



## “The Complete Home Buying Guide”

By

**Jeff D. Tomlinson**

Professional Real Estate Consultant

**Congratulations!** The decision to buy your own home is an exciting one. The buying experience should be enjoyable one as well as get you the perfect home with the least amount of hassle for the best price. That is my commitment to you!

I have put this overview together for my buyer clients to help them understand what the buying process entails for you. There are many activities and responsibilities that all parties in this transaction must do in order for a successful transaction to take place, this is why I have teamed up with a group of experts who care about your happiness and wellbeing.

Purchasing a home is a very important decision therefore I want you to know that I will be honest, upfront, direct and provide accurate information, so you can make a well-informed decision regarding the purchase of your home.

Please keep this booklet during all house hunting related activities. Use it to take notes and to keep track of deadlines. You can even staple cards to relevant pages to keep related materials together. Making this transaction as easy as possible for you is my job. I am happy to serve all your real estate needs and best of all my services to you are completely FREE!

Sincerely,

Jeff D. Tomlinson

The following is a roster of the members of OUR real estate team. Please keep this book with you throughout the home-buying process. It is also very helpful if you keep it for future reference.

**Jeff D. Tomlinson**

**Equity Real Estate**

2317 W. 1275 S.

Syracuse, Utah 84075

Cell 801.643-4334

Fax 801.776.3352

Email [jtpatriot@comcast.net](mailto:jtpatriot@comcast.net)

★ **Mortgage Company:** Capital Financial Group

★ **Loan Officer:** Alan Blood

★ **Phone:** 801.298.5887

★ **Insurance Company:** \_\_\_\_\_

★ **Consultant:** \_\_\_\_\_

★ **Phone:** \_\_\_\_\_

★ **Address:** \_\_\_\_\_

★ **Title Company:** Founders Title

★ **Escrow Consultant:** Jim Morris

★ **Phone:** 801.773.3747

★ **Home Inspection:** North Star Home Inspectors

★ **Home Inspector:** Keith Brady

★ **Phone:** 801.721.8808

★ **Home Warranty:** Landmark Home Warranty

★ **Representative:** Chad Holmes

★ **Phone:** 801.864.7868

# Why Do You Need A Consultant®



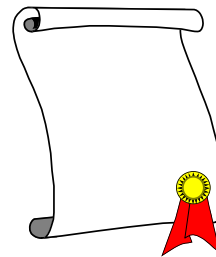
I bring a wealth of knowledge and experience to the business of buying a home. In fact, a licensed real estate professional provides much more than the service of helping you find the home of your dreams. I am not just sales consultant, but I am also an expert negotiator, seasoned financial advisors, and superb navigators around the local neighborhood. I also can provide other resources that are only available to Consultants. A professional Consultant® is your best resource when approaching to buy a home.

I can assist you with —

- Saving you time my helping you understand the market and identify what you are looking for and save you endless amounts of time, money and frustration.
- I know the housing market inside and out and can help you avoid many a “wild goose chase.”
- I can help you with *any* house even if it is listed elsewhere, or is being sold by the owner directly.
- I am know the best lenders in the area; can help you get pre-qualified for a mortgage; and can discuss down payments, closing costs, and monthly payment options.
- I have excellent sources for general information about the community, specific information about schools, churches, shopping, transportation, plus tips on house inspection and pricing.
- I have been trained at presenting your offer to the homeowner and can help you through the process of negotiating the best price. She brings objectivity to the buying transaction, and can point out advantages and disadvantages of a particular property.

The best thing about my services, advice and consultation, usually is FREE for all my buyers! Generally, the seller pays for my services and not you. Whether I am assisting you in buying or selling your home I always offer the most professional services to all my clients.

