



THE HOMEBUYER WORKBOOK



PLEASE FILL OUT THIS HOMEBUYER'S
WISHLIST AND GIVE IT TO YOUR AGENT.

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____ (HOME) _____ (WORK) _____ (CELL)

EMAIL _____

HOW MANY IN HOUSEHOLD? _____ CHILDREN'S AGES _____

COMMUNITY REQUIREMENTS

What three communities are you interested in learning more about?

RANK IMPORTANCE:

3 = Must Have 2 = Desirable 1 = Not Important

COMMUNITY SERVICES	Child care services available	3	2	1
	YMCA / Park district facilities	3	2	1
	Churches / Syngogues	3	2	1
	High-quality health care	3	2	1
CONVENIENCE	Close to current or future jobs	3	2	1
	Near grocery and other stores	3	2	1
	Parks / play areas	3	2	1
	Easy freeway access	3	2	1
NEIGHBORS	Relatives / friends in the neighborhood	3	2	1
	Children for your kids to play with	3	2	1
	Active community groups	3	2	1

HOME REQUIREMENTS

What home styles do you prefer? (i.e. Split Entry, 2-Story, 1-1/2 Story, Ranch, Colonial, etc.)

Older or Newer Homes? _____

How many bedrooms? _____ Bathrooms? _____ Garage Space? _____

PLEASE FILL OUT THIS HOMEBUYER'S
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RANK IMPORTANCE

Rate these rooms and features according to how important they are to you, then add your comments about special requirements you have or features you'd like.

3 = Must Have 2 = Desirable 1 = Not Important

INDOOR	Kitchen	3	2	1
	Living Room	3	2	1
	Dining Room	3	2	1
	Family Room	3	2	1
	Den / Study	3	2	1
	Master Bedroom	3	2	1
	Extra Bedrooms	3	2	1
	Basement	3	2	1
	Fireplace	3	2	1
OUTDOOR	Garage	3	2	1
	Patio or Deck	3	2	1
	Size of Yard	3	2	1
	Landscaping	3	2	1
	Play Area	3	2	1

NOTES:

Personal Taste / Special Needs

Requirements for children: _____

Requirements for pets: _____

Requirements for a home office: _____

Other features that are important: _____

Specific features that you will NOT accept: _____

Special Requirements

What days will you be available to view homes? _____

What times are best for you? _____

How quickly do you want / need to move? _____



WHY GET PRE-APPROVED?

Before beginning your home search, get pre-approved with AMEC Home Loans to save time, energy, and frustration. Having an AMEC pre-approval letter in hand will also help you get the best possible deal on the market.



DETERMINE AFFORDABILITY

This shows how much you are eligible to BORROW, which helps you determine how much you can afford to spend on a house.



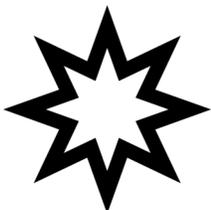
GAIN NEGOTIATING POWER

This shows agents and sellers you are a CREDIBLE BUYER, which helps you stand out in a competitive market. Some sellers require potential buyers have a pre-approval letter when submitting an offer.



SAVE TIME

This gets you CLOSER TO LOCKING your loan terms and closing on a house in a shorter amount of time.



AVOID SURPRISES

This gives you visibility into your credit worthiness in the eyes of a lender. If necessary, you can work with your lender to IMPROVE YOUR QUALIFICATIONS as a borrower and to avoid roadblocks to closing.



WHAT'S IN A MORTGAGE?

MORTGAGE PAYMENT BREAKDOWN

YOUR MORTGAGE IS BASED ON A VARIETY OF FACTORS, INCLUDING YOUR DOWN PAYMENT, CREDIT SCORE AND PROPERTY TYPE



PRINCIPAL

Repayment of the amount of money borrowed, not including interest, to purchase the home



INTEREST

Percentage charged for the use of borrowed money



TAXES

Decided by the municipality you live in and is based on the property's value



INSURANCE

Homeowner's insurance and possibly mortgage insurance, varies by loan product

SOURCE: THEBALANCE.COM

UNDERSTANDING MORTGAGE INSURANCE

Here's what you need to know, and how it may affect your monthly mortgage payment.

WHAT IS PMI?

▶ **Private Mortgage Insurance**

PMI is insurance for Conventional loans. It can be paid monthly with your mortgage payment, built into your mortgage rate or upfront at the time of closing.

WHAT IS MIP?

▶ **Mortgage Insurance Premium**

MIP is an insurance policy used in FHA and USDA loans. The initial premium can be financed into the loan or paid upfront.

The Magic Number

20%



If you buy a home and put down less than 20%, you may be required to have mortgage insurance.

PMI and MIP ensure the lender or investor against losses if the homeowner defaults on the mortgage.

