
3. Ask your credit card companies to issue credit line increases to you to lower the percentage of the credit limits that you currently have. However, don't apply for new cards.
4. Pay all your bills on time, even if that means just making the minimum payments.

Decide how much **debt you can afford.**

TIP:

There are many mortgage calculators online that can help you determine what you can afford.

Take a realistic look at how much future income you expect to have, and how many expenses you expect to incur. One rule of thumb that lenders often use is that housing costs, including mortgage, property taxes and insurance, should require no more than one-third of your monthly gross income. Some lenders, however, approve loans for much higher percentages. Remember, the lender will tell you how much you are qualified to borrow, not necessarily how much you can afford. Only you truly know how much you can comfortably handle, what your other expenses are, how much you need to save and what kind of lifestyle you wish to maintain. When calculating your monthly budget, remember to include homeowner insurance premiums, property taxes, any homeowners' association fees, utilities and monthly maintenance in addition to your other expenses. (The seller or listing agent can tell you how much property taxes are for each property.)

Make sure you've **saved enough** for an adequate **down payment.**

A down payment is a percentage of the cost of the home that is paid up front. Down payment requirements vary, but 10 to 20% of the home's price is often needed to secure the best mortgage rates. The higher the down payment, the lower your monthly mortgage payments will be. FHA (Federal Housing Authority) loans, however, require only 3% or less as a down payment, which is why these loans are often attractive for first-time buyers.

Get **pre-approved for a mortgage.**

For pre-approval, lenders will review your financial circumstances including income, debts and assets to determine the loan amount for which you qualify. The lender will issue a letter indicating the amount you are qualified to borrow. Mortgage pre-approval gives you a couple of advantages. First, it lets you know on the front end how much money you have to work with. Second, it signals to sellers that you are serious about an offer and that you can indeed qualify for the necessary mortgage to complete the purchase. If you make an offer on a house with multiple bids, being pre-approved can often give you an edge over other offers.

Work with a **real estate professional.**



TIP:

Search for a REALTOR®
in your area at
www.realtor.com.

To first-time homebuyers, the home buying process, paperwork and terminology can be confusing. First-time buyers need an experienced, full-time real estate professional who has access to multiple listings. Having a seasoned professional to guide you will be invaluable. Most real estate professionals are paid a commission based on a percentage (traditionally 6 to 7%) of the home's sale price, usually paid by the seller at closing. With most transactions, there are two realtors involved; the buyer's agent and the listing agent. In this case, the two agents split the commission, and part of the commission (usually 30 to 50%) is usually paid back to their respective real estate brokers. A buyer's agent means that the real estate professional does not ever represent sellers.

Ask friends and family for referrals, or check newspapers and websites to see which agents have active listings in the areas you are interested in living. Since first-time buyers often need more assistance and guidance than veteran buyers, don't be afraid to ask questions about how the agents work, how available they are to answer questions, and how much time they have to devote to you and your home search. Choose a knowledgeable agent with whom you are comfortable and compatible, and with whom you can develop a long-term relationship.

Become familiar with the **different types of homes on the market.**

In addition to traditional home sales, you may come across HUD (U.S. Department of Housing & Urban Development) and foreclosure homes on the market. When someone with a HUD insured mortgage can't make the payments, the lender forecloses on the home and HUD takes ownership. Typically, HUD strives to sell the homes at market value very quickly. For this reason, HUD homes may be good deals for first-time homeowners.

Previously foreclosed homes, sometimes known as real estate owned (REO) properties, may also be good opportunities for first-time buyers. These properties are usually owned by banks that are eager to sell. Homes known as short-sales (meaning the seller's lender accepts less than the amount owed on the home to release the mortgage) and auctioned homes may also be attractive deals. Be prepared that these types of listings often require maintenance and repair work, as the homes may have been empty for a while or may have been neglected.



PLANNING WHERE **YOU'LL LIVE**

The neighborhood you choose for your new investment is almost as important as the home itself. Before you start looking, here are some things to consider about the area you choose.

What type of home do you want? Do you want a single family home, a condominium, a town home, a co-op or a zero lot line? If you aren't sure, tell your real estate professional that you are open to several types.

