

*What happens  
when you get professional,  
well-educated, high-level purchasing  
representation?*

*Your dreams and desires become reality.*

*And the result?*



*Your Dream Home...*

**BOUGHT!**



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# *Your Dream Home . . . BOUGHT!*

## ***Introduction***

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*Thank you for choosing me to represent your interests regarding your real estate needs.*

*I looking forward to counseling with you further to explore how I can best support you in achieving your real estate goals. Every move is motivated by a desire to change your present circumstances, whether you are moving into your first home, moving up, down sizing, or moving out. It is my mission to assist you in achieving your objective as smoothly and successfully as possible.*

*This book is designed to prepare you for the many critical decisions that come with purchasing a home. I believe it is important that you have a full perspective of the process and know what questions to ask.*

*My intention is to demonstrate to you the value of superior service in one of the most important decisions in your life—purchasing a home.*

*Thank you for the opportunity to work with you. It is my pleasure to be of service!*

*Craig Thomas*

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*The Right Choice*  
*to Represent*  
*Your Interests*

# *Your Dream Home . . . BOUGHT!*

## ***The Right Choice to Represent Your Interests***

### Benefits of Working With Me to Buy a Home

Acquiring real estate is a complex business. Mistakes can literally cost you thousands of dollars or the missed opportunity of owning the home of your dreams. As a buyer, you are always in competition with other buyers who also are looking to buy their dream homes. There is a vast difference in the level of expertise and quality of service provided by real estate agents. Give yourself the advantage of working with the very best—work with me and get these value-added services that will make a big difference for you!

***A Highly Trained Buyer Representative:*** who focuses on finding the ideal home for you. I am fully committed to you throughout the entire buying process; my sole career is real estate.

***Multiple Computerized Tracking Systems:*** that instantly alerts me about properties that come on the market and meet your needs. Through my sophisticated computer search system, I will constantly alert you to properties that meet your requirements as they hit the market and before most other real estate agents and their buyers even know about them.

***The Largest Inventory of Homes for Sale:*** I give you access to **ALL** listings, not just those on the Multiple Listing Service. I research new construction, contact For Sale By Owners, explore potential relocation clients, communicate with other area top producers to see what they have coming available and stay abreast of clients who may be considering selling their homes but haven't put them on the market yet.

***Expert Negotiation Skills:*** I have helped many families move in the past year. This level of success is a testimonial to the expertise and negotiating skills that give my clients a major advantage over buyers working with other agents.

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# *Your Dream Home . . . BOUGHT!*

## ***The Right Choice to Represent Your Interests***

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### **Buyer Representation—How We Can Help**

**Question:** Do home buyers need the help of a Buyer Representative?

**Answer:** You bet! Because when buyers work with a real estate professional who is 100% loyal and completely committed to them, chances are that the entire home-buying process will go smoothly, with a higher level of buyer satisfaction.

**Question:** What is a Buyer Representative?

**Answer:** A Buyer Representative works solely for you and has no legal or other responsibilities to the seller.\* When working with a Buyer Representative, you have the advantage of personal representation, independent counseling, loyalty, confidentiality, and trust. On the other hand, while helping you present an offer and then negotiate and close a transaction, a general real estate agent has certain fiduciary responsibilities to the seller and agent of any property you choose.

\*In a case where the property your agent is representing you to buy is also that agent's listing, dual agency applies. Talk to your agent for more information.

**Question:** Can a Buyer Representative show us the same properties?

**Answer:** Yes, a Buyer Representative can show you every home listed in the REALTOR®'s Multiple Listing Service (MLS), PLUS Real Estate Owned (REO) and For Sale By Owner (FSBO) properties. Additionally, a Buyer Representative can show you builder models to select your own, brand-new properties and unlisted homes.

**Question:** Will a Buyer Representative disclose more information to us?

**Answer:** Yes indeed. Because a Buyer Representative's fiduciary responsibility is to *you*, he or she can be more forthcoming with any negative aspects about properties that you are investigating for purchase.

**Question:** Does a Buyer Representative make decisions for us?

**Answer:** No. As your personal ally, advocating your best interests, a Buyer Representative is obligated to provide you with maximum information about buying a home, each step of the way. That means disclosing specifics about location, property values, offering price, negotiations, counter-offers, contingencies, financing, and the entire closing process. Armed with such vital and detailed information, you'll be thoroughly prepared to make decisions that are right for you and your family.

# *Your Dream Home... BOUGHT!*

## ***The Right Choice to Represent Your Interests***

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### **Buyer Representation—How We Can Help**

**Question:** What about negotiating the details?

**Answer:** First, a Buyer Representative is fully qualified and highly skilled in the back-and-forth negotiations and financing queries that precede the closing of most real estate transactions. Second, a Buyer Representative is also experienced and committed to helping protect your best interests in the purchase. Representing you and supporting you - that's a powerful combination!

**Question:** What did you mean by “confidentiality”?

**Answer:** Since a Buyer Representative is legally obligated to only you, he or she can help you maintain absolute privacy with regard to financial and personal information. That's another important benefit of working with a qualified Buyer Representative.

**Question:** A few more questions?

**Answer:** We can give you more details and answer all of your questions. Please jot them down here, so you can come back to them.

**Your Question:** \_\_\_\_\_ ?  
\_\_\_\_\_

**The Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Your Question:** \_\_\_\_\_ ?  
\_\_\_\_\_

**The Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Your Question:** \_\_\_\_\_ ?  
\_\_\_\_\_

**The Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Discovering*  
*What's Important*  
*to You*



# *Your Dream Home... BOUGHT!*

## *Discovering What's Important to You*

### *13 Things Every Buyer Should Know Before Purchasing*

1. Property taxes and qualified home interest are deductible on an individual's federal income tax return.
2. Many times, a home is the largest asset an individual has and is considered one of the safest investments available.
3. A homeowner can exclude up to \$500,000 of capital gain if married filing jointly or up to \$250,000 if single or married filing separately. The home must have been the taxpayer's principal residence for the previous two years.
4. A portion of each amortized mortgage payment goes toward the principal, which is an investment.
5. A home is one of the few investments you can enjoy by living in it!
6. The majority of the time, a REALTOR® can show you any home, whether it is listed with a company or a builder or is even a For Sale By Owner.
7. Working with a REALTOR to purchase a For Sale By Owner property is very advantageous, because someone will be looking out for your best interests.
8. A real estate professional who can provide you financial information with a computer will give you a distinct advantage in making the right decisions.
9. A pre-approved program will actually approve you for a specific loan amount subject to the property. This will give you confidence and will help when negotiating with the seller.
10. Your real estate professional can provide you with a list of items that you'll need to make a loan application, so you'll be ready when the time comes.
11. The right to conduct a property inspection, included in your purchase agreement, gives you the ability to negotiate with the seller once you know all the facts about the property's condition.
12. A Home Protection Plan can provide coverage for selected items, such as central heat and interior plumbing, built-in appliances, water heaters, etc. If the seller is not providing this coverage, you can purchase it yourself.
13. In a "seller's market," don't go looking for a deal. Set your sights on the right house for you, and then let your REALTOR help you negotiate the best price and terms.

# *Your Dream Home . . . BOUGHT!*

## **Preparing to Purchase Your New Home**

The following are important steps to take before looking at homes:

Before you begin the home-buying process, find out from your lender the largest amount for which you can qualify for to purchase a home. You can always choose to spend less. It is very easy to become excited about features found in homes out of your range. Please see our section entitled “Preparing to Buy—The Financing Process” for additional information on obtaining a loan.

Please take a moment to decide what features are “Must Haves” (location, number of bedrooms or bathrooms, garage, etc.) and which features are “Wants” (fireplace, den, spa, split floor plan, etc.). On your website you will find the "Brain Jogger" These questions are designed to make you think about what you like and don't like.

When you meet with me, I will talk with you regarding the features you are looking for in your home. Use the Brain Jogger as a point of reference for our meeting. Oftentimes, people change their minds regarding what they are searching for. Please make sure to let me know if any of your parameters change during the searching process. That way, I can better serve you and help you find the home that meets your criteria sooner.