WHO'S INVOLVED?

Loan Originator

Puts together a loan application, determines program eligibility and financing options, gathers borrower documents and coordinates with all parties throughout the loan process.

Processor

Orders verifications and services for final borrower loan approval including verification of employment, submits the loan to underwriting, assists in clearing conditions, and obtaining final loan approval.

Buying Agent

Assists the buyer in finding the right home, assists in writing the offer and negotiating the purchase.

Selling Agent

Assists the seller in the sale of the home and negotiating the sale.

Home Inspector

Inspects the home's structure and all systems and components, generates a report of current home condition.

Home Appraiser

Provides a professional opinion on the market value of home according to current market conditions.



Underwriter

Reviews borrower's application and documentation for loan program approval.

Title Company/ Attorney

Examines public records to determine legal transfer of ownership from buyer to seller, ensures closing documents are executed and promptly recorded, collects and distributes funds for the transaction.

Well, Water, Septic Inspector

Ensures all private on-site systems are working and up to code .

Insurance Agent

Provides financial protection against the risk of disasters.

YOUR ROLE IN THE HOME BUYING PROCESS

- ▶ Communicate with your real estate agent about your expectations, preferences, and concerns
- ▶ Meet with your AMEC Loan Originator to discuss your financial situation and goals
- ▶ Obtain pre-approval as early in the process as possible
- ▶ Provide all the documentation that is required in a timely manner
- ▶ Be available for decision-making and ensure that your schedule is flexible for final document signing 3 - 5 days before the closing date

AMEC LOAN PROGRAMS AND BENEFITS



Conventional

This is the most common mortgage option and usually has the best interest rates.

Down Payment

5% **3%**

MINIMUM
DOWN

1ST TIME
BUYER

Best For:

REPEAT BUYERS
AND GOOD CREDIT



VA

Takes away the need for a down payment without the risk of PMI*. Only available to veterans.

Down Payment

0%

MINIMUM
DOWN

Best For:

MILITARY
VETERANS



ARM

These rates start out lower than any other option, but fluctuate with the market

Down Payment

10%

MINIMUM
DOWN

Best For:

REPEAT BUYERS
AND GOOD CREDIT



FHA

Makes ownership more affordable with less down payment and easier credit requirements.

Down Payment

3.5%

MINIMUM
DOWN

Best For:

FIRST TIME
HOMEBUYERS AND
FAIR CREDIT BUYERS



USDA

This mortgage option was developed to promote the purchase of homes located in rural areas.

Down Payment

0%

MINIMUM
DOWN

Best For:

RURAL
PROPERTIES

Sources:
FearlessHomeBuyer.com, HouseHunt.com/news/realestate/
*AVA funding fee may apply.

CLOSING COSTS

1

LOAN ORIGATION FEE

May be charged by the lender on a new loan application. It represents compensation for putting the loan in place. They are quoted as a percentage of the total loan amount, and are generally between 0.0% and 1.0% of the loan amount.



2

APPRAISAL FEE

Covers the cost of an independent appraisal of the value of the home.



3

TITLE INSURANCE AND FEES

Ensures transfer of ownership and covers legal costs in the event of a future claim on the property.

4

ESCROW SET UP

Set up escrow account and collect a two month reserve for property taxes and homeowners insurance to hold for payment when due.



5

PRE-PAIDS

Covers mortgage interest due between date of closing and first mortgage payment, may also include first year of homeowner's insurance premium.



6

DISCOUNT POINTS

Paid to lender at closing to reduce interest rate over life of the mortgage.

7

TRANSFER TAXES

Local government sales tax when a home changes ownership, typically paid by seller.



8

RECORDING FEE

For the county clerk to record the deed and mortgage and change the property tax billing.



9

OTHER FEES

Other payments may be settled at the closing; such as prorated payments for condo fees or property taxes, notary fees, courier fees, document prep fees, etc.

ROADMAP TO BUYING A HOME

START
HERE

01 Get Pre-Approved

You will need pay stubs, W2s, and bank statements. Knowing what you can afford is critical to a successful home shopping experience.

03 Search for Homes / Properties

The fun part! Your agent will schedule showings and help you find the perfect home.

02 Meet with Real Estate Agent

Discuss the type of home you're looking for; including style, price, and location.

04 Make an Offer

Your agent will prepare the offer based on the price and terms you choose.

05 Accepted Offer / Under Contract

You and the seller have agreed to the price and terms. The home is effectively held for you until closing.



07

Home Inspection

A licensed professional will review and test all the home's systems to ensure health and safety code compliance.

08

Order Appraisal / Title Insurance

Determine if the fair market value of the property meets purchase price and loan guidelines. This also ensures a clear title for transfer of ownership.