# The Advantages of a Buyer's Agency Agreement



## **YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED —**

Enlisting the services of a professional Buyer's Consultant is similar to using an accountant to help you with your taxes, a doctor to help you with your health care, or a mechanic to help you with your car. So the first advantage is pretty obvious. If you had the time to devote to learning all you need to know about accounting, medicine, and automotive mechanics, you could do these services yourself. But who has the time? You probably already have a full-time career to which you are committed. This is why you allow other professionals to help you in specific areas of expertise.

I have devoted my time to perfecting a career in real estate service. Continuous education, market research, and vast experience are combined with an excellent team of real estate professionals to find you the perfect home quickly. I will take care of all the hassles of every day real estate transactions for you. She lets you concentrate on your full-time job, while she does hers. I look forward to guiding you through the home buying process and exclusively represent your interests as she helps you find a home, present your contract offer, negotiate, and close!

## **YOU WILL GET A GREAT HOME QUICKLY AND CONVENIENTLY —**

The advantage to signing a Buyer's Agency Agreement with me is that you will have a professional working to find and secure the perfect home for you exactly when you need it. It is nearly impossible to find a home that meets your needs, get a contract negotiated, and close the transaction without an experienced consultant. I have vast computer networks to make sure you only tour homes that meet your specific needs. You won't need to spend endless evenings and weekends driving around looking for homes for sale or trying to search computer networks yourself. When you tour homes with me, you will already know that the homes meet your criteria for bedrooms, bathrooms, garage space, square footage, neighborhood, etc. Also, I will ensure you are looking at homes that are in the price range YOU desire.

## **YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS —**

Just as your accountant, doctor, and mechanic get to know your needs through a steady relationship, I get to know your real estate needs and concerns. This type of relationship is built by open communication at all times and by touring homes with me so I can get a good idea of your feedback and concerns about each home. If you try to jump from consultant to consultant, you will not receive the best real estate services possible, and you will be violating your agreement to me. There is nothing to gain from trying to find and tour homes on your own, and you will save a lot of time when you tell me everything about any home before you see it.

## **WHAT IS THE BUYER'S AGENCY AGREEMENT —**

Entering into a Buyer's Agency Agreement has countless advantages and no disadvantages. When you sign the agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of her ability. All of this personal service is available at absolutely NO COST TO YOU! The Seller's Consultant is responsible for paying your Buyer's Consultant fee. With me you get a professional devoted to

protecting your needs to help you make one of the most important investment decisions of your life — and you don't even have to pay the fee!

## The Step by Step Buying Process

### The First Step

#### The First Step...

You have already taken the first step by allowing me to be your consultant. This guarantees, by the laws of the state, that your needs are met professionally and represented throughout the process of buying your home.

### Looking for a home...

#### The Next Step...

Is to look at the homes that you are qualified for and that meet your requirements. I will be there for you which will make this a enjoyable experience.

### Your Offer

#### Be Careful – This is a BIG Step...

When you find your dream home, you should present a competitive offer immediately with the assistance of me. I have extensive experience in contract negotiations and I can guide you in offering a fair price.

### The Contract

#### Things are Going Now ...

When the seller accepts your offer, you now are legally “under contract.” I will make sure every detail is handled accurately and immediately.

### Inspections

#### You're in the “HOME” Stretch!

We will work out the final details and inspections are performed to ensure the property is “perfect” for you. I will continue work on contract details and further negotiated, and we head to closing!

### Now it is YOURS!

#### The Next Step Will Be Into Your New Home...

You will need to a certified check to the closing procedure. This allows the settlement to be completed.

## How Much Home Can You Afford?



When you are ready to begin looking at various houses, you need to prepare all of the necessary materials to present to the lender. Your lender will tell you exactly what you can afford, so that you do not spend time looking at homes that meet your budget. There are three key factors that you will need to consider when determining how much home you can afford. These are 1) The down payment, 2) Your ability to qualify for a mortgage, and 3) The closing costs associated with your transaction.

### **Down Payment Requirements:**

Most typical loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you qualify there are loans that offer 0% down. Some loans need 20-25% down payment, for you to be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance.

