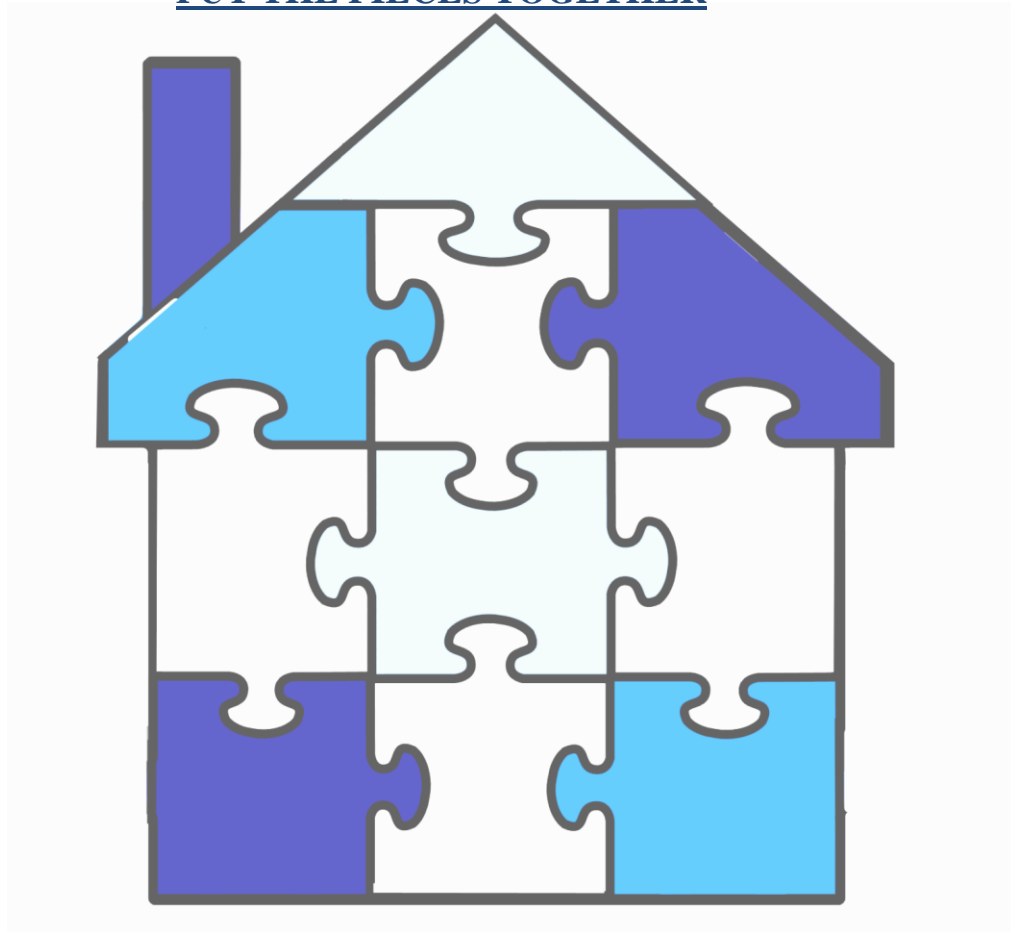




Your Home Buying Packet

PUT THE PIECES TOGETHER



A COMPLETE GUIDE TO THE HOME-BUYING PROCESS

Welcome! You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, I will make your home-buying experience fun and exciting. I can help you find the ideal home with the least amount of hassle for **FREE!** I am devoted to you by using my expertise and the full resources of my office to achieve results!

Purchasing a home is a very important decision and a big undertaking in your life time. In fact, most people only choose a few homes in their lifetime. I am going to make sure that you are well equipped and armed with up-to-date information for your big decision. I am even prepared to guide you through every phase of the home-buying process. This packet gives you helpful information during and after your transaction. Use its reference pages, note pages, and explanations, as an invaluable guide on your home-buying journey.

Please keep this packet with you during your home-buying process. There are pages that contain important phone numbers, dates, and areas for notes to help you stay organized.

I want to make sure you understand that I will be insuring that you understand each step in the buying process and we will be covering everything from A to Z. I will help you know what is going on in the area, what value the home has, is and will be, what to look for, how to accurately complete all necessary documents and if you are not completely happy with the purchase of your home I will help you sale and buy your next home for FREE!

Jeff Tomlinson

Equity Real Estate



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WHY YOU NEED A REALTOR

As a licensed real estate professional I provide much more than the service of helping you find your ideal home. I am an expert neighbor advisor, seasoned trend specialists, and superb navigators around the local neighborhood. I am a member of the National Association of Realtors (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor® is your best resource when buying a home, plus as a Buyers agent I have negotiated with the sellers to pay all of my fees.