10

Clear to Close / Final Closing Disclosure

The three words that mean we are ready for closing! Documents will be prepared for closing and final numbers confirmed.

09

Submit to Underwriting / Clear Conditions

Your file and all documents are reviewed to ensure compliance with program guidelines. Conditions for additional information may be requested to clear the file for final approval.

06

Sign Initial Loan Disclosures

Meet with your lender to set loan terms, lock rate, and go over property specific transaction items.

11

Closing

Sign closing documents to transfer funds and ownership. Obtain keys to the property.

Congrats! you own your new home!

Total Cost of Renting

Based on a Six Percent Increase Each Year.

	\$500/Mo. You'll Pay	\$600/Mo. You'll Pay	\$700/Mo. You'll Pay	\$800/Mo. You'll Pay	\$900/Mo. You'll Pay	\$1,000/Mo. You'll Pay	\$1,100/Mo. You'll Pay
1st Year	\$6,000	\$7,200	\$6,000	\$9,600	\$10,800	\$12,000	\$13,200
2nd Year	\$6,360	\$7,632	\$8,904	\$10,176	\$11,448	\$12,720	\$13,992
3rd Year	\$6,742	\$8,090	\$9,438	\$10,786	\$12,135	\$13,483	\$14,832
4th Year	\$7,146	\$8,575	\$10,005	\$11,433	\$12,863	\$14,292	\$15,722
5th Year	\$7,575	\$9,090	\$10,605	\$12,119	\$13,635	\$15,150	\$16,665
6th Year	\$8,029	\$9,635	\$11,241	\$12,846	\$14,453	\$16,059	\$17,665
7th Year	\$8,511	\$10,213	\$11,916	\$13,617	\$15,320	\$17,023	\$18,725
8th Year	\$9,022	\$10,826	\$12,630	\$14,434	\$16,239	\$18,044	\$19,848
9th Year	\$9,563	\$11,476	\$13,388	\$15,300	\$17,213	\$19,127	\$21,039
10th Year	\$10,137	\$12,164	\$14,192	\$16,218	\$18,245	\$20,275	\$22,301
Total	\$79,085	\$94,902	\$110,719	\$126,529	\$142,332	\$158,173	\$173,989

**This Money Goes
Into Your Landlord's Pocket!**

Do You Want To Watch Your
Hard-Earned Dollars Slip Away?



During the Home Search, Mark & Laura Anderson will...

Discuss the benefits and drawbacks of each home in relation to your specific needs.

- Keep you informed on a regular basis.**
- Check the MLS database and check with other brokers daily for new listings that meet your criteria.**
- Prepare an itinerary and "tour" map on which all homes meeting your criteria have been located.**
- Keep you up to date on changing financial conditions that may affect the housing market.**
- Be available to answer your questions or offer assistance regarding your home purchase.**
- Discuss market trends and values relative to properties that may be of interest to you.**

- Assist you with homes offered by "For Sale by Owner."**

A homeowner trying to sell his home himself is usually doing so in hopes of saving the commission. Coincidentally, this is the reason a buyer wants to deal directly with a homeowner. There is only one commission to be saved, and only one of you will save it. Usually, it is the seller. Many times a home-owner will work with an agent, even though his home is not listed, if the agent introduces the buyer to the property. So, if you should see a FSBO and want the advantages of our services, please let us contact the owner and set the appointment.

- Introduce you to local builders to discuss building your next home.**

We can work with most builders and get all the information you need to make any decision, but we ask that you notify the builder's agent when you visit the subdivision that you are being represented by us. By letting us help you with the builders, you get all the services offered in this presentation and those offered by the builder as well, in addition to having your best interests represented by us. You'll get more, but you won't pay more for it.



HOME INSPECTION VS. APPRAISAL

As your loan is being processed an appraisal is ordered and an inspection is conducted on the home. These reports serve completely different purposes; one of them is optional and the other is required by AMEC.

HOME INSPECTION

DETERMINES PROPERTY CONDITION

This report is ordered by and completed solely for the individual(s) purchasing the home. It helps determine the condition of the property and its systems in great detail. It is not required by AMEC and is optional.

HOW MUCH DOES IT COST?

\$250-400. Home inspection costs vary depending on the complexity of the inspection and the size of the home being inspected.

HOW AND WHEN IS IT ORDERED?

A home inspection is ordered by the buyer and his/her agent with an inspector of their choosing shortly after the buyer's offer is accepted. Most states' real estate contracts stipulate that the buyer has 10-15 days from the date of contract acceptance to complete the inspection and communicate any issues to the seller.

WHEN IS THE REPORT DELIVERED?

The home inspection report is generally delivered to the buyer within 24 hours from the time the inspection was completed.

HOME APPRAISAL

DETERMINES PROPERTY VALUE

This report is required by AMEC when a home is purchased and being financed. The appraisal is used to determine the fair market value and the general physical condition of the property being purchased.