It is often thought that bigger is better when it comes to down payments. In many cases, this may be true. However, the arithmetic will differ from case to case. A bigger down payment means smaller monthly payments and lower interest expense for as long as you remain with a mortgage. This can be an important factor for many people. But if you can put your available funds to work for you so that they can earn more than the interest rate on your loan, you could be dollars ahead with a smaller down payment. Also, a smaller down payment may allow you to keep extra cash liquid and available for an emergency.

### **Closing Costs:**

Don't forget to think ahead carefully. In addition to the down payment on your dream home, you will be required to pay fees for loan processing and other closing costs. These fees must be paid in full in cash at the time of the final settlement, unless you are able to include these in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan. A more detailed schedule is included herein in the section detailing your closing.

### **Qualifying for the Mortgage:**

Most lenders require that your monthly payment range between 25-32% of your gross monthly income. Your mortgage payment to the lender includes four items...the Principle Interest Tax & Insurance. These items are discussed in detail on the page entitled, "Predicting Your Monthly Payment (The PITI)."

Remember, when you buy a home all interest is tax deductible, so you will qualify for a major tax advantage that will effectively increase your take-home pay. Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-41% of your gross monthly income. This is a general rule of thumb, but other key factors specifically determine your ability for a home loan. These factors are:

- **INCOME:** History of employment, stability of income, potential for future earning, education, vocational training and background, and any secondary income such as bonuses, commissions, child support, etc.
- **CREDIT REPORT:** History of debt repayment, total outstanding debt and total available credit. If you have concerns about your credit report, consider contacting one of the major credit bureaus for a copy of your file: TRW (1-800-422-4879), Trans Union (1-602-933-1200), and CSC Credit (1-800-759-5979).

- ASSETS: Cash on hand, other liquid assets such as savings, checking, CDs, stocks, etc.
- PROPERTY: The home you are buying must be appraised to determine that it has adequate value and is marketable to ensure it will secure the loan.

## Predicting Your Monthly Payment (The PITI)

Your monthly payment (PITI) is the sum of four items – the principle on the loan (P), the interest on the loan (I), property taxes (T), and homeowner's insurance (I). To predict your monthly payment for a 30-year fixed rate loan, use the following table to determine the principal and interest part of the payment. Simply divide the loan amount by 1,000 and then multiply that figure by the appropriate interest rate factor from the table below. To that sum add  $1/12^{\text{th}}$  of the amount of your yearly taxes and  $1/12^{\text{th}}$  the

amount of your yearly insurance. You need to keep in mind that there are many types of financial options to meet everyone's needs.

For example: If your mortgage loan amount is \$150,000 and the interest rate is 12%, your monthly "PI" would be:

$$\frac{\$150,000}{1,000} = 150$$

$$150 \times 10.29 = \$1,542.50$$

Then add your monthly insurance premium (approximately \$25-\$75) and your property tax to your principal and interest and this is your monthly payment.

PRINCIPAL AND INTEREST PAYMENT TABLE	
If your interest is:	Your PI Factor is:
6.00%	6.00%
6.50%	6.32%
7.00%	6.65%
7.50%	6.99%
8.00%	7.34%
8.50%	7.69%
9.00%	8.05%
9.50%	8.41%
10.00%	8.78%
10.50%	9.15%
11.00%	9.52%
11.50%	9.90%
12.00%	10.29%
12.50%	10.67%
13.00%	11.06%

Hazard Insurance covering your home for its contract value is required by your mortgage lender. You are at liberty to choose any insurance company and consultant you wish. Ask your consultant to quote you a policy for insurance coverage.

All property owners must pay general real estate taxes. These taxes are also called "ad valorem" taxes because the amount of the taxes varies, according to the value of your property. General real estate is levied for the operations of various governmental agencies and municipalities.

Other taxing bodies may include school districts, drainage, water, sanitary, and recreation districts.