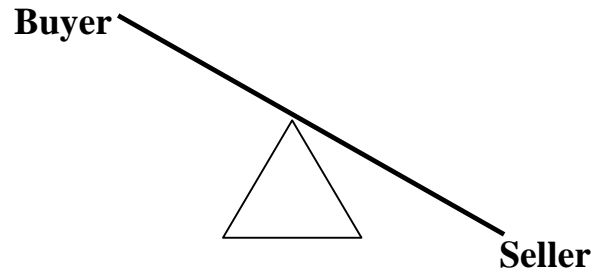
LET ME BE YOUR GUIDE -

- I can save you endless amounts of time, money and frustration.
- I know the housing market inside and out and can help you avoid the “wide goose chase.”
- I can help you with any home, even if it is listed elsewhere or if it is being sold directly by the owner.
- I know the best lenders in the area and can help you understand the importance of being pre-qualified for a mortgage. I can also discuss down payments, closing costs, and monthly payment options that suit you.
- I am an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation. Plus I have tips on home inspections and pricing.
- I am experienced at presenting your best offer to the homeowner and can help you through the process of negotiating the best price. We bring objectivity to the buying transaction, and we can point out the advantages and the disadvantages of a particular property.
- In fact if you are not completely happy with your purchase I will sale your home for free and help you find a new one!
- I promise quick, reliable and accurate information to help you make the best possible decision you can.
- I can help you find the best professionals to help you every step during your purchasing process.

UNDERSTANDING AGENCY - WHO WORKS FOR WHOM?

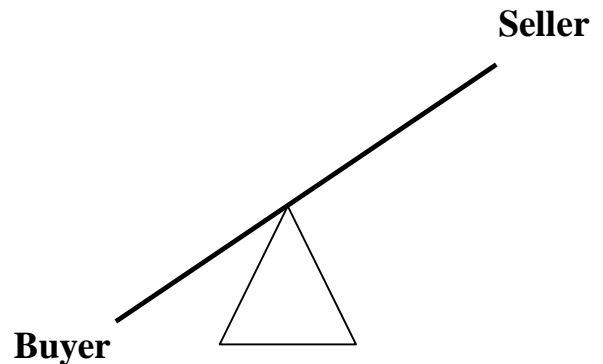
SELLER AGENCY (SINGLE AGENCY)

- Agent will represent the best interests of the seller
- Agent will owe the seller fiduciary duties
- Agent must give the buyer all material facts so the buyer can make an educated decision.



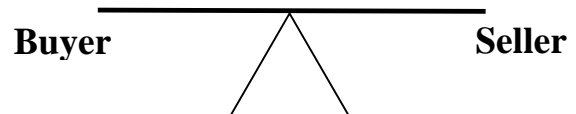
BUYER AGENCY (SINGLE AGENCY)

- Agent will represent the best interests of the buyer
- Agent will owe the buyer fiduciary duties
- Agent must give the seller all material facts so the seller can make an educated decision.



TRANSACTION BROKER

- Agent represents both the buyer and the seller equally.
- Agent's objective is to get a mutually satisfactory agreement among all parties.
- Agent gives all options to the buyer and the seller.
- Depending on the local market, all parties may be present at contract presentation to negotiate on their own behalf.
- All parties have confidentiality. Agent may do nothing to the detriment of either the buyer and the seller.
- Both the buyer and the seller have a right to counsel. Before making any decisions, both parties have the right to seek family, religious, legal, or financial counsel.



In all relationships, as your Agent I have a duty to act honestly with both the buyer and the seller.

THE ADVANTAGES OF A BUYER AGENCY AGREEMENT

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED

Enlisting the services of a professional Buyer's Agent 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 with you with your car. If you had the time to devote to learning everything about accounting, medicine, and automotive mechanics, you could do these services yourself. But who has the time? This is why you allow other professionals to help you in their specific areas of expertise.

I will take care of the hassles of everyday real estate transactions for you. You can concentrate on your full-time job, while we do our job. I will guide you through the home-buying process and exclusively represent your interests as we help you find a home, present your contract offer, negotiate, and close on your home!

YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS

Just as your accountant, doctor, and mechanic understand your specific needs, your Buyer's Agent gets to know your real estate needs and concerns. This type of relationship is built through open communication at all times. Your Buyer's Agent will save you a lot of time by providing you all the details about any home before you see it. In addition, your Buyer's Agent will listen to your feedback and concerns about each home.