# *Your Dream Home . . . BOUGHT!*

## ***Discovering What's Important to You***

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### *Purchasing New Construction*

*Why should I use an agent to purchase a new-construction home?*

The advantages of having me help you purchase a new home are the same as those for purchasing a resale home. I can provide you with valuable insight into the new construction industry, help you find the perfect home quickly, and then provide you with expertise in contract writing, negotiation, and closing assistance. The builder has a professional real estate representative who watches out for his or her best interests, and you need and deserve the same expert representation watching out for yours.

Buying a new home is more difficult and time-consuming than buying a resale home. I can professionally guide you through this process. I am also very familiar with new home warranties and the nuances of the builder's purchase contracts and various home inspections.

It is very important that your interests be professionally represented when you are entering into a contract for a semi-custom or a build-to-suit home. These transactions are complex and the contract details must be exactly in order to protect you and to ensure that you get exactly the home you want!

And when it comes to the home inspection, I will explain to you why it is essential to hire an independent home inspector to thoroughly inspect a newly constructed home.

*Are there any advantages to not using an agent to purchase a new home?*

There is no financial advantage for you to buy directly from the builder. Builders have a "single price" policy, meaning that you will be charged the same price whether your interests are represented by an agent or not. If you buy without an agent, the builder's profit usually increases by the amount of the brokerage fee. Just as in any resale, the seller pays your agent's fee. Most builders will make you give up your right to representation if you visit their model homes/open houses without an agent on the first visit. Therefore, please call us if you would like to look at some model homes, so you are given the representation you deserve!

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# *Your Dream Home... BOUGHT!*

## ***Discovering What's Important to You***

### **The Real Cost of Renting**

*Based on a 6% Rental Increase Each Year, If You Now Pay...*

	\$1,000/month	\$1,500/month	\$2,000/month	\$2,500/month	\$3,000/month
This year	\$12,000	\$18,000	\$24,000	\$30,000	\$36,000
Next year	\$12,720	\$19,080	\$25,440	\$31,800	\$38,160
3 <sup>rd</sup> year	\$13,483	\$20,225	\$26,966	\$33,708	\$40,450
4 <sup>th</sup> year	\$14,292	\$21,438	\$28,584	\$35,730	\$42,877
5 <sup>th</sup> year	\$15,150	\$22,725	\$30,299	\$37,874	\$45,449
6 <sup>th</sup> year	\$16,059	\$24,088	\$32,117	\$40,147	\$48,176
7 <sup>th</sup> year	\$17,022	\$25,533	\$34,044	\$42,556	\$51,067
8 <sup>th</sup> year	\$18,044	\$27,065	\$36,087	\$45,109	\$54,131
9 <sup>th</sup> year	\$19,126	\$28,689	\$38,252	\$47,815	\$57,379
10 <sup>th</sup> year	\$20,274	\$30,411	\$40,547	\$50,684	\$60,821
<b>TOTAL</b>	<b>\$158,170</b>	<b>\$237,254</b>	<b>\$316,339</b>	<b>\$395,424</b>	<b>\$474,509</b>

***Think about the home you could have purchased using that money.  
Not to mention the potential annual tax deduction for mortgage interest paid!***

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# *Your Dream Home . . . BOUGHT!*

## ***Discovering What's Important to You***

### ***Why Buy?***

#### *Renting Versus Buying Your Home*

***Pride in Owning:*** Most people buy homes to have control over where they live. Although investment features are important, the psychological reasons for buying—the satisfaction of owning and freedom from paying rent—are at least as important.

In a survey done by the National Association of REALTORS® of 6,000 homeowners and 2,000 renters—perhaps the largest survey ever of attitudes toward home ownership—it was shown that 76% of owners and 66% of renters considered pride of ownership an important reason for buying.

***Dislike Paying Rent:*** Close to 7 in 10 of almost equal portions of owners and renters expressed a dislike of paying rent as an important reason to buy. Renting offers a lifestyle that's nearly maintenance-free. That may appeal to you, but consider that renting offers you no equity, no tax benefit, and no protection against regular rent increases. Writing a rent check is just like watching your hard-earned money sail away!

***Settling Down:*** More than 6 in 10 renters said “settling down” was an important reason to buy.

***Good Investment:*** 76% of owners and 69% of renters said that the investment aspect of ownership was important.

***Tax Advantages:*** Property taxes and qualified home interests are deductible on Schedule A, for itemized deductions.

***Long-Term Appreciation:*** People consider homeownership a good investment because they view it as a long-term venture. Historically, home prices have risen at relatively steady rates. Existing home prices rose an average of 4% per year between 1980 and 1992.

***Leverage Investment:*** People borrow a great deal to buy homes, yet they receive the full benefits of price appreciation. In the long run, investments in homes far outpace inflation rates.

***Source of Savings:*** Homeownership always has been and continues to comprise the single largest source of savings for American households. Homeowners build equity and can borrow against it.

***Sacrifices Are Worth It:*** Almost 7 in 10 renters in the National Association of REALTORS homeownership survey said that they planned to buy a home in the future. More than three-quarters of these people said they were willing to sacrifice to do that.

*How the Search  
for Your Home  
Unfolds*

# *Your Dream Home . . . BOUGHT!*

## *How the Search for Your Home Unfolds*

### *Steps in the Home-Buying Process*

Get pre-qualified



View homes with me



Select a home



Complete contract to buy



Negotiate any counteroffers



Obtain a home inspection



Negotiate repairs with seller



Complete loan process



Loan package submitted to underwriting



Possible request for additional information



Back to underwriting



Final approval



Final inspection of home repairs



Obtain homeowners insurance



Documents are drawn by the lender



Documents are sent to the title company



Documents are recorded



Welcome to your new home!

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# *Your Dream Home... BOUGHT!*

## *How the Search for Your Home Unfolds*

### *Step by Step—The Buying Process*

#### **Find a REALTOR® who you can trust**

The First Step... Now that you have chosen a specialized buyer representative who you can trust, you have accomplished the first step in the home-buying process. I will make sure that all of your needs are met and will be representing you through the entire process of buying your new home.

#### **Getting Pre-Approved**

An Important Step... I feel an important aspect when starting the process of buying a home is to meet with a lender and get a pre-approval. I can put you in contact with a lender, if you desire, who can give you information about your approval and also explain some of the financing options available to you.

#### **Consulting Session**

Important Information... I will meet you one on one to discuss the features you desire in a home as well as to pin-point the area you wish to live in.

#### **The Search Begins**

The Next Step... Once you've established the type of home you're searching for, it's time to start looking. I am available, by appointment, to help you find your dream home. With Covid 19, there are extra steps that have to be taken. If there is a Virtual tour, please watch that very carefully. If after you watch it, you are still interested in the home, we can set an appointment.

#### **Your Offer**

Be Careful—This Is a Big Step... When you find your dream home, you should present a competitive offer immediately. I have over 13+ years experience in contract negotiations; I will ensure that you get the home you want for a fair price—a transaction in your best interest.

#### **The Accepted Offer**

We're Starting to Jog Now... When the seller accepts your offer, you will have what we call a pending offer. You want to make sure that every detail is handled accurately and immediately. I will ensure that your home closes properly and on time.

#### **Inspections**

You're on the "Home" Stretch!... Final details are handled and inspections are performed to ensure that the property is "perfect" for you. Contract details are further negotiated and we head to closing!

#### **Signing the Loan Documents**

Finalizing the Lender's Commitment... Be prepared to bring your cashier's check, insurance binder, and driver's license to the closing. The next steps you take will be into your new home!

#### **Now the Home Is YOURS!**

You are Finally Home... After the deed is recorded and a possession date is decided upon, pick up the keys and move into your new home!



# *Your Dream Home . . . BOUGHT!*

## *How the Search for Your Home Unfolds*

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### **Buyer-Notification System**

Searching for properties that match your criteria.

Notification by telephone or e-mail.

A systematized buyer process to save you time.

A Group of trained professionals who work for  
and with you.

Once I have your criteria,  
I search the Multiple Listing Service(MLS) and my private  
networks daily  
to find properties that match that criteria.