HOW MUCH DOES IT COST?

\$450-600. Home appraisal costs vary slightly depending on the size of the home, loan type and whether the home will be an investment property or a primary residence.

HOW AND WHEN IS IT ORDERED?

AMEC typically waits to order the appraisal until after the home inspection is completed (if the buyer decides to do a home inspection). Per government regulated guidelines AMEC is required to randomly assign an appraiser to an appraisal order.

WHEN IS THE REPORT DELIVERED?

Typically, a home appraisal is delivered to AMEC within 7-10 business days from the time it is ordered.

After Finding Your Home:

Home Warranty Insurance

If the seller does not provide a home warranty policy, the buyer may purchase one at the time of closing. We can facilitate your purchase of a home warranty

Why your warranty is so important to your peace of mind:

If you're buying a home, your expenses only begin at closing. Most people have lots of renovations to make, furniture to buy, and so on. So the last thing you want to do is spend additional money for repairs due to unexpected mechanical failures within your new home.

Benefits when you're a buyer:

Your home is one of the biggest investments of your life. Why take chances? You can be covered against the expenses of unexpected repair or replacement for a full year or more after closing, less the standard deductible



Think about it, no matter how closely you inspect a home before you buy, you just can't predict certain things. There could be breakdowns from normal wear and tear, and there's always the possibility of mechanical failure during the first year of ownership. Things like internal plumbing, electrical wiring, or vital parts of the air conditioning and heating systems can give out unexpectedly. Even working components like the washer, dryer, oven, refrigerator, and other items sometimes fail. Each warranty has some limitation, carefully read your policy. Pre-existing conditions may be a factor.

Moving Checklist for a Local Move

PLAN AHEAD BY:

- Deciding what to move and what not to move. Possibly plan a garage sale - extra cash, less to move!
- Getting estimates from several moving companies / truck rental companies.
- Be sure to obtain a hand truck (appliance dolly) if you're moving yourself.
- Arranging transfer of children's school records, if applicable.
- Drawing up a floor plan of where your furniture should be placed to avoid confusion for you and your movers.
- Arranging any special movers, such as for an expensive piano or to break down and move a pool table or above ground swimming pool.

DON'T FORGET TO:

- Cancel or transfer deliveries, newspaper, garbage collection, etc.
- Coordinate the transfer of gas, electric, water, and sewer, cable, and internet with the next occupant of your old home, as well as with the previous owner of your next home so as to avoid lapses in service and extra restart expenses. Ask your Realty Group Agent for details on a service provider that can do this for you.
- Make arrangement for transporting your plants and pets.
- Transfer insurance policies or arrange for new policies.
- Gather all valuables, jewelry, important papers (birth certificates, deeds, documents) to take with you personally.
- Get refunds from your present utility and phone companies, and arrange for service at your new home.
- Purchase moving insurance. Your mover's liability for lost or damaged goods will not equal their replacement cost.
- Appraise valuable items, such as, antiques, art pieces, etc.
- Ask for professional referrals if available (i.e. doctor, accountant, etc.).
- Change these addresses: post office, charge accounts, subscriptions (at least four weeks in advance), relatives and friends, national and alumni organizations, church, mail-order clubs (books, tapes, catalogues), firms with which you have time payments, past employer in order to receive your W-2 forms, etc.





When we start visiting homes, what should I be looking for the first time through?

The house you ultimately choose to call home will play a major role in your family's life. A home can be an excellent investment, of course; but more importantly, it should fit the way you really live with spaces and features that appeal to everyone in the family.

At each home, consider these important factors:

- Is there enough room for you now and in the near future?
- Is the home's floor plan right for your family?
- Is there enough storage space?
- Will you have to replace the appliances?
- Is the yard the size that you want?
- Are there enough bathrooms?
- Will your present furniture work in this home?

Is an older home as good a value as a new home?

It's a matter of personal preference. Both new and older homes offer distinct advantages, depending upon your unique taste and lifestyle. New homes generally have more space in the rooms where today's families do their living, like a family room or activity area. They're usually easier to maintain, too. However, many homes built years ago offer more total space for the money, as well as larger yards. Taxes on some older homes may also be lower. Some people are charmed by the elegance of an older home but shy away because they're concerned about potential maintenance costs.



Do I need to bring anything along when I'm looking at homes?

Bring your own notebook and pen for note-taking. Be prepared to "snoop around" a little. After all, you want to know as much as possible about the home you buy. Sellers understand that because their home is on the market, it will be looked over pretty thoroughly. Don't forget to bring along this Home-buyer's Book as a reference guide when you are looking at homes. If you need to go back to a home for another look, we will be happy to schedule an appointment. Be sure to ask any questions you have about the home, even if you feel you're being nosy. It's important to know that the seller may supply the buyer with a Residential Property Disclosure, which will disclose any defects known by the seller.