YOU WILL QUICKLY AND CONVENIENTLY GET A GREAT HOME

The advantage to signing a Buyer's Agency Agreement with me is that you will have a professional agent working to find and secure the ideal home for you. It is nearly impossible to find a home that meets your needs, get a contract negotiated, and close the transaction without an experienced agent. You won't need to spend endless evenings and weekends driving around looking for homes or trying to search computer networks by yourself. When you tour homes with your professional Buyer's Agent, you will already know that the homes meet your criteria and are within your price range.

WHAT IS THE BUYER'S AGENCY AGREEMENT?

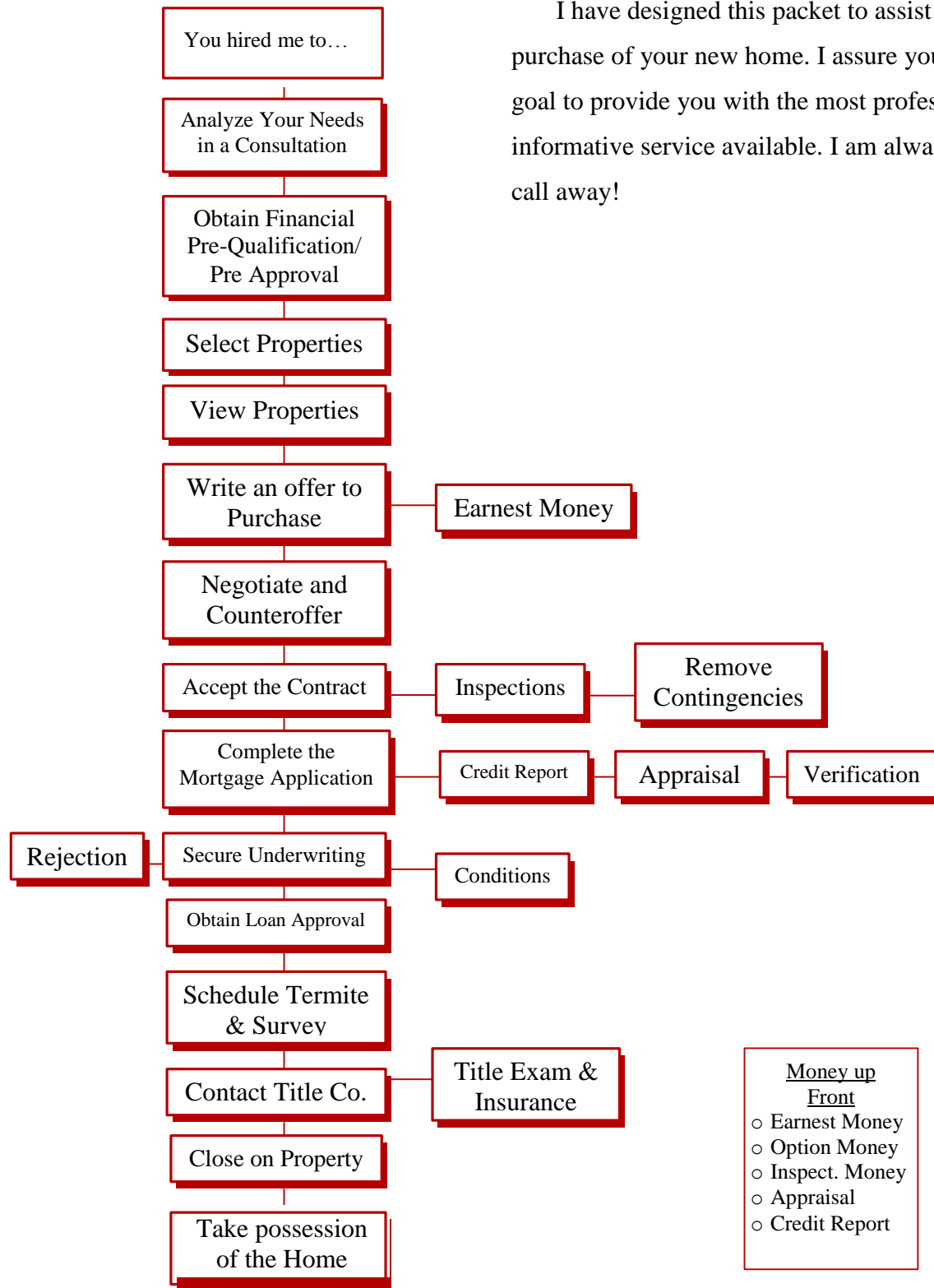
Entering into a Buyer's Agency Agreement has countless advantages. When you sign the agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his/her ability. All of this personal service is available at absolutely **NO COST TO YOU!** The Seller's Agent is responsible for paying your Buyer's Agent fee. With me, you get a professional agent devoted to protecting your needs and to helping you make one of the most important investment decisions of your life – and you don't even have to pay the fee!