Once a match is found,  
I send the data sheets for that property to you,  
by e-mail.

This allows you to look at properties on your time  
and to review all of the details of each property.

# *Your Dream Home... BOUGHT!*

## ***How the Search for Your Home Unfolds***

### ***Estimated Time Chart***

The following timetable has been suggested to give you an idea of the timing of the different events in the home-buying process. It is meant to be a guide and, if you have any questions, please ask us.

#### ***First Five Business Days After Contract Acceptance***

Deposit earnest-money check.  
Make loan application.  
Book and Attend home inspections.  
Make repair requests to seller via forms we fill out.

#### ***Six To Ten Business Days After Contract Acceptance***

Resolve issues raised as a result of home inspections.  
Confirm that all information requested by the mortgage company has been submitted.

#### ***Ten to Fourteen Business Days After Contract Acceptance***

Call to find out if mortgage company needs additional information.  
Arrange for mover.  
Secure Homeowners Insurance.

#### ***Zero To Seven Days Before Closing***

Walk through home to verify completed repairs.  
Arrange for cashier's check for closing.  
Arrange for settlement and signing of papers.  
Arrange for transfer of utilities.  
Arrange for exchange of keys and personal items.

**This time table may change according to the details of the offer we get accepted**

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*Important  
Decisions  
in Buying*

# *Your Dream Home... BOUGHT!*

## ***Important Decisions in Buying***

### **Preferred Buyer Program**

I will be devoting a lot of time and energy to helping you find the perfect home. To provide the type of service that I do requires a huge financial investment on my part and I am working with a very large customer base. I am committed to helping you find the perfect home and I want you to be equally committed to me. That is why I require each of our clients to sign our Buyer Agency Agreement.

This agreement simply states that when you buy a home in my coverage area, you agree to buy the home through me and not through any other agent. This assures me that I will be compensated for the time and energy that I devote to you and that I will be able to continue setting a higher standard.

#### **About Me**

When you consider that there are hundreds of real estate agents in the area and that average agents sell just a handful of homes per year, these facts are important to consider.

I have been in the Real Estate business since 2007, and that translates into valuable experience for you—the buyer. And because I work with so many people, I often get to see new listings before other agents and their clients.

I ensure that your transaction is handled in such a way that I help eliminate the stress for you. I am very good at what I do, and I can help you make the move into your new home an enjoyable experience.

My time is valuable. It takes a lot of energy and effort to help you and my other clients find perfect homes. I concentrate on those clients who I know will buy from me. That's why I ask you to sign an agreement with me stating that if I give you my best effort you will buy from me. While I try to make all transactions as simple and seamless as possible, I have the ability and capability to be as sophisticated as I need to be.

I will search diligently for properties that fit your needs. When you are ready to put me to work for you, please sign this agreement. It will be my pleasure to help you find the perfect home. I hope that this answers your questions, but if you have any additional questions at all, please ask.

# *Your Dream Home... BOUGHT!*

## ***Important Decisions in Buying***

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### **Getting Pre-Approved**

It is extremely important that you connect with a qualified lender. I can recommend lenders who have earned my trust and with whom I have had good experiences in the past. The lender will review your financial position to determine the price most suited to your ability to pay and your comfort level.

*The pre-approval process will help you in the following ways:*

- ◆ You will know in advance what your payments will be.
- ◆ You won't waste time considering homes you cannot afford.
- ◆ You can select the best loan package without being under pressure. There are many options and programs to choose from in today's market. Your lender will explain the alternatives to help you select the one best suited for you.
- ◆ Sellers will find your offer to purchase more favorable if they know in advance of your ability to secure financing. This will make your offer more competitive if you are in competition with other offers. Nowadays, most listing agents require a pre-approval letter to accompany all purchase agreements.
- ◆ You'll have an estimate of your closing costs and we will explain them to you in detail.
- ◆ **Most Important during this time, we can not see homes with out a letter!**

### ***Best Piece of Advice***

Take the pre-qualification one step further and get a full loan approval. This is the best approach!

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# *Your Dream Home... BOUGHT!*

## ***Important Decisions in Buying***

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### **Understanding Title Insurance**

#### ***What Is Title Insurance?***

A Title Insurance Policy is a guarantee by a title company that a thorough investigation of the title to the property has been conducted and that you have been notified of any outstanding claims to the property. The title insurance company reports any defects in the title in the form of a Title Commitment so that these matters can be corrected. It is important that you know of all claims on the property and have them resolved and declared removed prior to you taking title to the property.

The Title Commitment will carefully detail what items of encumbrance are not covered by the policy. You can either get these items resolved or bow out of the transaction. Title insurance covers matters that occurred before the policy's effective date, but were discovered later. Your policy will detail what is covered, what is not covered, and the effective date.

Title insurance is issued by the title company when they are certain the property is free from all liens, encumbrances, interests, etc., and the insurance guarantees such. This is so the title can be legally transferred to the buyer to be used as security for the lender's funds. This is why title insurance is required by the lender. Your lender has an interest in knowing that you and the lender are the only parties with claims to the property.

The title insurance company thoroughly searches the public records to uncover any unpaid taxes, mortgages, judgments against previous owners, easements, and other court actions or recorded documents that can affect title to the real estate. The insurance also provides protection against any defect in the public record such as forgery, similar names, error in the records, etc., and protest against any undiscovered or unrecorded claims that may arise in the future.

When title insurance is issued, the title-insurance company accepts the responsibility for any and all claims on the property prior to your purchase if they do not find the claim or call it to your attention prior to your purchase of the property. That responsibility includes defending your title in court, if necessary (at their expense), or bearing the cost of settling the claim (if it proves valid) in order to perfect your title and keep you in possession of your property.

Unlike other forms of insurance, the original premium is your only cost as long as you or your heirs own the property. There are no annual payments required to keep your Owner's Title Policy in force.

Title insurance protects you twice—it notifies you of claims against the property and insures you against any future claims on hidden items.

# *Your Dream Home... BOUGHT!*

## ***Important Decisions in Buying***

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### **Why Title Insurance Is So Important!**

To understand why a title search is so important, you must understand the nature of real estate. Real estate has always been considered a person's most valuable possession. It is so basic a form of wealth that many special laws have been enacted to protect ownership of land and the buildings that stand on the land. The owner who is selling the property has extremely strong rights, as do his/her family and heirs. Also, there may be others who have "rights" in the property you are going to buy. These may be governmental bodies, contractors, or any other individuals who have perfectly proper unpaid claims against the property. Unscrupulous owners may have taken out a second mortgage on the home prior to closing.

Anyone who has such a claim in the property you are buying is, in a sense, a part-owner. The property may be sold to you without the knowledge of other parties who have claims against the property. Without a title check conducted by the title-insurance company, you know nothing about such claims at the time you buy. All such claims remain attached to the real estate you are purchasing and *not* to the previous owners. The title company will notify you of all liens, encumbrances, and interests in the property so that these can be resolved by the current owners prior to the sale. Proof of a "good" title—a title free of any liens, encumbrances, or interests—is important because otherwise you are liable for the claims.

Title-insurance policies are standard. Owner's policies usually do not cover one or more of the following matters (often referred to as "Standard Exceptions"), unless an additional premium is paid and/or extra investigative work or a survey is done and the necessary evidence is furnished to the title company. When the evidence is furnished and the insurance coverage is given, this is frequently referred to as "Extended Coverage." The Standard Exceptions are:

- ◆ Claims of people who turn out to be living in the house (such as prior owner's tenants or someone living without your knowledge on your property) if their presence there isn't a matter of public record.
- ◆ Boundary-line disputes.
- ◆ Easements or claims of easements not shown by public records.
- ◆ Unrecorded mechanic's liens (claims against the property by unpaid home-improvement contractors).
- ◆ Taxes or special assessments left off the public record.

Other important exclusions from coverage include zoning, environmental-protection laws, matters arising after the effective date of the policy, and matters created, suffered, or assumed by the insured.