What should I ask about each home I look at?

As a rule of thumb, ask any questions you have about specific rooms, features, or functions. Pay particular attention to areas that you feel could become "problem" areas - additions, defects, areas that have been repaired, etc. And above all, if you don't feel your questions have been answered, ask until you do understand and are satisfied. In most cases, we will be able to provide you with detailed information.

What should I tell you about the homes I look at?

Tell your REALTOR® what you liked and didn't like about each home you saw. It is important to really get a feel for what you're looking for in a home in order to find your dream home. Don't be shy about talking about a home's shortcomings. Was the home perfect except for the carpeting? Let them know that, too!



How many homes should I look at before I buy?

There is no set number of homes you should look at before you decide to make an offer on one. That's why providing your REALTOR® with as many details as possible up front is so helpful. The perfect home may be waiting for you on your first visit. Even if it isn't, the house hunting process will help you get a feeling for the homes in the community and narrow your choices to a few homes that are worth a second look.

House Hunting Tip

When you find a home you may be interested in buying, consider asking the following questions:

- ◆ How much money do you pay for monthly utilities?
- ◆ What features have you enjoyed most about living in this home?
- ◆ Are there defects or problem areas that need to be fixed right away?
- ◆ How old is the furnace and central air conditioning system?
- ◆ How old is the roof? Have you experienced any leaking?

What should I think about when I'm deciding which community I want to live in?

There are obviously many factors to consider when you choose a community. A few things to look for in a community are good city services, nice parks with playground facilities, convenient shopping and transportation, and a track record of sound development and good planning.

As for individual neighborhoods within a city, there is no better source of information than Realty Group, Inc.! We know the communities. Chances are good that we can help you find a neighborhood that really fits your family's needs.



How can I find out what homes are selling for in a given neighborhood?

All can be searched for recent sales histories, sale prices (or average sales prices), time on the market, and other listing information for sales in any given area.

homes in the area that are roughly the same size and age as the home you're considering. Although there will certainly be some differences between the homes-the house next door may have an extra bedroom or the one down the block may be older than the one you're looking at-it's a good way to evaluate the seller's asking price.

I'd like to have a Home Inspector look at the home before I buy it. What does a home inspector do?

For your own safety, and to make sure you're getting your money's worth in the home you choose, using a professional home inspector is highly recommended. A home inspector will check a home's plumbing, heating and cooling, electrical systems, and look for structural problems like a damp or leaky basement.

When you write an offer, you will want to consider including an inspection clause or other language which says that your purchase obligation is contingent on the findings of a professional home inspector.

Your home cannot "pass" or "fail" an inspection, and your inspector will not tell you whether he thinks the home is worth the money you are offering. The inspector's job is to make you aware of repairs that are recommended or necessary.

You may find after inspection, it gives you confidence and it may reconfirm your decision to go forward with the purchase.

A seller may be willing to renegotiate a price to accommodate needed repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear headed decision.

Remember, the purpose of a home inspection is to help you learn things about the home that are not easily discoverable during your home buying tour. IT IS NOT INTENDED TO BE A "LAUNDRY LIST" OF MINOR REPAIRS FOR SELLERS TO COMPLETE.



Is there anyway I can protect myself against emergency repair bills in my new home?

YES - home warranties offer you protection against many potentially costly problems not covered by your homeowner's insurance. They've become increasingly popular in recent years, and for good reason... the coverage can save you thousands in the event of a major mechanical breakdown at a time when your cash reserves have been depleted by your down payment and moving expenses. When looking at homes, ask your REALTOR® if a home warranty is offered. But remember if it is not offered; you may consider asking for one when writing the offer to purchase. The home warranty will give you the peace of mind necessary to feel comfortable in your new home. In most cases, the warranty plan will cover appliances, hot water heater, air conditioning units, electrical systems, garage door openers, plumbing systems, heating systems, faucets, ceiling fans, and water softeners. Check with your REALTOR® regarding the specifics of the home warranty plan!

How do I determine the amount of my initial offer?

There is really no rule to use in calculating a realistic offer. Naturally, the buyer wants the best value and the seller wants the best price, but negotiations can be influenced by many factors, such as a seller who may be changing jobs and wants to sell quickly or a buyer who really wants a specific home. After you've looked at the home's features, asked questions, checked comparables, and talked about it with your REALTOR®, you should have a good idea of what the home's value is in the current market. Consider what you can afford, and make an offer that you consider to be fair.

If I'm moving a considerable distance, is there any way I can gather information before I start traveling?