Each agency or municipality determines how much money is needed for the budget. They receive these funds through mills levied against properties in their counties. The state limits how much the mill levy can increase each year without voter approval. Each mill is equal to one-thousandth of one dollar (\$.001) of assessed value or \$1 for every \$1,000 of assessed value.

The actual tax is calculated by multiplying the assessed value by the current mill levy. General taxes are a lien against your home as of January 1<sup>st</sup>, the year of the tax, even though they are not due until the following year.

Properties are valued or assessed by the county assessor. The land and buildings are usually assessed separately. The assessed value is approximately 12-15% of the true value (percentage value is determined by state law). If an owner feels the assessed value of their property is incorrect, they can present their objection through the local taxing authority on an annual basis.

## Choosing the Right Neighborhood is as Important as Choosing the Right House!

### Scout out the Neighborhood!



It is important that you scout the neighborhood in person. You live in more than your house. Talk to people who live there. Drive through the entire area at different times of the day, morning, afternoon, evening, and late at night, as well as during the week and on weekends. Look carefully. Email [jwaltride@homesist.net](mailto:jwaltride@homesist.net) or Facebook <https://www.facebook.com/HelpingTipsinUtah> if they painted the yards well cared for.

Tomlinson • Real Estate Expert • Cell 801-643-4334 • Fax 801-776-3352



### Neighborhood Factors to Consider --

Look for things like access to major thoroughfares, highways, and shopping. Listen for noise created by commerce, roads, railways, public areas, schools, etc. Smell the air for adjacent commerce or agriculture. Check with local civic, police, fire, and school officials to find information about the area. Research things like soil and water. Look at traffic patterns around the area during different times of the day and drive from the area to work. Is the neighborhood near parks, churches, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.? Does the neighborhood belong to a Homeowner's Association?

## Take Notes on Homes You Tour

HOME #1	ITEM:	COMMENTS:
Address	Style of home:	
Subdivision	Bedrooms:	
Home is near:	Bathrooms:	
	Living Room:	
	Fireplace:	
	Kitchen:	
	Dining Area:	
	Laundry Area:	
	Additional Rooms:	
Garage:	Additional Features:	
Lot:	Square Footage:	
HOME #2	ITEM:	COMMENTS:
Address	Style of home:	
Subdivision	Bedrooms:	
Home is near:	Bathrooms:	
	Living Room:	
	Fireplace:	
	Kitchen:	

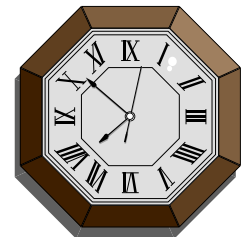
	Dining Area:	_____
	Laundry Area:	_____
	Additional Rooms:	_____
Garage:	Additional Features:	_____
		_____
Lot:	Square Footage:	_____

HOME #3	ITEM:	COMMENTS:
Address	Style of home:	_____
	Bedrooms:	_____
Subdivision		_____
Home is near:	Bathrooms:	_____
		_____
	Living Room:	_____
	Fireplace:	_____
	Kitchen:	_____
	Dining Area:	_____
	Laundry Area:	_____
	Additional Rooms:	_____
		_____
Garage:	Additional Features:	_____
		_____
Lot:	Square Footage:	_____

HOME #4	ITEM:	COMMENTS:
Address	Style of home:	_____
	Bedrooms:	_____
Subdivision		_____
Home is near:	Bathrooms:	_____
		_____
	Living Room:	_____
	Fireplace:	_____
	Kitchen:	_____
	Dining Area:	_____
	Laundry Area:	_____

	Additional Rooms:	_____
Garage:	Additional Features:	_____
Lot:	Square Footage:	_____

## Let's Adhere to "The Plan" To Secure Your Dream Home Quickly!



A successful real estate transaction hinges on numerous details involving deadlines that must be met so that you can move into your dream home as soon as possible.