Do you want an older home or a newly constructed one? While some neighborhoods have a blend of both, most areas feature homes that were built in the same era. Spend some time thinking about which type of home best suits your needs and your personal taste.

How much commuting time can you handle? Think about the proximity of different neighborhoods to your work, leisure activities, friends and family. Calculate how much commuting time will be needed each day and how that will affect your schedule, budget and lifestyle.

Look around carefully. It's a good idea to get out and walk in the neighborhoods you are considering and get a feel for the areas. Are the other homes well tended? What is the traffic like? Are there any visual distractions, such as large power lines, water towers, signage, unsightly walls or unattractive commercial buildings? Visit the neighborhoods at different times of the day to see how traffic and noise levels might change.

Do some research. What are neighborhood demographics and median incomes? How is the school district? Don't forget to check crime statistics, too. You can view neighborhood statistics at www.realtytrac.com.

Can you realistically afford the area? It's fine to dream big, but now that you are serious about buying, it's probably best to limit yourself to visiting areas that are within your budget. Generally speaking, it's best not to buy the biggest or most expensive house in the neighborhood, especially for your first home purchase. That's because you want to make sure you can get your money back at resale for any changes or improvements you make to the property.



PLANNING YOUR SEARCH

The way you structure your home search can help you spend your time wisely and efficiently.

Use the internet. The internet is a great tool to help you get started on your search and to narrow down those properties you'd like to tour in person. Ask your real estate professional to recommend some good search sites. You can also use the internet to research mortgage rates, neighborhoods, tax records and comparables.

What kind of a house do you want? After you've determined what type of home you want (single family, condo, new construction, etc.), there are some other more specific questions you need to answer before you start your search:

Give this information to your real estate professional to help narrow down homes for you to consider.

Ideal price? _____ Number of floors? _____

How many bedrooms do you need? _____ How many baths? _____

About how many square feet would suit your needs? _____

Do you need a separate dining area? _____

Do you need to be near schools or public transportation? _____

Is there an architectural style that you prefer? _____

Do you need a fenced yard for children or pets? _____

Do you need a patio/porch? _____

Would you like a swimming pool or a hot tub? _____

Do you want to live in a neighborhood with a homeowners' association? _____

Do you want a garage or carport? _____

Do you prefer hardwood, tile or carpeted floors or a mix? _____

Do you want a fireplace? _____

Are you open to a property that needs remodeling or renovation? _____

Other features you may want in your home: _____

Buy with re-selling in mind. Although you should certainly plan to stay in your first home for a while to build equity and to maximize investment advantages, keep in mind that few people remain in their first home forever. First homes are often used as spring boards to more valuable future real estate purchases. That's why it is especially important to consider resale value when you choose your first home.

Know your handyman abilities – and limits. Many first-time buyers choose homes that need remodeling and put in “sweat equity” – work that they perform themselves. While this can be a great idea from an investment standpoint, be sure to accurately assess your abilities, commitment and experience when it comes to renovation work. If professionals will be needed, have you accurately projected how much their services will cost? Will the needed improvements be good investments, or do you run the risk of over-improving the property when compared to surrounding homes?

Start looking! Save the sales literature on each home, along with notes to remind you about details. Some people even take a digital camera along (ask your agent if that is acceptable) for photos. Be sure to jot down your impressions right after you leave each property so you can refer to them later. Take a measuring tape with you, as well as the measurements of key pieces of furniture that you'll be bringing. Be clear about what is included in each sale, such as appliances, window treatments, and fixtures – this information will affect your decision and your offer. Don't hesitate to ask to tour homes a second time or even several times.



CONSTRUCTING **THE DEAL**

Once you've found a home that you like and can afford, you'll be ready to start construction on the deal.

Before you make an offer, there are some **questions you should ask.**

How much did the seller pay for the home? How long ago? Why is the home on the market? How long has the home been listed? How would you rate the condition of the home? Might other offers be competing with yours?

Research **comparables.**

Comparables are homes with similar square footage that have recently sold in the area. These numbers are very important because real estate professionals often use them to help owners set asking prices, and the bank appraiser will use them to determine the home's value for the mortgage loan.

Use the worksheet on the follow page to help compare homes.