YES, we are proud to be associated with top REALTOR®s across the country. Whether you're moving across town, across the nation, to Mexico, Canada, or the United Kingdom, we can help. We understand your needs, concerns, fears, anxieties, and joys, but most of all, we know how to get you and your family from here to there with minimal stress and inconvenience.

Should I move myself or use a moving company?

In almost every case, you can save yourself time and energy by using a reputable moving company to help you move. Ask your REALTOR®, friends, and coworkers for recommendations, then get estimates from several companies. Don't choose a mover based on price alone - consider the reputation and professionalism of the company, too. Work closely with the moving company to coordinate your efforts and your move will go smoothly and efficiently.



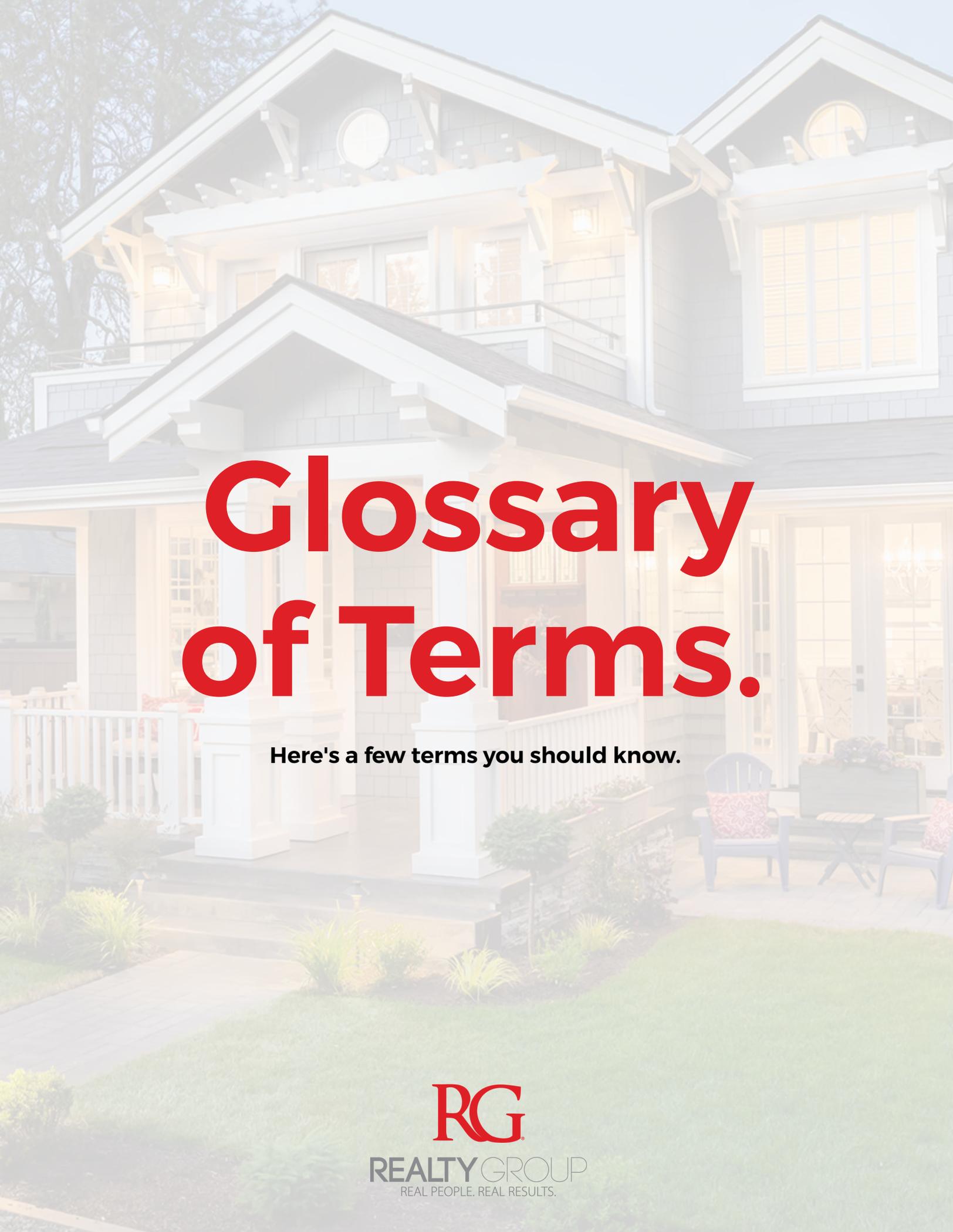
How can I find out what my property tax bill will be?

Usually the total amount of the previous year's property taxes is included on the listing information sheet for the home you're interested in. Remember, tax rates change from year to year, so the previous year's tax bill should be considered simply as a ballpark figure of what you would pay.

What can I do if I have a fixed rate loan, and interest rates go down?