# *Your Dream Home... BOUGHT!*

## ***Important Decisions in Buying***

### **Understanding Your Options for Taking Title**

Carefully consider how you intend to take title of your property. This will determine your legal status, rights, and obligations to the property. You may want to discuss your options with an attorney to determine which is best for you. Most of the possible ways to take title to your property are listed here.

#### ***Corporation***

Title may be taken in the name of a corporation provided that the corporation is duly formed and in good standing in the state of its incorporation.

#### ***General Partnership***

Title may be taken in the name of a general partnership provided that the general partnership was duly formed according to the laws of the state. A partnership is defined as a voluntary association of two or more persons as co-owners in a business for profit.

#### ***Limited Partnership***

Title may be taken in the name of a limited partnership provided that there are one or more general partners and one or more limited partners. A certificate of limited partnership must be filed in the office of the Secretary of State, a certified copy of which must be recorded.

#### ***Joint Tenancy With Right of Survivorship***

Joint tenancy is a method of co-ownership that gives title to the real property to the last survivor. Title to real property can be acquired by two or more individuals. If a married couple acquires title as joint tenants with the right of survivorship, they must specifically accept the joint tenancy to avoid the presumption of community property.

#### ***Tenancy in Common***

Tenancy in common is a method of co-ownership in which parties do not have survivorship rights and each owns a specific undivided interest in the entire title.

#### ***Tenancy By The Entirety***

A form of ownership offered to a married couple. The main advantage is that a judgment creditor or one party cannot enforce their liens against the property.

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*Preparing to Buy*

*The Financing Process*

# *Your Dream Home... BOUGHT!*

## ***Preparing to Buy—the Financing Process***

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### **Loan-Application Checklist**

#### *General:*

- ☐ Picture ID with social security number of borrower and co-borrowers.
- ☐ Application fee.
- ☐ Name and complete address of all landlords for the past two years.
- ☐ Income verification as follows:
- ☐ Employment history for the past two years including names, addresses, phone numbers, and length of time with each company.
- ☐ Copies of your most recent pay stubs and W-2 forms (past two years).
- ☐ Verification of other income (social security, child support, retirement, etc.).
- ☐ If self-employed, you need copies of the past two years' signed tax returns, including all schedules, and a signed profit-and-loss statement for the current year. Retirees need tax returns for the past two years.
- ☐ If you have rental-property income, bring a copy of all lease agreements.

#### *Assets:*

- ☐ Copies of all bank and credit union statements for the past three months.
- ☐ Copies of all stock/bond certificates and/or the past three statements from all investment and retirement accounts.
- ☐ Prepare a list of household items and their values.
- ☐ Copies of title documents for all automobiles, boats, motorcycles, etc.
- ☐ Face amount, monthly premiums, and cash values of all life insurance policies. (Cash value may be used for closing costs or down payments. You need documentation from the carrier indicating cash value.)

#### *Creditors:*

- ☐ Credit card account numbers, current balances, and monthly payments.
- ☐ Installment loans (car, student, etc.). Same details as for credit cards.
- ☐ Mortgage loans (property addresses, lenders and lenders' addresses, account numbers, monthly payments, and balances owed on all properties presently owned or sold within the last two years). Bring proof of sale of properties sold.
- ☐ Child-care expenses/support (name, address, and phone number of provider).

#### *Other:*

- ☐ Bankruptcy: Bring discharge and schedule of creditors.
- ☐ Adverse credit: Bring letters of explanation.
- ☐ Divorce: Bring divorce decrees, property settlements, quit-claim deeds, modifications, etc., for all divorces for yourself and your spouse.
- ☐ VA only: Bring Form DD214 and Certificate of Eligibility.
- ☐ Retirees: Bring retirement and/or social security award letter.

# *Your Closing Costs*

# *Your Dream Home... BOUGHT!*

## ***Your Closing Costs—Worksheet for Calculation***

### **Who Pays for What at Closing?**

*The seller can normally be expected to pay for the following:*

- ◆ Real estate marketing expense.
- ◆ Owner's title-insurance premiums.
- ◆ Payoff of all loans in seller's name.
- ◆ Fees, re-conveyance fees, and prepayment penalties.
- ◆ Home warranty according to the contract, if any.
- ◆ Any judgments, tax liens, etc., against the seller.
- ◆ Recording fees to clear all documents of record against the seller.
- ◆ Tax pro-ration. This is for any unpaid taxes at the time of transfer of title.
- ◆ Any unpaid homeowner-association dues.
- ◆ Any assessments according to the contract.
- ◆ Any and all delinquent taxes per the contract.
- ◆ State real estate tax fee.
- ◆ Sales tax.
- ◆ New approval of well, septic, and as-built survey (if required).
- ◆ Re-inspection fee with appraiser or home inspector (as negotiated in contract).

*The buyer can normally be expected to pay for the following:*

- ◆ Lender's title-policy premium.
- ◆ Recording charges for all documents in buyers' names.
- ◆ All new loan charges (except those required of the seller by the lender).
- ◆ Interest on a new loan from date of funding to 30 days prior to first payment date.
- ◆ Assumption/change-of-records fees for takeover of existing loan.
- ◆ Home warranty according to contract.
- ◆ Appraisal
- ◆ Fire-insurance premium for the first year.
- ◆ Home inspection.
- ◆ Reserve account for taxes and insurance.
- ◆ Flood-certification fee.
- ◆ Increase of Property Tax.

*There are some mandatory costs:*

- ◆ Both FHA and VA require that the seller must pay for document preparation, tax service, warehousing, and loan-review fee (if any).
- ◆ VA: 100% of escrow closing fee.

*Helpful Tips*  
*on Finding*  
*Your Home*

# *Your Dream Home... BOUGHT!*

## *Helpful Tips on Finding Your Home*

### **Viewing Homes**

After your initial counseling session (either via e-mail, phone, or a face-to-face interview), I will have a good idea of your wants, needs, price range, and desired location and will enter your requirements in the Multiple Listing Service (MLS) computer. From the many listings in its inventory, the computer will print a list of homes tailored just for you. I will make arrangements to show you those homes that meet your criteria.

As you walk through the homes, feel free to open cabinets and closets. Most often, the sellers will be absent, but should they be present, they will understand your need to examine the home carefully. When a home appeals to you, make notes. (If seller is present, do not discuss anything pro or cons of the house while there. Write them down and we will discuss in private. We do not want to mess up our negotiations) It is easy to forget details. Often there will be information at the home and, whenever possible, I will have given you a copy of the MLS information on the home you are viewing.

Don't be surprised if the first home you see is the perfect one for you, and don't be discouraged if none of those you visit the first day are what you want. I am committed to finding the house that you will call home, and I will work diligently until you find it. Usually, I will be able to find the home of your dreams rather quickly from a selection of three to five homes that best fit the desires you expressed.

#### *During the Home Search...*

We 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 with other brokers daily for new listings that meet your criteria.
- ◆ Keep you up to date on changing financial conditions that may affect the housing market.
- ◆ Be available to answer your questions or to offer assistance regarding your home purchase.
- ◆ Discuss market trends and values relative to properties that may be of interest to you.
- ◆ Show you new homes as well as pre-owned homes if you desire.
- ◆ Assist you with homes offered by the sellers' themselves as For Sale By Owner (FSBO) listings. A homeowner who is 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. Many times a homeowner will work with an agent, even though his home is not listed, if the agent introduces the buyer to the property. If you should see a FSBO and want the advantages of our services, please let us contact the owner and set the appointment.

As members of the MLS, we can show you any property. If you should see an ad in the newspaper or a sign in a yard, call us to find out the information you're looking for. If you want to view the home, we'd be happy to show it to you!

*Important Points About  
Home Inspections*

# *Your Dream Home... BOUGHT!*

## ***Important Points About Home Inspections***

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### **After Finding Your Home**

#### *The Home Inspection*

It's easy to make sure that the home you've chosen is a smart buy. By having a home inspection, the home's vital systems are checked. A home inspection allows you to purchase your home with confidence. I will help you schedule an inspection after you have chosen the home you like. I recommends the following minimum standards when choosing an inspector:

1. Membership in ASHI (American Society of Home Inspectors) and adherence to its Standards of Practice and Code of Ethics.
2. Written report at the time of inspection.