HOME COMPARISON

WORKSHEET

It may help you make the right choice when you compare the homes you are interested in when their features are side by side:

FEATURES	HOUSE #1	HOUSE #2	HOUSE #3
Address			
Price			
Location			
# of Bedrooms			
# of Bathrooms			
Parking Accommodations			
Square Feet			
Kitchen			
Floor Plan			
Living Room			
Formal Dining Room			
Pool/Spa/Hot Tub			
Fence			
Patio/Porch			
Lot size			
Landscaping			
Storage			
Homeowners' Association			
Floors			
Schools			
Condition			
Commute Time			
Curb Appeal			

TIP:

This is a great time to ask for an AHS Home Warranty. See pages 15 and 16 for more information.

Make the offer. Discuss with your realtor the offer amount you have in mind, based on the research you have done on comparables, the condition of the home, and what items may or may not be included in the sale. Decide how much earnest money you want to put down with the contract. Your real estate professional will help you fill out the paperwork to make the offer official. Your agent will present the offer to the seller's agent, who will take it to the seller. Usually, there will be a time frame for response indicated on the offer. The owner can accept the offer as is, reject the offer, or make a counter offer. A counter offer amends either the price or the contract stipulations, such as inclusions, earnest money amount, contingencies, or time frames such as closing dates, possession dates, etc. Any change to the original contract proffered by the buyer is considered a counter offer. Once you are dealing with a counter offer, you are in the negotiation process. You can now accept, reject, or amend the seller's counter offer. It is not unusual for offers to go back and forth between the buyer and seller several times before compromises are made or the deal fails. The offer does not become a contract until all items and stipulations are agreed upon and both parties sign.

Contingencies are conditions which must be met for the contract to be executed. In real estate, contingencies may address appraisals, loan approval, home inspections, termites, radon, lead-based paints and many other possibilities. Contingencies sometimes include the sale of the buyer's current home as well, which won't apply to you as a first-time home buyer.

Go mortgage/loan shopping. Homes can be financed with loans from banks, savings and loan institutions, credit unions, private mortgage companies or state government lenders. Take time to shop around as different lenders will likely offer a range of loan types, interest rates and loan fees. Your real estate professional can recommend lenders in the area and can often give you a general overview of what they offer. Before meeting with lenders, be sure to ask what type of information you'll need to supply. Here is a checklist of items you might need:

- Mortgage Checklist:**
- Social security card copies
 - Drivers license copies
 - W-2 forms for the past two years
 - Recent pay stubs
 - Copies of checking and savings account statements
 - Asset documentation
 - Salary verification
 - Credit card account numbers and balances
 - Written explanations for any late payments, recent credit inquiries, collections, judgments or liens
 - Income tax statements
 - Corporate or partnership tax returns (if applicable)
 - Gift letter if any of the funds (such as the down payment or earnest money) are being given to you by a family member
 - Current landlord's name and contact information (if you rent)
 - Current and Previous Addresses

Remember, interest rates fluctuate so lock in the best interest rate as soon as it's advantageous for you to do so.

Know the basics. Most home loans are made in 30-year and 15-year increments. The principal part of your loan is the amount you actually borrow. Interest is the payment you make to the lender for the money you borrow. Most home loans also include homeowner insurance and property taxes. See the back of this booklet for some helpful definitions.

Prepare for closing. The closing is the final meeting, usually with your real estate agent, sellers (although the sellers may complete paperwork separately), the closing agent or attorney and sometimes a mortgage representative, where you sign the necessary final paperwork including settlement, make the monetary transaction and take possession of the house immediately or in a designated time period shortly thereafter. At closing, the property is officially transferred from the seller to the buyer. You will be asked to sign and initial numerous papers, including the final financial settlement amounts. Prior to closing, buyers usually have an opportunity for a final walk-through of the property to inspect its condition and to ensure that any contractual repairs were made. At closing, you will receive the title to the property and your purchase will become public record for tax purposes. Typical closing costs include the appraisal fee, attorney or closing agent's fee, survey fee, any loan discount fee (points), inspection fees, title fees, title insurance and closing fees. Your real estate professional or lender can help you estimate the amount of closing fees you will incur well in advance so you can have the money on hand.





PLANNING TO PROTECT

YOUR NEW HOME

Now that you are about to be a homeowner, there are some prudent steps you should take to protect your new investment.