REASONS TO BUY A HOME

1. Quality of Life
2. Tax Deductibility of Mortgage Interest payments
3. Tax Deductibility of Property Taxes
4. Appreciation Potential
5. Deferred Gain and Capital Gain Treatment
6. Freedom from landlords
7. Enjoy privacy and true ownership
8. Principal Accumulation
9. Enjoy your life without having others telling you what to do
10. You can't lose your home as long as you make your payments and pay the taxes
11. Payments that don't increase over time
12. No Landlord breathing down your neck
13. Leverage- Where else can you buy this size of an investment with 5-10% down
14. The Real Cost of Renting
 - a. At \$700 per month, with 6% rental increase per year, you will pay \$110,719 over a 10 year period.

THE HOME-BUYING PROCESS

I have designed this packet to assist you with the purchase of your new home. I assure you that it is our goal to provide you with the most professional and informative service available. I am always just a phone call away!



WHAT EVERY BUYER SHOULD KNOW BEFORE PURCHASING

1. Property taxes and qualified interest are deductible on an individual's federal income tax return.
2. Often, a home is the largest asset an individual has and is considered one of the most valuable investments available.
3. A portion of each amortized mortgage payment goes to principal which is an investment.
4. A home is one of the few investments they you can enjoy by living in it.
5. I can usually show you any home whether it is listed with a company, a builder, or even a For Sale by Owner home.
6. Working with me to purchase a For Sale by Owner home can be very advantageous because someone is looking out for your best interest.
7. As your Real Estate professional I can provide you with a list of items you'll need to complete your loan application so you'll be prepared.
8. A homeowner can exclude up to \$500,000 of capital gain tax if married and filing jointly or up to \$250,000 if single or filing separately. The home must have been the taxpayer's principal residence for the previous two years.
9. Beginning with May 07, 1997, there is no longer a requirement to purchase another home more expensive than the one sold. Homeowners are free to buy up or down with no tax consequences assuming their gain is less than the allowable amounts.
10. I can get you a demographic for any area you are interested in.
11. As your agent I can provide a comprehensive property evaluation to see how home values are trending for any given area.
12. I have closed hundreds of homes with buyers.
13. I can find the answer to any question you have.

PRE-QUALIFICATIONS & PRE-APPROVAL

Many buyers apply for a loan and obtain approval before they find the home they want to buy. Why?

Pre-qualifying will help you in the following ways:

1. Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
2. You won't waste time considering homes you cannot afford.

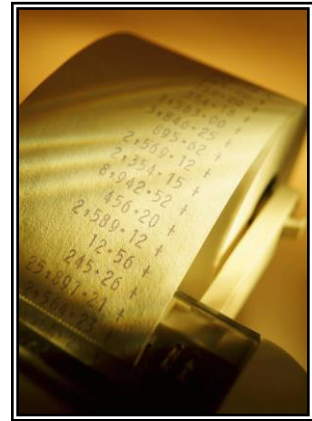
Pre-approval will help you in the following ways:

1. A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
2. You can select the best loan package without being under pressure.

HOW MUCH HOME CAN YOU AFFORD?

There are three key factors to consider:

1. The down payment
2. Your ability to qualify for a mortgage
3. The closing costs associated with your transaction



DOWN PAYMENT REQUIREMENTS:

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance.

CLOSING COSTS:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total-closing costs will range between 2-5% of your mortgage loan up to a maximum of about \$6,000. If you are paying more then you could be over paying for these fees.

QUALIFYING FOR THE MORTGAGE:

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- The principal on the loan (P)
- The interest on the loan (I)
- Property taxes (T),
- The homeowner's insurance (I).

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

Keep in mind that there are many types of loans so if you are unsure what financing you need make sure you get with a mortgage expert. If you don't know any I can provide a list of mortgage professionals.

HOW MUCH CAN YOU AFFORD?

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000's

An Example

Interest Rate = 6 ½
Desired term = 15 years
Interest rate factor per \$1,000 = 8.71
Mortgage = \$200,000
Monthly Principal & Interest =
\$1,742 (8.71 x 200)

Add your monthly insurance premium and your property tax to your principal and interest to determine your total monthly payment.

I am providing this information as a guide. I strongly recommend that you contact our mortgage specialist.

LOAN APPLICATION CHECKLIST

☒ **General:**

- ☐ Picture ID with Social Security Number
- ☐ Payment to cover application fee
- ☐ Name and complete address of all landlords (past two years if applicable).