When interest rates drop significantly, the homeowner should investigate the financial advantages of refinancing. Essentially, this means taking out a new loan to pay off your existing loan.

Refinancing may require paying many of the same fees paid at the original closing, plus origination fees. Most mortgage experts agree that if you can get a rate 2% less than your existing loan and you plan on staying in your home for at least 18 months, refinancing is a good investment.



Glossary of Terms.

Here's a few terms you should know.

RG

REALTY GROUP
REAL PEOPLE. REAL RESULTS.

Glossary of Terms

Abstract of Title:

A summary of the public records relating to the ownership of a particular piece of land. It represents a short legal history of an individual piece of property and traces the ownership of that property from the time of the first recorded transfer to present.

Acceptance:

Consent to an offer to enter into contract.

Adjustable Rate Mortgage:

A mortgage that allows the interest rate to be changed periodically; referred to as ARM.

Agency:

A legal relationship in which an owner-principal engages a broker-agent in the sale of property or a buyer-principal engages a broker-agent in the purchase of property.

American Society of Home Inspectors ASHI:

A professional trade association providing training and education in home inspections. Members meet qualification requirements to join.

Amortization:

The gradual repayment of a mortgage by periodic installments.

Annual Percentage Rate (APR):

The total finance charge (interest, loan fees, and points) expressed as a percentage of the mortgage amount.

Appraisal:

An evaluation of a piece of property to determine its value.

Appreciation:

Increase in value due to any cause.

Asbestos:

A mineral fiber used in some building materials, such as flooring, siding, insulation, and roofing. It is presently banned for most uses in real estate property.

Assessed Value:

The valuation placed on property by a public tax assessor as the basis of property taxes.

Assumption of Mortgage:

An agreement whereby the buyer assumes responsibility for a mortgage owed by the seller; the seller remains liable to the lender unless the lender agrees to release the seller from the liability.

Comparables:

Properties similar in size and character to the one being bought or sold.

Condominium:

Ownership of a unit only, rather than of the entire building with the land.

Glossary of Terms

Consideration:

Anything of value to induce another to enter into a contract (i.e. money, services, a promise, etc.).

Contingency:

A condition that must be satisfied before a contract is binding.

Contract:

An agreement to do or not to do a certain thing.

Conventional Mortgage:

A fixed rate, fixed term mortgage not insured by the federal government.

Deed:

A legal document conveying title to a property.

Deed (Quit Claim):

A deed that transfers only that title or right to a property that the holder of that title has at the time of the transfer. It does not warrant or guarantee a clear title.

Department of Housing and Urban Development (HUD):

A U.S. government agency established to implement certain federal housing and community development programs.

Disclosure Laws:

State and federal regulations which require sellers to disclose such conditions as whether a house is located in a flood plain or whether there are known defects in or affecting the property.

Earnest Money:

A portion of a down payment given to the seller by a potential buyer indicating the buyer's intent to complete the purchase of the property.

Easement:

A right to use the land of another.

Encroachment:

A condition that limits the interest in a title to property, such as mortgage, deed restrictions, easements, unpaid taxes, etc.

Equity Mortgage:

A mortgage based on the borrower's equity in their home rather than on their credit worthiness.

Escrow:

The placement of money or documents with a third party for safekeeping pending the fulfillment or performance of a specified act or condition.

Fannie Mae:

Nickname for Federal National Mortgage Corp. (FNMA), a tax paying corporation created by congress to support the secondary mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.

Federal Housing Administration (FHA):

An agency within the Department of Housing and Urban Development (HUD) that administers loan guarantee programs and loan insurance programs to make more housing available.

Glossary of Terms

Fixed Rate Mortgage:

A loan that fixes the interest rate at a prescribed rate for the duration of the loan.

Foreclosure:

Procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

Freddie Mac:

Nickname for Federal Home Loan Mortgage Corp. (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. It purchases and sells residential conventional home mortgages.

Graduated-Payment Mortgage:

A mortgage that starts with low monthly payments and increases at a predetermined rate.

Growing-Equity Mortgage:

A mortgage loan in which monthly payments increase by a specific amount each year, with the "overpayments" applied to the principal.

Installment Debts:

Long-term debts that usually extend for more than one month.

Investor:

The holder of a mortgage of the permanent lender for whom the mortgage maker services the loan. Any person or institution that invests in mortgages.

Lease Purchase Agreement:

Buyer makes a deposit for the future purchase of a property with the right to lease the property in the interim.

Lien:

A legal claim against a property that must be paid when the property is sold.

Loan-to-Value Ratio:

The relationship between the amount of a home mortgage and the total value of the property. Lenders may limit their maximum mortgage to 80-95 percent of value.

Market Value:

The highest price a buyer will pay for property and the lowest price a seller will accept.