Hire a qualified **home inspector**.

An AmeriSpec® Home Inspection can help reduce the likelihood of unfortunate and costly discoveries about the property after the sale. An AmeriSpec inspection can also help educate you about condition of your home's systems and components at the time of the inspection, information which can be particularly helpful to firsttime buyers.



Different from a home appraisal, an AmeriSpec inspection includes a 400-plus point evaluation of the home by a trained and certified home inspector. The inspection will help reveal any necessary repairs and investments needed in the property that can be detected through a visual and operational examination, before you buy. You'll receive a comprehensive AmeriSpec Report binder, which includes the inspection report, a Home Maintenance Manual, as well as a Seasonal Maintenance checklist. Most important, you'll also receive valuable information that can help give you peace of mind about the condition of your new home.

Most savvy homebuyers conduct a home inspection before closing and many buyers even have the inspection performed *before* making an offer. Talk to your real estate professional about arranging a home inspection, and remember to choose a qualified, experienced home inspection company like AmeriSpec.

Know what's covered under your **home insurance policy**.

Most lenders require you to maintain home insurance coverage over the life of the loan to protect the lender's investment in the property, or collateral. Depending on where you live, some lenders may also require you to carry additional flood or earthquake coverage. Although premiums are usually included in the mortgage payments, you can shop for homeowner insurance on your own.

Homeowner insurance gives you coverage and financial protection for damage to your property caused by disasters and calamities (except for floods and earthquakes, which generally require separate policies), and liability for injuries and damage you or your pets cause to other people. Policies usually do not cover routine wear and tear. Personal belongings, like furniture and clothes, are generally included in the coverage if they are destroyed by an insured event or stolen. High value items, like jewelry, usually have coverage limits. You can purchase additional coverage, called riders, for such items. Umbrella policies provide additional liability coverage.

TIP:

Be sure to understand the difference between homeowner insurance and a home warranty.

It's usually advisable to insure your home for the total amount that it would take to rebuild it. When you shop for homeowner insurance, make sure you consider and compare different coverage types, limits and deductibles.

In case you ever need to make a claim, it's a good idea to take an inventory of all the items in your home. Make a written list of your possessions, including any sales receipts or appraisals that you have. Record the serial numbers of appliances and electronic equipment. Take photos and/or videotape of the rooms, garage, closets, storage spaces, drawers and cabinets. Keep the inventory records in a separate location, such as a safe deposit box, for safe keeping. Be sure to update the list when you make new purchases.

Get Home Warranty coverage. A home warranty is a renewable service contract that covers many of the most frequently occurring breakdowns of home system components and appliances that are not usually covered by homeowner insurance. Home warranty plans offer coverage of many of the critical major system components and appliances in a home that are high failure and high cost items to repair or replace. This valuable coverage can pay for repair or replacement of covered item that break down due to normal wear and tear.

→ Breakdowns are inevitable and always seem to happen at the worst possible time for your wallet and for your schedule. An AHS Home Warranty can offer you quick relief, sensible protection and affordable coverage that could save you up to hundreds of dollars and hours of frustration.

First-time homebuyers often stretch themselves financially to afford the down payment and monthly mortgage costs. Being hit with the high costs of home breakdown repair and replacements soon after moving in can be financially overwhelming.

An AHS Home Warranty offers you quick relief, sensible protection and affordable coverage that could save you hundreds of dollars and hours of frustration.

CAN YOU AFFORD NOT TO HAVE AN **AHS HOME WARRANTY** ON YOUR FIRST HOME?

AHS Home Warranty customers also have access to the AHS nationwide network of approved, independently insured professional contractors. As a first-time homeowner, you may not have reliable service contacts yet, so access to this network can be very reassuring. That's because AHS contractors are selected using high standards and are monitored and evaluated to ensure that they maintain top service levels.

When a covered item breaks, you simply call AHS or visit www.ahs.com 24 hours a day to request service, and we will notify one of our independent contractors to visit your home to diagnose the problem. It's that easy.