☒ **Income:**

- ☐ Employment history, including names, addresses, phone numbers, and lengths of time with that company (past two years).
- ☐ Copies of your most recent pay stubs and W-9 form (past two years).
- ☐ Verification of other income (social security, child support, retirement).
- ☐ If you are self-employed: Copies of signed tax returns including all schedules (past two years), and a signed profit and loss statement of the current year.
- ☐ If you are retired: Tax returns (past two years).
- ☐ If you have rental property income: Copies of all lease agreements

☒ **Assets:**

- ☐ Copies of all bank statements from checking/savings accounts (past three months).
- ☐ Copies of all stock/bond certificates and/ or past statements/retirement accounts.
- ☐ Prepare a list of household items and their values.
- ☐ Copies of title documents for all automobiles, boats, or motorcycles.
- ☐ 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 address, lender with address, account numbers, monthly payment, and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.
- ☐ Childcare expense/ support (name, address, phone number).

☒ **Other:**

- ☐ Bankruptcy- Bring discharge and schedule of creditors.
- ☐ Adverse credit- Bring letters of explanation
- ☐ Divorce- Bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.
- ☐ VA only- Bring Form DD214 and Certificate of Eligibility.
- ☐ Retirees- Bring retirement and/ or Social Security Award Letter.

THE 10 COMMANDMENTS

When applying for a real estate loan:

1. Thou ***shalt not*** change jobs, become self-employed or quit your job.
2. Thou ***shalt not*** buy a car, truck or van (or you may be living it)!
3. Thou ***shalt not*** use charge cards excessively or let your accounts fall behind.
4. Thou ***shalt not*** spend money you have set aside for closing.
5. Thou ***shalt not*** omit debts or liabilities from your loan application.
6. Thou ***shalt not*** buy furniture.
7. Thou ***shalt not*** originate any inquiries into your credit.
8. Thou ***shalt not*** make large deposits without first checking with your loan officer.
9. Thou ***shalt not*** change bank accounts.
10. Thou ***shalt not*** co-sign a loan for anyone.

THE ROAD MAP TO YOUR HOME! - Narrowing the Search

“If you don’t know where you’re going... you’ll probably end up somewhere else.” Taken from a book title,

During the home search, I 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 regularly for new listings.
- ☐ Prepare a list of all homes that best meet your needs and wants.
- ☐ Keep you up to date on changing financial conditions that may affect the housing marketing.
- ☐ Be available to answer your questions or offer assistance regarding your home purchase.
- ☐ Discuss market trends and values relative to properties that may be of interest to you.

HOME SEARCH CRITERIA

GENERAL INFORMATION:

Name: _____

Current Address: _____

City/ State/ Zip: _____

Home Phone: _____ Business Phone: _____

Email: _____

TIME LINE INFORMATION:

Deadline for Locating a Home: _____

Required Move in Date: _____

NEEDS ANALYSIS

Family Size: _____ Adults: _____ Children: _____

Need-to-Have Features: _____

Area Preferred: _____

Price Range: From: _____ To: _____

Approximate Square Footage: _____

Prefer: ☐ Home ☐ Condominium ☐ Town Home ☐ Duplex/ Triplex

Approximate Age of the Home: _____

Style: _____

Bedrooms: _____ Bathrooms: _____ Garage: _____

IMPORTANT FEATURES:

☐ Den

☐ Swimming Pool

☐ Carpet

☐ Family Room

☐ Fireplace

☐ Public Transportation

☐ Formal Dining Room

☐ Porch

☐ Utility Room

☐ Combination Dining Room

☐ Patio

☐ Breakfast Area

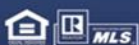
☐ Wooded Lot

☐ Workshop

☐ Other:

☐ Air Conditioning

☐ Drapes/ Blinds



SCHOOL REQUIREMENTS:

Elementary School: _____

Middle School: _____

High School: _____

PRESENT HOME INFORMATION: ☐ Sold ☐ Listed ☐ Not Listed

If not sold or listed, may we have a cooperating broker assist you? _____

Approximate down payment available: _____

Source of down payment: _____

NEIGHBORHOOD MAP

Go to GoogleMaps.com and Pull up an image of the neighborhood and insert here.

THE NEIGHBORHOOD

There are many factors to consider when selecting a neighborhood that is right for you. Below are just a few of the many factors -- You may think of others that are important to you. Please write them on your Home Search Criteria form so they do not get forgotten.

Neighborhoods have characteristic personalities designed to best suit single people, growing families, two-career couples, or retirees. Investigate to determine if the neighborhood matches your lifestyle and personality.