*Your inspection report should include the following:*

- ◆ Foundations, basements, and structures.
- ◆ Basement floor and walls, proper drainage and ventilation, evidence of water seepage.
- ◆ Exterior siding, windows, and doors.
- ◆ Exterior walls, windows, and doors; porches, decks, and balconies; garage.
- ◆ Roof.
- ◆ Roof type and material, and condition of gutters and downspouts.
- ◆ Interior plumbing system.
- ◆ Hot-and-cold water system, the waste system and sewage disposal, water pressure and flow, and hot-water equipment.
- ◆ Electrical system.
- ◆ Type of service, the number of circuits, type of protection, outlet grounding, and the load balance.
- ◆ Central heating system.
- ◆ Energy source, type of cooling equipment, capacity, and distribution.
- ◆ Interior walls, ceilings, floors, windows, and doors.
- ◆ Stairways, cabinets, and countertops.
- ◆ Attic.
- ◆ Structural, insulation, and ventilation information.
- ◆ Fireplace.
- ◆ Notes about the chimney, damper, and masonry.
- ◆ Garage.
- ◆ Doors, walls, floor, opener.
- ◆ Includes a wide range of built-in and other home appliances, smoke detectors, and television/cable hookups.
- ◆ Lot and landscaping.
- ◆ Ground slope away from foundation, condition of walks, steps, and driveway.



# *Your Dream Home... BOUGHT!*

## ***Important Points About Home Inspections***

### **Home Inspections and Why You Should Obtain One**

Home inspections are a routine part of nearly every residential purchase, whether a resale or, yes, even a new-construction home. Why, you might ask? Here are a few areas home inspectors look at:

**Structural:** Many home-inspection organizations, such as ASHI (American Society of Home Inspectors), have set standards on certain areas of the home that the home inspector looks at to determine the integrity of the essential internal and external structural components. Home inspectors are not structural engineers, but they can identify visual defects in areas requiring immediate repairs and will recommend a structural engineer should they feel it is warranted.

**Electrical:** Do all the outlets work? Are the GFCI (ground-fault circuit interrupters) operational? Is there any reverse polarity? Is there evidence of double lugging of breakers at the service panel? Any wiring not properly encased? Landscape watering or lighting systems improperly installed?

**Plumbing:** Are there any leaks or annoying drips? Are there any pipes that are vibrating because they are not properly secured? Reverse hot and cold taps in bathrooms or kitchen? Are there any toilets not secured to the floor? What about cracks in the shower-tub surrounds? Is the water pressure sufficient? Are there any slow-draining sinks or tubs?

**Built-In Appliances:** All appliances are usually tested, including running a dishwasher cycle, testing microwaves, and checking oven temperatures and burners.

**Safety Hazards:** Some of these items cross over electrical and plumbing and include making certain hot-water tanks are secured; verifying there is proper ventilation of all systems supplied by natural gas; and testing temperature variations on the furnace, weather conditions permitting.

**Miscellaneous:** Other items may or may not be included, but should be reviewed by a qualified professional, such as wells, septic systems, roofs, sufficient sealing of flashings, noting cracked tiles, exposed felt underlayment, adequate attic insulation and ventilation, drainage problems, wood decks, wood-infestation evidence (dry rot), patios, or other exterior structures.

You might question the necessity of an inspection on new construction. However, realize that even though city inspectors have passed certain phases of the construction process and the home has received a certificate of occupancy, there could be numerous small items that may require attention that may or may not surface during the course of homeownership and yet could be a potential structural or safety hazard. Home inspectors provide a unique customer service in identifying existing or potential problems and longevity or life expectancy of many systems in your home.

*Moving-*  
*Preparation*  
*Checklist*

# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

### **Moving Timeline and Checklist**

#### *One month before your move:*

- ☐ Arrange for moving your furniture and personal belongings either by hiring a moving company or renting a truck. Get estimates from several moving companies or truck-rental companies and be sure to obtain a hand truck (appliance dolly) if you're moving yourself.
- ☐ Gather moving supplies: boxes, tape, rope, and anything else you might need.
- ☐ Plan your travel itinerary and make transportation and lodging reservations in advance if you are driving to your new home (leave a copy with a friend or relative).
- ☐ Some moving expenses are tax deductible, so you will want to save your moving expense receipts (if the move is employment-related) for tax deductions, including meals, lodging, and gasoline. Record expenses incurred during your house-hunting trips.
- ☐ Develop a plan for packing, such as packing last the things you use the most. See page 47.
- ☐ Notify others of your new address: post office, charge accounts, subscriptions, relatives and friends, national and alumni organizations, church, mail order clubs (books, videos, catalogues), firms with which you have time payments, and your past employer to make sure that you receive W-2 forms and retirement-account information. Save your old address labels to speed up filling out change-of-address forms for your new address.
- ☐ Notify federal and state taxing authorities or any governmental agency necessary.

#### *Two weeks before your move:*

- ☐ Notify and get refunds from your present utilities: gas, electric, water, cable, and phone. Arrange for services at your new address. Notify long-distance phone company and arrange for service at your new address.
- ☐ Have your car serviced if you are driving a long distance to your new home.
- ☐ Recruit people to help you on moving day.
- ☐ Arrange for someone to take care of your pets and children during the move.
- ☐ Confirm moving company or rental truck arrangements.

#### *One day before your move:*

- ☐ Keep moving materials separate so they don't get packed until you are finished.
- ☐ Pick up rental truck if you are moving yourself.
- ☐ Fill up your car with gas and check oil and tires.

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# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

### **Additional Moving-Checklist Items**

- ☐ Decide what to move and what not to move. Possibly have a garage sale (extra cash and less to move). See "Tips on Having a Garage Sale" on the next page.
- ☐ Transfer your bank accounts. Your new bank will be happy to open your account by mail.
- ☐ Contact your local credit bureau to find out if they are on the same system that your new home town subscribes to; if not, they will be able to transfer your credit file.
- ☐ Request records from doctors and dentists, including eye-glass prescriptions, dental x-rays, and vaccinations.
- ☐ Obtain your children's school records to make for an easier transfer.
- ☐ Draw up a floor plan of where your furniture should be placed. This will help avoid confusion for you and your movers.
- ☐ Pay existing bills and close out local charge accounts.
- ☐ Arrange any special movers which may be necessary for an expensive piano or to break down and move a pool table or above-ground swimming pool.
- ☐ Cancel or transfer deliveries, newspaper, garbage collection, etc. Coordinate the transfer of gas, electric (water and sewer when not handled by title company) with the next occupant of your old home as well as with the previous owner of your new home, so as to avoid lapses in service and extra re-start expenses.
- ☐ Check on personal items that might be at the photo shop, in a safe-deposit box, at a neighbor's house, on lay-away, or in a repair shop (e.g., shoe repair, jewelry store, small-appliance repair, dry cleaners, or dressmaker).
- ☐ Make arrangements for transporting your plants and pets. See pages 50 and 51.
- ☐ Save the phone book from your former city residence for tying up loose ends or for future correspondence.
- ☐ Transfer insurance policies or arrange for new policies.
- ☐ Gather all valuables, jewelry, important papers (birth certificates, deeds, documents) to take with you personally.
- ☐ Pack an arrival kit of necessities just in case you arrive before the mover, if applicable.
- ☐ Purchase moving insurance. Your mover's liability for lost or damaged goods will not equal their replacement cost. Have valuable items appraised.
- ☐ Check with your attorney about your will, if crossing state lines.
- ☐ Ask for professional referrals if available (e.g., doctor, accountant, etc.)

# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

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### **Tips on Having a Garage Sale**

1. Allow plenty of time—three or four weeks—to prepare for the sale.
2. Choose a date that will not conflict with holidays.
3. Weekends are more convenient for more people than weekdays.
4. Your sale is likely to attract more people if you join together with neighbors in an effort to have more merchandise. Some homeowners' groups are sponsoring neighborhood sales that are proving popular!
5. Practical household goods are popular items; adult clothing has less appeal.
6. Merchandise your items attractively in neat, clean surroundings.
7. Cluster like items together; place the more desirable items in the back of the garage so browsers are urged to look at other merchandise on their way to the most popular items.
8. All items should be clean, polished, and in good repair.
9. Locate your appliance table near an outlet so customers can try before they buy!
10. Be sure that there is adequate parking space and a place to load large items.
11. Have plenty of bags and boxes for packing and newspapers for wrapping glass items.
12. Place a classified ad in the local paper. Include 3 to 4 items for sale, directions, and other details.
13. Take advantage of free publicity on bulletin boards in grocery stores and other public places.
14. Provide directional signs to your property.
15. If your home is listed for sale, have flyers about your home available for people to take.
16. Visit other sales to form an idea on how to price things. Be prepared to bargain down your prices.
17. Post a notice that all sales are final and payment must be cash.
18. Have plenty of change in a cash box that is kept in a protected spot. Keep a record of sales, especially when there are several sellers. One recording method that is simple and efficient is to use small white stickers for prices. When an item is purchased, remove the sticker and place it next to the name of the seller on a piece of paper.
19. On a hot day, have ice water or lemonade available so people will stay longer, and on cold days serve hot chocolate.
20. Tell your real estate agent about some of the major items in your sale. She/he may have a client looking for just that thing! One person's trash is another's treasure!

# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

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### **Tips on Packing**

1. Use strong containers that are in good condition and can be secured tightly with twine or strapping tape. These can usually be purchased from your moving company. Purchase special boxes for dishes, wardrobe, and other special items.
2. Label each box with its contents, which room it should go in, whether it is fragile, and whether it should be loaded last so as to be unloaded first.
3. Don't load more than 50 pounds into any one box, and make sure that the weight is evenly distributed.
4. Cushion contents with newspaper or other packing material to prevent breakage. Use newsprint paper or tissue paper for items that might be soiled by newspaper. Towels and cloth napkins are great for wrapping fragile items.
5. Pack books tightly in small boxes. Alternate bindings and wrap valuable books separately.
6. Have your rugs and draperies cleaned before moving and leave them in their wrappings for easier handling.
7. Remove all breakables and liquids from drawers and pack them separately. Seal medicines and other containers to prevent leaking and pack them in a leak-proof bag or container.
8. Pack linens and clothing in drawers, but don't overload them.
9. Carry all valuables with you. Do not pack jewelry, documents, coin or stamp collections, or anything that will be difficult to replace. The contents of a safety deposit box can be moved for you by your bank.

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# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

### **Moving With Children**

*(Adapted from information at [www.MoversGuide.com](http://www.MoversGuide.com).)*

If you think moving is hard on adults, imagine what it's like for children. They're starting over and trying to meet new friends while getting used to a new home, neighborhood, and school. Think about your children's specific needs before, during, and after the transition and you'll make a big difference in how your children feel about the move and how they adjust afterwards.

#### ***BEFORE THE MOVE: PREPARING***

- ☐ Give your children a chance to express their feelings, and be honest about your own feelings. Children who have a chance to express themselves work through their doubts more easily.
- ☐ Help children compile a list of phone numbers and addresses of friends, relatives, and other important people. Knowing they can stay in touch with these people will be reassuring.
- ☐ Take your children to your new home before you move and explore the new neighborhood and town or city together.
- ☐ Try to line up some activities in which your child can participate after the move: a sports Group, music lessons, or a scouting troop. Not only will activities like these keep your children involved, but they will help the kids feel like part of the group.

#### ***DURING THE MOVE: REMEMBERING WHAT'S IMPORTANT***

- ☐ Stay as upbeat and calm as you can. Your own mood will impact your children's moods.
- ☐ Involve your children in the packing. Older children can put their own belongings in boxes, and children of all ages will enjoy decorating the boxes containing their things.
- ☐ Stick to your routines. Have meals at the same times you normally do.
- ☐ Don't pack things that your children treasure. Take special blankets, favorite books, and other prized items in the car or on the plane with you.
- ☐ Help your children say goodbye to the important people in their lives. For their friends, a party is a fun way to celebrate the friendship.
- ☐ For many families, moving day means a long car trip or a cross-country flight. Prevent backseat blues and airline angst by adding travel fun and games to your plans. See the next page for ideas.
- ☐ Allow your child to bring an album with pictures of their old home and friends. This will allow them to express their feelings and provide you with a chance to reassure your child that it is natural to feel loss and initial discomfort with such a big change.

#### ***AFTER THE MOVE: GETTING SETTLED***

- ☐ To make your new home seem more like home, hang your child's or family portrait in a prominent location or create a tabletop display of family photographs.
- ☐ Take pictures of the new home, neighborhood playmates, family members, and school. Start a new family album to show there is fun and family togetherness available at the new home.
- ☐ Don't spend too much time unpacking—at least not right away! In the first few days, take time to enjoy your new home with your family. Take walks and check out local restaurants.

Above all, listen. Be there when your children get home after the first day at their new schools, even if it means having to leave work early. Ask often how things are going, and take time to listen.

# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

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### **Travel Fun and Games for Children**

Prevent backseat blues and airline angst by adding travel fun and games to your plans. Use the following suggestions to make your trip more fun for your kids and more enjoyable for you too.

#### ***LITTLE SURPRISES***

Purchase several inexpensive toys before your trip. Give them to your children as surprises throughout the journey. A new toy adds fun and excitement to more dull portions of the journey.

#### ***DOCUMENT THE TRIP***

Give your child a disposable camera and have him/her record the trip. Keep a travel journal or diary recording interesting places and adventures. Save ticket stubs and mementos in a scrapbook.

#### ***TRIED-AND-TRUE TRAVEL TAKE-A-LONGS***

- ◆ Travel versions of board games such as Connect Four, Battleship, or Checkers are easy choices. Travel Magnadoodle and Etch-a-Sketch have received top marks from children around the country.
- ◆ Hand-held video games or even a laptop computer can provide hours of fun. Save your sanity and turn off the sound.
- ◆ Exercise the mind with activity books filled with mazes, crosswords, and other puzzles. Quiz each other with trivia cards or giggle as you work your way through a book of Mad Libs.

#### ***REST-STOP RACES***

Bring a soccer ball or football for rest-stop fun. Running games like tag or footraces are a great way to spend some of that saved up energy. Schools, city parks, recreation areas, and fast-food restaurants with playgrounds are great places for kids to do a little more than stretch their legs.

#### ***READ ALOUD AND SING ALONG***

Bring several books and take turns reading aloud in the car. Be expressive and entertaining. Sing-along cassette tapes can be fun for the whole family. Cast recordings of popular musicals, as well as movie soundtracks, are a great way to sing away the miles.

#### ***MAP YOUR JOURNEY***

Learn about your destination and exciting places along the way. Plan rest stops at museums, historical sites, and other interesting places. Trace your route on the map, and look up interesting facts in a guidebook.

#### ***SCAVENGER HUNTS***

Search roadside billboards and signs for the letters of the alphabet, in order. Make your own list of things to find: gas station, school, church, horses, cows, river, and anything else that you may find between your starting point and your destination.

#### ***FUN AND GAMES***

Bring a deck of cards. Popular children's card games include War, Rummy, and Go Fish.

#### ***GET PLUGGED IN***

Children enjoy being read to, so bring a portable cassette player with headphones and some books on tape. Set the volume at a safe level, and don't be surprised if they want to hear the same story over and over again.



# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

### **Moving Your Pets**

#### *Cats and Dogs*

Cats and dogs can either be shipped by air or taken along in the car. If you are flying to your new destination, your cat or dog can ride in the baggage compartment. Your pet will need a health certificate from your vet. Call the airline in advance to find out about special boxes they may have. If you are going to make a container for your pet, make sure that the container complies with airline regulations. It is a good idea to put a piece of clothing with your scent in the animal's box so he/she feels more at home.

If you aren't flying with your pet but are having it shipped by air, make sure that someone is on the other end to pick your pet up at the airport and take care of him/her until you arrive. The easiest way to care for your pet before your arrival is a kennel. Many kennels can take your pet several days before your move (keeping him/her safe and out of your way). Or you can take your pet to the airport and arrange to have a kennel on the other end pick him/her up and take care of him/her until you arrive.