With coverage from AHS you can customize your home warranty to include exactly the coverage you need. **For more information about how an AHS Home Warranty can benefit you, talk to your real estate professional, or contact AHS at 1-800-735-4663 or www.ahs.com.**

Covered Items	Average Repair Cost ⁺	Average Replacement Cost ⁺
Clothes Dryer ⁺⁺	\$110	\$449
Clothes Washer ⁺⁺	\$88	\$509
Dishwasher	\$164	\$423
Oven/Range	\$162	\$569
Refrigerator ⁺⁺	\$157	\$985
Air Conditioner	\$368	\$1069
Furnace	\$270	\$2671
Water Heater	\$104	\$587
Main Electrical Panel	\$131	\$475

⁺ As reported in the survey A Study of Homeowners' Appliance and Home System Service Experiences, Decision Analyst (2008) and reprinted with their written permission. Further reproduction is expressly prohibited.

⁺⁺ These items are additional options that must be added in order to be covered.

Remember, your AHS Home Warranty covers the repair or replacement of many of the most frequently occurring breakdowns of home systems and appliances, but not necessarily the entire system.



PLANNING YOUR MOVE

Moving Checklist

- ___ As soon as you know the contractual date for assuming possession of the home, start calling moving van companies to check availability, to compare prices and to set up estimate visits.
- ___ Notify your utility, telephone, and cable or satellite companies and newspaper delivery about canceling or transferring service, and the effective date.
- ___ Fill out a change of address card at your local post office, or complete one online at the United States Postal Service web site, www.usps.com. Change the address on all your bills, magazines and any other regular mail. Send change of address cards to family, friends and service providers.
- ___ Start collecting or purchasing packing boxes, tape, markers, paper and filler material.
- ___ If you are moving out of town, be sure to request medical, dental and school records to take with you.
- ___ Donate unwanted clothes and household items to charity.
- ___ Dispose of flammables that can't be transported, such as cleaning fluids, matches, acids, weed control and other poisons, partially used cans of oil, paint and thinner, as well as other combustibles. Drain fuel from power lawn mowers and any other machinery to be moved. Discard the propane tanks used with barbecue grills.
- ___ Get a written appraisal for any valuable or antique items to verify the value.
- ___ Prepare your pets! Decide how and when you will transport them, how they will be contained on moving day, and leave out food, water bowls and leashes to take with you.
- ___ Be sure to take a box with you that contains the family's bedding, pillows, towels and medicines to be used on the first night. Also take a box with paper goods, soap, light bulbs and household cleaning items.
- ___ Pack a file of important papers to keep with you, such as birth and marriage certificates, bank records, closing papers and insurance policies.
- ___ Leave some of your children's favorite toys, games and books unpacked so they'll have things to play with when they first arrive.
- ___ Take some maps of your new area.
- ___ Check your homeowner insurance to see what kind of coverage you have during the move, and determine if you need to purchase extra coverage from the moving company.

PLANNING YOUR MOVE CONTINUED...

- Packing Tips**
- Try not to pack more than 50 pounds into any single box.
 - Mark boxes clearly with the corresponding room in the new house, and list the contents on the outside of the box. Be sure to indicate whether the contents are fragile or heavy.
 - Use strong, solid boxes that can be closed and taped tightly. Tape the tops and bottoms of all boxes.
 - Cushion contents with filler material like newspaper, packing paper, shredded paper, tissue, bubble wrap and Styrofoam pieces. Wrap breakable items individually. You can also use towels, sheets and blankets for wrapping and padding items.
 - Styrofoam picnic plates can be inserted between china plates for cushioning.
 - Pack books in small boxes – they can be very heavy.
 - It's usually best to fill boxes and cartons completely, but without overstuffing, to keep the contents from shifting in transport.



BASIC TERMINOLOGY

Here are some basic definitions that may be useful in the home buying process:

- Adjustable Rate (ARM)** The interest rate is tied to a financial index, and the monthly payment can go up or down over time.
- APR** Annual percentage fee (interest and fees you'll be charged).
- Appraisal** A report made by a qualified person setting forth an opinion or estimate of property value. (Appraisal also refers to the process through which a conclusion on property value is derived.)
- Balloon** A long-term mortgage that has a large payment due at maturity.
- Closing** The final meeting, usually with your real estate agent, sellers and a closing agent or attorney (although the sellers may complete paperwork separately) where you sign the necessary paperwork, make the monetary transaction and take possession of the house immediately, or in a designated time period shortly thereafter.
- Closing Costs** The fees associated with processing the paperwork necessary to complete the transaction.
- Comparables** Homes with similar square footage that recently sold in the area.
- Contingencies** Conditions which must be met for the purchase contract to be executed.
- Counteroffer** The counteroffer is the seller's response to your offer.
- Credit Report** A document completed by a credit-reporting agency providing information about the buyer's credit cards, previous mortgage history, bank loans and public records dealing with financial matters.
- Debt to Income Ratio** Compares the amount of monthly income to the amount the borrower will owe each month in house payment (PITI) plus other debts. The other debts may include but not limited to car payment, credit cards, alimony, child support, and personal loans. This ratio is commonly used to see if the borrower has the capacity to repay the debt.

Deed of Trust A legal document that conveys title to real estate to a disinterested third party (trustee) who holds the title until the owner of the property has repaid the debt. In states where it is used, a Deed of Trust accomplishes essentially the same purpose as a Mortgage.

Down Payment A percentage of the cost of the home that is paid up front.

Earnest Money The deposit you make on the home when you submit the offer. This money is intended to show the seller that you are serious about wanting to purchase the property. Earnest money goes into an escrow account, and if the offer is accepted, the earnest money amount will be applied to either the down payment or closing costs. If the offer is not accepted, you will get the money back.

Escrow An account where money is held, either for earnest money or by the lender for fees due for taxes or insurance.

Equity The difference in what you owe on the home and its fair market value.

FHA Mortgages that are extended by private lenders, but insured by the Federal Housing Administration, often requiring a significantly lower down payment and lower incomes to qualify.

Fixed Rate The interest rate stays the same for the mortgage term.

Foreclosure The legal process by which an owner's right to a property is terminated, usually due to default. Typically involves a forced sale of the property at public auction, with the proceeds being applied to the mortgage debt.

Hybrid A loan that starts with a fixed rate period and then converts to an adjustable rate.

HUD U.S. Department of Housing & Urban Development

Interest The payment you make to the lender for the money you borrow.

Interest-Only A loan in which the borrower pays only the interest on the principal balance for a set period.

Mortgage The written instrument used to pledge a title to real estate as security for repayment of a Promissory Note.

Mortgage Insurance Insurance written in connection with a mortgage loan that indemnifies the lender in the event of borrower default. In connection with conventional loan transactions, this insurance is commonly referred to as Private Mortgage Insurance (PMI).

Mortgage Note A written promise to pay a sum of money at a stated interest rate during a specified term. It is typically secured by a mortgage.

Net Income The difference between effective gross income and expense including taxes and insurance. The term is qualified as net income before depreciation and debt.

PMI Private Mortgage Insurance – may be required for first-time buyers.

Pre-Approval A process in which a customer provides appropriate information on income, debts and assets that will be used to make a credit only loan decision. The customer typically has not identified a property to be purchased, however, a specific sales price and loan amount are used to make a loan decision. (The sales price and loan amount are based on customer assumptions)

Pre-Qualification A process designed to assist a customer in determining a maximum sales price, loan amount and PITI payment they are qualified for. A pre-qualification is not considered a loan approval. A customer would provide basic information (income, debts, assets) to be used to determine the maximum sales price, etc.

Principal The amount of your loan that you actually borrow.

REO Real estate owned properties.

Short Sale When the seller's lender accepts less than the amount owed to release the mortgage.

Title The evidence to the right to or ownership in property. In the case of real estate, the documentary evidence of ownership is the title deed, which specifies in whom the legal state is vested and the history of ownership and transfers. Title may be acquired through purchase, inheritance, devise, gift or through the foreclosure of a mortgage.

Underwriting The process of evaluating a loan application to determine the risk involved for the lender. It involves an analysis of the borrower's creditworthiness and the quality of the property itself.

VA Loans administered by the Department of Veteran Affairs for Americans who have served in the armed forces.



Here are some websites
you may find useful:

www.ahs.com

www.amerispec.com

www.freddiemac.com

www.furnituremedic.com

www.hud.gov

www.merrymaids.com

www.realtor.com

www.realtytrac.com

www.servicemaster.com

www.servicemasterclean.com

www.trugreen.com

www.terminix.com

CONGRATULATIONS ON BUYING YOUR NEW HOME!