SCOUT OUT THE NEIGHBORHOOD!

It is important that you scout the neighborhood in person. You live in more than your house.

- Talk to the people who live there.
- Drive through the entire area at different times of day, during the week and on the weekends.
- Look carefully at how well other homes in the area are being maintained; are they painted, are the yards well cared for; are parked cars in good condition, etc.

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, theatres, restaurants, public transportation, schools, etc.?
- Does the neighborhood belong to a Homeowner's Association?



THE HOME TOUR

Property Address: _____

Property	Comments	Exterior	Comments
View		Foundation	
Lot Size		Roof	
Landscaping		Architectural Style	
Square Footage		Deck/ Patio	
Interior	Comments	Swimming Pool	
Number of Bedrooms		Garage	
Number of Bathrooms		General Exterior Condition	
Living Room		Location	Comments
Kitchen		Convenience to Work	
Dining Room		Convenience to Shopping	
Family Room		Convenience to School	
Study		Convenience to Day Care	
Fireplaces(s)		Nearby Recreational Facilities	
Openness of Home		General Appearance of Houses in the area	
General Interior Condition		House Value Relative to the area.	

Additional Comments: _____

WORKING WITH HOME BUILDERS

WHY USE AN AGENT TO PURCHASE A NEW HOME?

The advantages of having an agent help you purchase a new home are the same as those for purchasing a resale home....

- Knowledge of the market
- Help in finding the perfect home quickly
- Expertise in contract writing/ negotiation
- Closing assistance.
- Builders CAN NOT legally represent you in a new construction transaction—BEWARE!

The builder has a professional representation watching out for his/her needs, and you need the same expert representation.

Buying a new home is a little more difficult and time consuming than buying a resale. I can professionally guide you through the process.

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

REMEMBER – the Builder can requires that your Agent accompany you on your first visit to the Builder's sales office.



BUILDER QUESTIONS

1. How long have you been in the business?
2. In what areas have you built?
3. What sets you apart from other builders?
4. What type of warranty program do you offer?
5. What are your fees for building a home (fixed price, cost plus management fee)?
6. How do you charge for extras?
7. Who supervises the construction?
8. How long have your trade people been working with you?
9. How often will we be updated on the progress of the home?
10. How often, during the week, are you at the job site? The superintendent?
11. Who will I be dealing with during construction?
12. Will that person have the authority to make final decisions?
13. How many hours per week do you and your supervising staff participate in continuing education within the home building industry?
14. Do you belong to a local trade association? If yes, which one(s)?

In what activities are you involved?
15. Can you provide a list of references, including homeowners, suppliers, subcontractors, and consultants such as architects and engineers?
16. Have you ever been sued and won, sued and lost; or are there any suits currently pending?
17. Do you have any liens against any of the properties that you have built?
18. Have you ever filed for bankruptcy protection?

MAKING AN OFFER

Once you have found the home you wish to purchase, you will need to determine what offer you are willing to make for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember, Be Realistic. Make offers you want the other party to sign!

To communicate your interest in purchasing a home, we will present the listing agent with a written offer. When the seller accepts an offer it becomes a legal contract. When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property.

After we present your offer to the listing agent it will either be accepted, rejected, or the seller will make a counter offer. This is when we will negotiate terms of the contract if necessary.

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by our local Board of Realtors.

The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer. I have included a “non functional” copy in this packet.



REAL ESTATE PURCHASE CONTRACT

I use state approve documents.

BEHIND THE SCENES

WHAT HAPPENS NEXT?

Now that you have decided to buy your home, what happens between now and the time you legally own the home? A Title Company may handle the following items. NOTE: in different parts of the country attorneys, lenders, escrow companies and other persons who are independent of, title companies perform some or all of these functions. The whole purchase process usually takes 30 days.

- **Earnest Money** – An agreement to convey starts the process once it is received at the Title Company. Once you submit the loan application, it is usually subject to a credit check, an appraisal, and sometimes, a survey of the property.
- **Tax Check** – What taxes are owed on the property? The Title Company contacts the various assessor-collectors.
- **Title Search** – Copies of documents are gathered from various public records: deeds, deeds of trust, various assessments and matters of probate, heirship, divorce, and bankruptcy are addressed.
- **Examination** – Verification of the legal owner and debts owed.
- **Document Preparation** – Appropriate forms are prepared for conveyance and settlement.
- **Settlement** – An Escrow Officer oversees the closing of the transaction: seller signs the deed, you sign a new mortgage, the old loan is paid off and the new loan is established. Seller, Realtors, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.