### TO DO:

### DATE COMPLETED:

- ✓ Loan Application: \_\_\_\_\_  
(Application fee is due at this time).
- ✓ Seller's Disclosure must be signed: \_\_\_\_\_
- ✓ Set inspection date and time: \_\_\_\_\_
- ✓ Written notice due – all items from the inspection that you wish to be repaired: \_\_\_\_\_
- ✓ Negotiation of inspection repair items complete: \_\_\_\_\_

Jeff Tomlinson ● Real Estate Expert ● Cell 801.643.4334 ● Fax 801.776.3352 Email: [jtpatriot@comcast.net](mailto:jtpatriot@comcast.net) ● Facebook <https://www.facebook.com/HotHousingTipsinUtah>

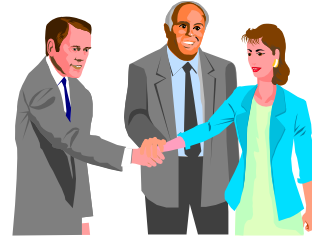
- ✓ Title Commitment due:
- ✓ Insurance: (You are required to arrange for insurance coverage and to inform your mortgage company of your consultant's name and phone number).
- ✓ Loan approval:
- ✓ Closing Date:

Please note: During the loan and home-buying process, you will be asked to supply documentation, respond to phone calls requesting information, schedule dates into your calendar, etc....

*Please respond quickly to these requests so that your transaction does not encounter problems.*

## **Five Items We Negotiate**

- 1. Price**
- 2. Terms**
- 3. Inclusions**
- 4. Possession**
- 5. Contingencies**



**We'll work through all of these together!**

***That's My Commitment to You!***



# Loan Application Checklist

Note: Your lender may not require all of these items.



This article originally appeared in the [Denver Post](#)

## **"Should You Use a Consultant When Buying a New Home? YES!"**

Think of planning a trip to Europe without the help of a travel consultant...or how about buying insurance without an insurance consultant? Then imagine being involved in a major league business dispute, and you're representing yourself in front of the judge and jury. If you depend on people in the service industry for travel needs, filing a claim for hail damage to your roof, or handling legal matters, then why would you want to represent yourself in the most expensive and probably most important purchase of your lifetime...your new home?

It is a common conception that buying a new home directly from the builder, without the assistance of a Consultant, will save you money. Not so! The price of a new home is the same whether you have a Consultant or not. Since this is the case, common sense would tell you to utilize a professional to help you with contract negotiations, researching loans, or helping you to decide which lot is best suited for you!

Phylliss Sinclair, a broker associate, has been on both sides of the fence. For 10 years she represented builders as an on-site salesperson. During the past three years she has represented both buyers and sellers in resale and the purchase of new homes. Sinclair sums up new homes sales as, "A one price policy...buyers receive all of the services and don't pay them any extra, but they also don't receive any discounts. I always felt concern for buyers who weren't associated with a Consultant, as they didn't have the support system they deserve in such a major lifetime transaction."

In our current, fast-paced real estate market, there are many new home communities to choose from. You need to ask yourself some pertinent questions when looking for a new home. Is this a good builder? Does he have a solid reputation, years in business, etc.? How does the quality of his product compare to that of other builders? What are the existing inventories of the various builders? How do builder models meet your needs (floor plans, square footage, and location)? If I sale in a few years, what upgrades should I include to be competitive?

When you find the answers to these questions, ask yourself if the time spent in researching these answers was time well spent – put a dollar value on your time. Real estate professionals can be a valuable asset in collecting information in areas which may affect your decision on the purchase of a new home.

If builders rely on real estate professionals to sell their homes, then why wouldn't you, the buyer, take the same precautions in assuring yourself the best service and expertise in making this important decision?

### **General:**

- ☐ Picture ID with social security number of borrower and co-borrowers.
- ☐ Payment to cover the application fee.
- ☐ Name and complete address of all landlords for the past two years.