Think twice about taking your dog or cat with you on a long cross-country trip. Not only can animals get car sick, but being cooped up in a car all day can make them nervous and upset. They must be fed and have plenty to drink (make sure that you take along a water dish), they have to make "rest stops," and they have to be on a leash to keep them from running off anytime the car door is opened.

Some motels and hotels don't allow pets. Others have special facilities for handling travelers' pets. Call in advance and check out the available literature on hotels along your route. National chains usually publish such information.

#### *Smaller Animals*

Hamsters, birds, mice, and such can be transported in the family car fairly easily. Make sure that the animals have enough food and water in their cages and are out of drafts or extreme temperatures. Cover cages with a cloth to keep the pets quiet and restful.

#### *Fish*

It is not practical to move fish in their aquarium. A gallon of water weighs eight pounds. Plan on giving the fish away and restock the aquarium when you arrive at your new home.

Your veterinarian and pet stores are also valuable sources of information.

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# *Your Dream Home... BOUGHT!*

## ***Moving Preparation Checklist***

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### **Moving Your House Plants**

You can take your plants with you when you move without harming them. Here are some tips:

- ◆ Call your local U.S. Department of Agriculture to check on regulations if moving from one state to another. Many states have restrictions on certain kinds of plants to prevent importing bugs or pests that can destroy valuable cash crops in the state.
- ◆ A couple of weeks before you move, prune plants to facilitate packing. Consult a florist or a plant book for instructions.
- ◆ A week before you move, put your plants in a black plastic bag. Prior to placing your plant in the bag, place a bug/pest strip, conventional flea collar, or bug powder in the bag. Close the bag and place it in a cool area overnight. This will kill any pests on the plant or in the soil.
- ◆ The day before you move, put your plants in cardboard containers. Make sure that they are held in place by dampened newspaper or packing paper. Use paper to cushion the leaves and place a final layer of wet paper on top to keep them moist. Water the plants normally in summer, a little less in winter.
- ◆ On the day of your move, set the boxes aside and mark "DO NOT LOAD" so they won't be taken on the moving van.
- ◆ On the day you leave, close boxes, punch air holes in the top, and load them in your car.
- ◆ When on the road, be careful where you park your car. Look for a shaded area in the summer and a sunny spot in the winter.
- ◆ Unpack the plants as soon as you can after arriving. Remove plants through the bottom of the box in order to avoid breaking their stems. Do not expose the plants to much sunlight at first. Let them get accustomed to more light gradually.
- ◆ If you must leave your plants behind, take cuttings. Put them in plastic bags with wet paper towels around them.

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*Glossary*

*Of*

*Terms*

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS***

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### **Abstract of Title**

The 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 from the time of the first recorded transfer to present.

### **Acceptance**

Consent to an offer to enter into contract.

### **Adjustable Rate Mortgage (ARM)**

A mortgage in which interest and payment rates vary periodically, based on a specific index, such as 30-year Treasury Bills or the Cost-of-Funds index.

### **Adjustments**

Money credited or debited to either/both buyer and seller at closing, including real estate taxes, association fees, garbage fees, rents, etc.

### **Agency**

A mutual-consent, legal relationship in which a seller or buyer engages a broker-agent in the sale or purchase of property.

### **Agent/REALTOR®**

A licensed person who represents the seller (and/or buyer) and who provides market assessment, offers sales or buying strategy, recommends various services and sources important to the seller or buyer, is a member of the National Association of REALTORS (NAR), and subscribes to NAR's strict Code of Ethics.

### **Amortization**

A method by which monthly mortgage payments are equalized over the life of a loan, despite the fact that the proportion of principal to interest changes.

### **Annual Percentage Rate (APR)**

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

### **Appraisal**

A professional and unbiased written opinion of a property's value that is based on recent, comparable sales; quality of construction and current condition; and style of architecture.

### **Appreciation**

Increase in value to any cause.

### **Asking Price**

The price at which a property has been placed on the market for sale.

### **Assessed Value**

The established value of a property for tax-assessment purposes, which may or may not reflect market value.

### **Assumption of Mortgage**

The taking of title to property by a grantee, wherein he or she assumes liability for payment of an existing note secured by a mortgage or deed of trust against the property, becoming a co-guarantor for the payment of a mortgage or deed for trust note.

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **Balloon Mortgage**

A short-term mortgage, generally at a fixed rate of interest, to be paid back in predetermined, equal monthly payments with a large final payment for the balance of the loan to be paid at the end of the term.

### **Broker**

A person licensed to represent home buyers or sellers for a contracted fee. Brokers manage real estate offices and employ licensed agents to sell properties.

### **Bridge Loan**

A short-term mortgage made until a longer-term loan can be made; it's sometimes used when a person needs money to build or purchase a home before the present one has been sold.

### **Building Codes**

State and local laws that regulate the construction of new property and the rehabilitation of existing property.

### **Cap**

A limit on the total amount an interest rate can be increased in a specified time and over the lifetime of an adjustable-rate mortgage.

### **Capital Gains**

The taxable profit derived from the sale of a capital asset. A gain is the difference between the sale price and the basis of the property, after making appropriate adjustments for closing costs, fix-up expenses, capital improvements, allowable depreciation, etc.

### **Closing**

The final settlement at which time the title is transferred from seller to buyer, accounts are settled, new mortgages are signed, and all fees and expenses are dispersed or satisfied.

### **Closing Costs**

All fees, taxes, charges, commissions, surveys, lender fees, inspection fees, and other costs paid by the buyer and/or seller at the closing.

### **Commission**

A previously agreed upon percentage of the home's sale price paid to the listing and selling agent(s).

### **Comparables**

Similar properties in type, size, price, and amenities that have sold recently, been adjusted, and are used for comparison in the appraisal report.

### **Condominium (Condo)**

Real estate ownership in which a property owner has title to a specific unit but shared interest in common areas.

### **Contingency**

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

### **Contract**

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

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **Contract for Deed**

A contract ordinarily used in connection with the sale of a property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer.

### **Contract of Title**

A summary or digest of the conveyances, transfers, and any other facts relied on as evidence of title together with any other elements or records that may affect the marketability of the title.

### **Conventional Mortgage**

Most popular home financing form not insured by Federal Housing Administration (FHA) or guaranteed by Veteran's Affairs (VA). Available from many lenders at varying rates, terms, and conditions.

### **Conversion Clause**

Clause in an ARM permitting conversion from an adjustable loan to a fixed-rate loan.

### **Counteroffer**

An offer made by a buyer or seller to the other party, responding to the asking price or a subsequent adjustment to that price to complete a purchase of sale.

### **CRV**

Certificate of Reasonable Value. A document of appraisal issued by VA establishing their opinion of the maximum value.

### **Curb Appeal**

A term used by REALTORS® that encompasses all that a buyer sees from the street that may induce the buyer to look more closely at the property.

### **Deed**

A legal "instrument" that conveys the title to a property from seller to buyer.

### **Disclosure Laws**

State and federal regulations that require sellers to disclose such conditions as whether a house is located in a flood plain or if there are any known defects that would affect the value of the property.

### **Discount Points**

Additional charges made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent. These additional interest charges are paid at the time a loan is closed to increase the rate of return to the lender so as to approximate the market level.

### **Down Payment**

The buyer and lender determine the down payment requirements during the pre-qualification process. The down payment is usually expressed as a percentage of the purchase price: e.g., 0%, 5%, 10%, 20%, 25%, 30%.

### **Earnest Money (Escrow Deposit)**

Money paid by the buyer at the time an official offer to purchase is submitted to the seller, intended to demonstrate the good faith of the buyer to complete the purchase. Earnest money is applied against the purchase price when the sale is finalized. Under certain conditions, the earnest money may be forfeited if the buyer fails to complete the purchase under the terms of the sales contract.

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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**Easement**

A right to use the land of another.

**Encroachment**

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

**Equity**

The difference between the sale price of a property and the mortgage balance owed on the property.