Mortgage:

One type of document used to make property the security for the payment of a loan.

Mortgage Broker:

An individual or company that obtains mortgages for others by finding lending institutions, insurance companies, or private sources to lend the money; may also handle collections and disbursements.

Mortgagee:

The lender of money or the receiver of the mortgage.

Mortgagor:

The borrower of money or the giver of the mortgage document.

Glossary of Terms

Note:

A written promise to pay a certain amount of money.

Origination Fee:

A fee or charge for work involved in the evaluation, preparation, and submission of a proposed mortgage loan.

Private Mortgage Insurance (PMI):

Insurance issued to a lender by a private company to protect the lender against loss on a defaulted mortgage loan. Its use is usually limited to loans with high loan-to-value ratios. The borrower pays the premiums.

Promissory Note:

A written contract containing a promise to pay a definite amount of money at a definite future time.

Radon:

A colorless, odorless gas formed by the breakdown of uranium in sub-soils. It can enter a house through cracks in the foundation or in water and is considered a health hazard.

REALTOR and REALTOR-Associate:

Registered collective membership marks that identify real estate professionals who are members of the National Association of REALTORS and who subscribe to its strict Code of Ethics.

REO:

Lender owned property. REO stands for Real Estate Owned. This term is commonly used by asset managers and foreclosing lenders.

Rent with Option:

A contract which gives one the right to lease property at a certain sum with the option to purchase at a future date.

Savings and Loan Association (S&L's):

Depository institutions that specialize in originating, servicing, and holding mortgage loans, primarily on owner-occupied residential property.

Savings Bank:

A summary of the public records relating to the ownership of a particular piece of land. It represents a short legal history of an individual piece of property and traces the

Second Mortgage/Second Deed of Trust/Junior Mortgage or Lien:

An additional loan imposed on a property with a first mortgage; generally a higher interest rate and shorter term than a "first" mortgage.

Severalty Ownership:

Ownership by one person only; sole ownership.

Shared-Equity Mortgage:

A home loan in which an investor is granted a share of the equity, thereby allowing the investor to participate in the proceeds from resale.

Glossary of Terms

Survey:

The process by which a parcel of land is measured and its area ascertained.

Tenancy in Common:

Ownership by two or more persons who hold an undivided interest without right of survivorship (in the event of the death of one owner, his/her share will pass to the heirs).

Title:

A document that is evidence of ownership.

Title Defect:

An outstanding claim or encumbrance on property that affects marketability.

Title Insurance:

Protection for lenders and homeowners against financial loss resulting from legal defects in the title.

Veterans Administration (VA):

A government agency that provides services for eligible veterans of the armed forces. It guarantees mortgage loans made by private lenders to veterans.

Variance:

A special suspension of zoning laws to allow the use of property in a manner not in accord with existing laws.

Zoning Restrictions:

Local municipal ordinance that classifies property according to specific uses such as single family, residential, commercial, or industrial.



Our Commitment

We are empowered by a philosophy that our client comes first.

We will always approach a client with honesty even when the truth is hard.

We will only enter into a client relationship when we know what is expected of us, in good faith, can be done.

We will always remember that quality of service, honesty, loyalty, understanding, accountability, and creativity are what make us so very different from others in our industry.

We will always treat all parties honestly and fairly, and will always offer our services without regard to race, color, creed, religion, sex, ancestry, national origin, handicap, or family status.



OUR PLEDGE

Unsurpassed service is our mission. As we help you buy your new home we will apply ourselves to making the home-buying process as convenient and time saving as possible. Toward that end we will...

Initiate and maintain continuous communication with you.

Orient you to current market conditions.

Provide helpful community data.

Explain local real estate practices and procedures.

Provide information on financing alternatives.

Thoroughly analyze the entire inventory of homes on the market.

Carefully analyze your needs, remaining sensitive to your special requirements.

Provide information on selected properties that meet your needs.

Avoid wasting time.

Professionally show selected properties.

Explain the process of offer presentation.

Carefully review the offer to purchase.

Conscientiously facilitate the negotiations.

Explain post-purchase activities and responsibilities.

Follow up on post-purchase activities.

Keep in touch with you after moving day.

And Much More! We will fully dedicate ourselves to making your dreams come true ... one day at a time!

Notes on Appealing Properties

After your visit to different homes, use these to organize your thoughts

Address: _____ Price: _____
Subdivision: _____ Overall Impression: _____
Home is Near: _____

Item / Comments

Style of Home: _____
Bedrooms: _____
Baths: _____
Living Room: _____
Fireplace: _____
Kitchen: _____
Dining Room: _____
Laundry Area: _____
Family Room: _____
Basement: _____
Add'l Rooms: _____
Add'l Features: _____
Garage: _____
Lot: _____

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