TITLE INSURANCE - THERE ARE TWO TYPES OF TITLE INSURANCE:

- Coverage that protects the lender for the amount of the mortgage
- Coverage that protects your equity in the property

Both you and your lender will want the security offered by title insurance. Why?

Title agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples: an unauthorized seller forges the deed to the property; an unknown, but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; or a land survey showing the boundaries of your property is incorrect.

CONTRACT CHECKLIST

Make sure you do the following activities a few days prior to settlement.



<input type="checkbox"/>	Order Termite Inspection
<input type="checkbox"/>	Order Mechanical Inspection
<input type="checkbox"/>	Notify Landlord
<input type="checkbox"/>	Order Insurance Policy
<input type="checkbox"/>	Transfer Utilities
<input type="checkbox"/>	Order Telephone Service
<input type="checkbox"/>	Make Final Walk-Through
<input type="checkbox"/>	Schedule appointment with movers
<input type="checkbox"/>	Make Extra Keys/ Change Locks
<input type="checkbox"/>	Order Cable TV Service
<input type="checkbox"/>	Order New Checks
<input type="checkbox"/>	Change Driver's License/ Credit Cards

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 date-of-the-purchase.

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 the home against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by either the Seller, as part of the overall package, or by you the buyer. 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: _____
Policy Number: _____	Policy Value: _____
Coverage: _____	Duration: _____

HOME INSPECTION

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection. The inspection will include the following:

- ☐ Appliances
- ☐ Plumbing
- ☐ Electrical
- ☐ Air conditioning and heating
- ☐ Ventilation
- ☐ Roof and Attic
- ☐ Foundation
- ☐ General Structure

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well.

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

As your agent I will negotiate with the seller any repairs or a credit for completion the repairs, or you decide that the home will take too much work and money. A professional inspection should not advise you on what and how to negotiate repairs that is not their job.

In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association.

As the buyer you will want to be present at the end of the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. The right inspector will be able to identify any real concerns or issue that might needed to be address by the sellers to protect your interest in the home.

WHAT IS A REAL ESTATE CLOSING?

A “closing” is where you and I meet with an escrow officer at their title company while the sellers will be closing usually at another title company. The purchase agreement or contract you 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.

If financing the property, your lender will require you to sign documents, 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.

At closing, you will be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check. Your agent or escrow officer will notify you of the exact amount at closing.

WHAT IS AN ESCROW ACCOUNT?

An escrow account is a neutral depository held by your lender 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 the lender pays them 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.



MOVING

CONGRATULATIONS! You have closed on your new home and now you are ready to move! The next few pages contain tips and checklists so that your move is as organized and effortless as possible. Think about your move as a series of small projects that you can begin while your home is under contract. Your move will progress as your contract and closing progress. That way, when the day comes to physically move your belongings, most of the details will be taken care of.

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 form at the IRS offices.



MOVING CHECKLIST

☒ One Month before Moving

- ☐ Start packing items that aren't regularly used such as off-season clothes, decorations, and items in storage areas (garage, attic, and closets).
- ☐ Make travel arrangements for your pets.
- ☐ If you're driving, get your car tuned up.
- ☐ Get medical records from your doctors, dentists, optometrist, and veterinarian.
- ☐ Send items (rugs, drapes, clothing, quilts, bedding) to the cleaners.
- ☐ Back up important computer files

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☒ Two Weeks before Moving

- ☐ Contact your utility companies and notify them of your move.
- ☐ Sign up for services at your new home address.
- ☐ Contact your long distance phone company and notify them of your move.
- ☐ Call friends and family and recruit help for the moving day.
- ☐ Arrange to close or transfer your bank account, if appropriate. Pick up items in your safety deposit box.

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☒ One Weeks before Moving

- ☐ Pick up items from the cleaners, repair shop, or friends.
- ☐ Pack a survival kit of clothes, medicines, special foods, etc. to carry you through the day while you unpack.
- ☐ Finish packing all boxes minus what you'll need in the final week.
- ☐ Inform the post office of your upcoming move.
- ☐ Send change-of-address cards with your new address and phone number to
 - Friends and Family
 - Banks, Insurance Companies, Credit Card Companies, and other Financial Institutions.
 - Magazines and Newspapers
 - Doctors, Lawyers, Accountants, Realtors, and other service providers.
 - State and Federal Tax Authorities and any Government Agencies as needed.
 - Workplace, Schools, and Alma Maters.

☒ The Day before

- ☐ Set aside moving materials, such as tape measure, pocket knife, and rope.
- ☐ Pad corners and stairways of the house.
- ☐ Lay down old sheets in the entry and hallways to protect floor coverings.