**Equity Mortgage**

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

**Escrow Account**

A third-party account used to retain funds, including the property owner's real estate taxes, the buyer's earnest money, or hazard insurance premiums.

**Exchange**

The trading of equity in a piece of property for equity in another property.

**Fair Market Account**

The highest price an informed buyer will pay, assuming there is no unusual pressure to complete the purchase.

**Fannie Mae**

The Federal National Mortgage Association (FNMA) is a privately owned corporation created by congress to buy mortgage notes from local lenders and provide guidelines for most lenders to use to qualify borrowers.

**Fee Appraisal**

The act or process of estimating values of real estate or any interest therein for a fee.

**FHA-Insured Mortgage**

A loan made by a local lending institution and insured by the Federal Housing Administration, whereas the buyer pays the premium.

**Firm Commitment**

A lender's agreement to make a loan to a specific borrower on a specific property. An FHA or Private Mortgage Insurance (PMI) agreement to insure a loan on a specific property, with a designed purchaser.

**Fixed-Rate Mortgage**

A mortgage with a set interest rate for the entire term of the mortgage.

**FMHA Loan**

A loan insured by the Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary-mortgage market.

**Foreclosure**

A legal procedure whereby mortgaged property is seized and sold as payment for a debt in the event of default.

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **Freddie Mac**

The nickname for Federal Home Loan Mortgage Corporation (FHLMC), Freddie Mac is a federally controlled and operated corporation to support the secondary-mortgage market. It purchases and sells residential conventional home mortgages.

### **Graduated-Payment Mortgage**

This mortgage offers low initial monthly payments that increase at a predetermined rate and then cap at a final level for the duration of the mortgage.

### **Home Inspection**

A formal survey of a home's structure, mechanical systems, and overall condition, generally performed by an inspector or contractor.

### **Home Warranty**

A policy available to the buyer or seller as insurance against unanticipated home-repair costs.

### **Homeowner's Policy**

A hazard insurance policy covering, at the very least, the appraised value of a house and property.

### **Inspection Contingency**

A written stipulation contained in an "offer to buy" that makes the sales contract predicated upon the findings of a professional home inspector.

### **Installment Debts**

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

### **Interest**

The predetermined charge or fee paid to a lender by the borrower for the use of monies loaned.

### **Investor**

The holder of a mortgage or the permanent lender. Any person or institution that invests in mortgages.

### **Joint Tenancy**

Joint ownership by two or more persons with right of survivorship; all joint tenants own equal interests and have equal rights in the property.

### **Land Contract**

A contract ordinarily used in connection with the sale of property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer.

### **Lease Purchase Agreement**

The buyer makes a deposit for the future purchase of 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.

### **Listing**

A contract through which a seller agrees to terms and fees with an agent who will sell the property to a buyer.



# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **Loan Commitment**

A written promise by a lender to make a loan under certain terms and conditions. These include interest rate, length of loan, lender fees, annual percentage rate, mortgage and hazard insurance, and other special requirements.

### **Loan-to-Value Ratio**

The relationship between the amount of a home mortgage and the total value of the property.

### **Lock-In Rate**

A commitment made by lenders on a mortgage loan to “lock in” an interest rate pending mortgage approval. Lock-in periods vary.

### **Market Price**

The actual price at which a property is sold.

### **Market Value**

The price that is established for a property by existing economic conditions, property location, size, etc.

### **Marketable Title**

Merchantable title, free and clear of objectionable liens or encumbrances.

### **Mold**

Mold is a superficial and often woolly growth produced on damp or decaying organic matter or on living organisms. See [www.epa.gov/iag/molds/moldguide.html](http://www.epa.gov/iag/molds/moldguide.html) for a guide that provides information and guidance for homeowners and renters on how to clean up residential mold problems.

### **Mortgage**

A legal claim received by the lender on a property as security for the loan made to a buyer.

### **Mortgagee**

The lender of money or the receiver of the mortgage document.

### **Mortgage Broker**

An independent, third-party, licensed broker who arranges loan transactions between lenders and borrowers by facilitating the application and approval process.

### **Mortgage Insurance Premium (MIP)**

The consideration paid by a mortgagor for mortgage insurance either to the FHA or a PMI company. On an FHA loan, the payment is one half of one percent annually on the declined balance of the mortgage. It is a part of the regular monthly payment and is used by the FHA to meet operating expenses and provide loss reserves.

### **Mortgagor**

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

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **Multiple Listing Service (MLS)**

A system through which participating brokers agree to share commissions on a predetermined percentage split on the sale of properties listed on the system.

### **Origination Fee**

This fee is a supplemental fee paid by buyers to lenders, usually stated as a percentage or as points.

### **Personal Property**

Any property which is not real property: e.g., money, savings accounts, appliances, cars, boats, etc.

### **PITI**

Common real estate acronym meaning Principal, Interest, Taxes, Insurance.

### **Point**

A single percent of the loan principal, often charged by the lender in addition to various fees and interest.

### **Prepayment**

When a borrower pays off an entire mortgage before the scheduled payoff date.

### **Prepayment Penalty**

A fee included in the mortgage agreement that is required of the borrower in the event the loan is paid off before the due date. Look for a clause that says, "There shall be no prepayment penalty."

### **Prequalification**

An informal estimate of the "financing potential" of a prospective borrower.

### **Principal**

The amount of money borrowed against which interest and possibly fees will be charged. OR: One of the parties to a contract.

### **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 that contains a promise to pay a definite amount of money at a specific time in the future.

### **Pro-ration**

Proportionate division of expenses based on days or time occupied or used by the seller and/or buyer.

### **Purchase Agreement**

A written, legally binding contractual agreement between a buyer and a seller for the purchase of real estate.

### **Qualification**

Ability of a borrower to satisfy a lender's mortgage-approval requirements.

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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**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 to be a hazard. Your REALTOR® can supply a radon brochure.

**Real Property**

Any land and whatever by nature or artificial annexation is a part of it.

**Referral**

The recommendation by one agent of a potential buyer and/or seller to another agent either locally or long-distance.

**Refinancing**

The process of applying for a new mortgage to gain better terms or use of equity.

**Relocation Specialists**

A firm or person specializing in advising buyers or sellers on relocating to different and/or new communities. There are designations for REALTORS that indicate additional educational training. Look for the Certified Relocation Professional (CRP) designation.

**RESPA Statement**

The Real Estate Settlement Procedures Act requires a precise listing of all closing costs for both sellers and buyers.

**Return on Investment (ROI)**

The profit gained as the result of money spent on an improvement or addition to a home or property.

**Settlement Disclosure Statement**

A statement or list providing a complete breakdown of costs involved in finalizing a real estate transaction prepared by the lender's agent prior to closing and reviewed at closing by the buyer and seller.

**Survey**

The process by which a parcel of land is measured and its area ascertained. Title companies study the survey to check for encroachments.

**Title**

A legal document that defines the property, right of ownership, and possession.

**Title Defect**

An outstanding claim or encumbrance on property that affects marketability.

**Title Insurance**

An insurance policy that protects the buyer against errors, omissions, or any defects in the title.

**Title Search**

A highly detailed search of the document history of a property title for the purpose of identifying any and all legal encumbrances to the property prior to title transfer to a new owner.

# *Your Dream Home... BOUGHT!*

## ***GLOSSARY OF TERMS, continued***

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### **VA Mortgage**

The Department of Veterans Affairs has made guaranteed mortgages available through banks and other lending institutions to active military personnel, veterans, or spouses of veterans who died of service-related injuries.

### **Variance**

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

### **Walk-Through Inspection**

The final inspection by the buyers, usually in the company of the buyers' real estate sales agent, to ensure that all conditions noted in the offer to purchase and all seller-related contingencies have been met. This inspection is most often completed immediately prior to the closing and after the seller has vacated the premises.

### **Zoning**

Virtually all local communities have established specific restrictions for land use, new construction, and remodeling activity. These are available to you through a local regulatory department such as the Building Inspector's Department or office or the Planning and Zoning Board.

Anytime you have a real estate question, remember...

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*Purchase  
Contracts  
  
and Other  
Important Documents*

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