### **Income:**

- ☐ Employment history for the past two years including names, addresses, phone numbers, and length of time with company.
- ☐ Copies of your most recent pay stubs and W-2 forms (past two years).
- ☐ Verification of other income (social security, child support, retirement).
- ☐ If self-employed, you need copies of the past two years signed tax returns including all schedules, and a signed profit and loss statement of 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.

Jeff Tomlinson ● Real Estate Expert ● Cell 801.643.4334 ● Fax  
801.776.3352 Email: [jtpatriot@comcast.net](mailto:jtpatriot@comcast.net) ● Facebook  
<https://www.facebook.com/HotHousingTipsinUtah>

- ❑ 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 cards (account numbers, current balances, and monthly payments).
- ❑ Installment loans (car, student, etc.). Same details as for credit cards.
- ❑ Mortgage loans (property address, lender with address, account numbers, monthly payment and balance owed on all properties presently owned or sold within the last two years). Bring proof of sale of properties sold.
- ❑ Child care expense/support (name, address, phone number).

**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 by yourself or your spouse.
- ❑ VA only – bring Form DD214 and Certificate of Eligibility.
- ❑ Retirees – bring retirement and/or Social Security Award Letter.

# Home Warranty Protection



## New Home Warranties —

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home.

At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder.

If the homebuilder does not offer a warranty, BE SURE TO ASK WHY!

## Resale Home Warranties —

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by the Seller as part of his overall package or by some Consultants® who have access to programs that will ensure the buyer against any defects in the home. Even with a warranty, you should have the home carefully inspected before you purchase it.

A home warranty program will give you peace of mind, knowing that the major covered components in your home will be repaired if necessary. Ask me for more details about home warranty packages.

### WARRANTY INFORMATION

Company Name:	_____	Contact:	_____
Address:	_____	Phone:	_____
	_____	Fax:	_____
Policy Number:	_____	Policy Value:	_____
Coverage:	_____	Duration:	_____





# How to Choose a Good Inspection Company

## Is an inspection necessary?

You have the right to request an inspection of any property you are thinking of purchasing by a professional inspector of your choice. You should always exercise your option to have the physical condition of the property and its inclusions inspected. Many of the more severe and expensive problems such as mechanical, electrical, structural, and plumbing are not noticeable to the untrained eye. If repairs are needed, negotiate these in your contract offer. A professionally conducted home inspection followed by a written evaluation is becoming standard procedure in home buying because of increased buyer awareness and savvy.

## What does an inspection entail?

A qualified inspector will follow Standards of Practice in conducting their inspection. The inspection consists of a physical inspection of the home with the purchaser present, followed by a written report detailing their findings. They report on the general condition of the home's electrical, heating, and air systems, interior plumbing, roof, visible insulation, walls, ceilings, floors, windows, doors, foundation, and visible structure. The inspection is not designed to criticize every minor problem or defect in the home. No home is perfect. It is intended to report on major damage or serious problems that require repair for the well being of the home and that might require significant expense. In Texas, a special concern is expansive soils. They can be destructive when water causes these high clay content soils to swell and exert upward pressure on foundation and driveway slabs. If improperly constructed, these structures can crown up in the middle.

# More Inspection Information...

## **Buyer education is necessary —**

The primary purpose of the inspection is to educate the buyer to make an informed purchasing decision. The inspector should allow and even encourage the buyer to attend the home inspection. A good home inspector knows how the home's many systems and components work together and how to minimize the damaging effects of sun and water. The buyer's attendance of the inspection provides them with an over all idea of possible future repair costs and maintenance routines. This is valuable information, which could increase the life span, and perhaps the future selling price of the home.

## **Continuing education is important for inspectors —**

A competent home inspector is familiar with the latest construction materials, home building techniques, and professional equipment. Consumers should research whether prospective home inspectors actively monitor the changes in construction and real estate in order to keep their business practices current and professional. Members must meet annual continuing education requirements for this purpose.