AHS would like to help you get settled in your new home! Check out these valuable coupons from the ServiceMaster® Family of Brands.

See terms and conditions for each offer on page 24.

FURNITURE MEDIC®

\$25 OFF OF ON-SITE FURNITURE REPAIR SERVICES*

1-800-969-2071
www.furnituremedic.com

Promo Code: FM208 Offer Expires: 12/31/2011

merry maids.

NEW CUSTOMERS SAVE \$30
(\$10 off each of the first three cleanings†)

1-800-Merry Maids • www.merrymaids.com

Promo Code: AHSBIMM08 Offer Expires: 12/31/2011

TERMINIX
Power over pests.™

Schedule a No-Obligation Inspection and
SAVE 10% ON A TERMINIX TERMITE PLAN**

Free Pest Evaluation and
SAVE 10% ON A TERMINIX PEST CONTROL PLAN

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AMERISPEC®
HOME INSPECTION SERVICE

\$25 OFF ANY AMERISPEC®
GENERAL HOME INSPECTION††

1-800-426-2270 • www.amerispec.com

Promo Code: AMS08 Offer Expires: 12/31/2011

ServiceMASTER
Clean.

\$20 OFF
CARPET CLEANING SERVICES (MINIMUM PURCHASE OF \$100***).

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www.servicemasterclean.com

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FIRST LAWN CARE TREATMENT
JUST \$29.95†††

Get a healthier lawn now.

1-800-790-8593 • www.trugreen.com

Offer Expires: 12/31/2011

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Furniture Medic

*Minimum purchase of \$200. Promotion code required at time of scheduling/ordering.

Offer valid for new residential customers only. Not valid with any other offer, on previous purchases, or on existing services. Good on purchases made through www.servicemaster.com or 1-800-969-2071 and valid only with participating providers. Call for locations. Only one discount per service per address. All services will be provided by independently owned and operated franchises of Furniture Medic®. Some restrictions may apply. Offer is void if copied or transferred and where prohibited. Any other use may constitute fraud. Cash value 1/100 of 1 cent. Offer expires 12/31/11.

Terminix

**Ten percent discount applies to subterranean termite treatment plans only, discounts do not apply to Termite Inspection & Protection Plan. Damage protection excludes damage from drywood termites. Ultimate Protection guarantee does not apply for service plans and is subject to continued annual renewal inspections and payments thereof. Not available in all areas. Termite inspections are not applicable for real estate closings. Offer expires 12/31/2011.

ServiceMaster Clean

***Promotion code SMCAHS required at time of scheduling service. Offer valid for new residential customers only. Not valid with any other offer, on previous purchases, or on existing services. Good on purchases made through 888-SMCLEAN and valid only with participating providers. Please call 888-SMCLEAN for availability of service in your area. Only one discount per service per address. Sensitive fabrics may be an additional cost. All services will be provided by independently owned and operated franchises or corporate-owned offices of ServiceMaster Clean®. Some restrictions may apply. Void if copied or transferred and where prohibited. Any other use constitutes fraud. Cash value 1/100 of 1 cent. Offer expires 12/31/11.

Merry Maid

†New customers only. Not valid with other offers. Valid only at participating locations. Void if copied or transferred and where prohibited. Service will be provided by independently owned franchises or corporate-owned branches. Hiring and screening practices may vary. Please check with your local office. Some restrictions may apply. Cash value 1/100 of 1 cent. Offer expires December 31, 2011.

AmeriSpec

††AmeriSpec is a registered trademark of AmeriSpec, Inc. AmeriSpec services provided by independently owned and operated franchises. Availability of services may vary depending on location. Limit one per customer. Void if copied or transferred and where prohibited. Cash redemption value 1/20th of 1¢. Valid through December 31, 2011, at participating locations only. Call the number listed on this coupon for more information or details.

TruGreen

†††Special price is for First Treatment only for new residential customers only and applies to lawns up to 5,000 square feet. For lawns more than 5,000 square feet, or for the regular lawn treatment price for a lawn of any size, please call for estimate. Valid at participating locations. Not to be combined with any other lawn care offers or prepayment discount. Availability of services may vary by geography.

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