## **Time and fee guidelines for the inspection —**

The time necessary to properly inspect a home, as well as the fee charged by an inspector, varies according to market location, the size and age of the home, and the individual inspection company. However, you can expect that it will take an average of two to three hours to competently inspect a typical one-family, three-bedroom home, with an average cost of \$100 to \$300. Your Consultant® may not be at the inspection, so notify me after the inspection is completed.

## **Beware of false claims —**

Consumers must be cautious in evaluating some of the claims made by people hoping to fill the growing demand for home inspection services. Many new companies request only an application fee. Some claim to offer certification but do not require exams or proven credentials. Still others boast engineering licenses as assurance of competence, even though the engineering license has nothing to do with home inspecting.

# **Now we CLOSE your Transaction!**

## **What is a Real Estate “Settlement?”**

A “settlement” is the meeting the Buyer, Seller, and their consultants (optional), and representative from the lending institution and title company wherein the actual transfer of title to the property occurs. The purchase agreement or contract you have signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur.

The title company transferring ownership of the property to you and will prepare a new deed. Your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

## **What Should I do to Prepare for the Settlement?**

As previously mentioned, you should have already conducted any inspections, etc. you wish to have done on the property.

There are two kinds of title insurance. A lender or mortgagee’s title insurance policy protects only the lending institution. Lenders require this type of insurance and require the borrower to pay for it. That does not mean that the borrower will receive its protection. An owner’s policy is necessary to protect the owner against loss.

You will also be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check. You will be notified of the exact amount by your escrow officer at closing.

## **What is an Escrow Account?**

An escrow account is a neutral depository for funds that will be used to pay expenses incurred by the property, such as taxes, assessments, property insurance, or mortgage insurance premiums which fall due in the future. You will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due they are paid by the lender from the special account. At closing, it may be necessary to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due. You may also be required to refund items prepaid by the Seller. For example, if the Seller has paid the special assessments or taxes for that year, you may be required to refund the value of the months remaining in the year when you take possession of the property. An escrow fee is usually charged to set up the account.

# Moving In!

**Now that you have a new address, send out all your change of address notices.**

Complete your Change of Address notices and mail them to the following. Keep in mind that the post office will forward your mail for 30 days but they do expect that you are sending notices to everyone who sends you mail.

- ☐ Post Office
- ☐ Friends and relatives
- ☐ Magazine and mail order subscriptions
- ☐ Professional organizations of which you are a member
- ☐ Clubs, social or civic organizations with mailings
- ☐ Charge accounts, insurance carriers, and creditors
- ☐ Driver's bureau to receive tag notices
- ☐ Voter Registration officials



**Keep detailed records – some moving expenses are tax deductible!**

Keep detailed records of all moving expenses if your move is job related. Many expenses, including house-hunting trips, are tax deductible. If your move is 35 miles or more from your home, you can deduct your family's travel expenses, including meals and lodging; the cost of transporting furniture, other household goods and personal belongings; food and hotel bills for up to 30 days in the new city if you have to wait to move into your new home; and the costs associated with selling your old home or leasing your new home.

Note: There is a ceiling on deductions which is outlined in detail in the IRS's Publication 521, "Tax Information on Moving Expenses," available free from the IRS offices.

**When you close on your new home, you should complete the following:**

- ☐ Ask your bank about electronically transferring your funds to a bank in your new area. Discuss branch options and arrange for check cashing in your new location.
- ☐ Close out your safety deposit box.
- ☐ Obtain travelers checks for traveling funds and for funds while you are settling into your new location.
- ☐ Ask your insurance consultant to transfer coverage to your new home. Make sure all coverage (life, health, automobile, personal belongings, etc.) is in force while you are en route.
- ☐ Schedule a moving company to assist you or begin notifying people who are helping you of your planned move date.

- ❑ Begin depleting your store of canned and frozen foods. Defrost your freezer and use charcoal to dispel odors.