- ☐ Remove hanging fixtures.
- ☐ If you are moving yourself, pick up the rental truck and a dolly to move heavy boxes.
- ☐ If you are driving, check oil, tire pressure, and gas in your car.
- ☐ If you are flying, make sure you have tickets, charge cards and other essentials.
- ☐ _____
- ☐ _____
- ☐ _____
- ☐ _____

☒ **Moving Day - *Carry with you:***

- ☐ The keys to your new home.
- ☐ A map of your new town and directions to your home.
- ☐ The telephone number of the moving company.
- ☐ Cash or traveler's checks.
- ☐ Documentation related to the sale of your home.
- ☐ Your insurance policies and agent's phone number.
- ☐ Your current address book or personal planner.
- ☐ Prescription and non-prescription medications.
- ☐ Enough clothing to get by if the movers are late.
- ☐ The telephone number of the moving company.
- ☐ Cash or traveler's checks.
- ☐ Any items of great personal value to you that are virtually irreplaceable.
- ☐ Back-up copies of important computer files.
- ☐ Sheets, towels, and personal hygiene items for the first night in your new home.
- ☐ _____
- ☐ _____
- ☐ _____

HELPFUL PHONE NUMBERS

Make arrangements for canceling home utilities such as the following. Advise them of your desired date for final reading and give them your new address for final billing. Request deposit return if appropriate, and arrange for immediate service at your new address.

ELECTRIC COMPANY:

PHONE:

WATER/ SEWER:

PHONE:

GAS:

PHONE:

LOCAL PHONE SERVICE:

PHONE:

LONG DISTANCE SERVICE:

PHONE:

CABLE TV:

PHONE:

LOCAL SCHOOLS:

PHONE:

OTHER:

NEW HOME CHECKLIST

- ☒ Heating System
 - ☐ Check filters every month.
 - ☐ Have annual system maintenance service done one month before the heating season.
- ☒ Electrical System
 - ☐ To prevent power outages, limit the number of appliances plugged into one circuit.
- ☒ Air Conditioning
 - ☐ Check filters every month.
 - ☐ Have annual system maintenance service done one month before air-conditioning season begins.
 - ☐ Keep the condensing unit free of debris.
- ☒ Microwave
 - ☐ Do not use pans or dishes that are metal or have metallic trim
 - ☐ Only use mild soap and/ or baking soda to clean the interior. Abrasive cleaners or scouring pads can leave damage.
- ☒ Refrigerator
 - ☐ Clean the interior shelves, shell and gaskets every three months.
 - ☐ Once a year, clean the coils on the back or underneath.
- ☒ Range/ Oven
 - ☐ To avoid damaging the burners, do not use extra-large/ heavy cooking pots and pans.
 - ☐ If you have a self-cleaning oven, do not use any other method to clean it.
- ☒ Dishwasher
 - ☐ Mineral deposits on the heating elements can be cleaned with vinegar.
 - ☐ Be sure dishes do not block or damage the spray arm.
- ☒ Garbage Disposal
 - ☐ To clean the disposal, push a fully tray of ice cubes through it while running cold water.
 - ☐ Always remember to run water during use and for at least 2 minutes after you finish. This prevents stoppage.
- ☒ Washer/ Dryer
 - ☐ Clean the lint screen after each load of clothes has been dried and the unit is empty.
- ☒ Trash Compactor
 - ☐ Replace the deodorant supply regularly to prevent odors.

GLOSSARY

ACCEPTANCE: The date when both parties, seller and buyer, have agreed to and completed signing and/or initialing the contract.

ADJUSTABLE RATE MORTGAGE: A mortgage that permits the lender to adjust the mortgage's interest rate periodically on the basis of changes in a specified index. Interest rates may move up or down, as market conditions change.

AMORTIZED LOAN: A loan, which is paid in equal installments during its term.

A.P.R. (ANNUAL PERCENTAGE RATE): A term used in the Truth in Lending Act. It represents the relationship of the total finance charge (interest, discount points, origination fees, loan broker, commission, etc.) to the amount of the loan.

APPRAISAL: An estimate of real estate value, usually issued to standards of FHA, VA, and FHMA. Recent comparable sales in the neighborhood is the most important factor in determining value. This should be contrasted against the home inspection.

APPRECIATION: An increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation.

ASSUMABLE MORTGAGE: Purchaser takes ownership to real estate encumbered by an existing mortgage and assumes responsibility as the guarantor for the unpaid balance of the mortgage.

BILL OF SALE: Document used to transfer title (ownership) of PERSONAL Property.

CLOSING STATEMENT (HUD1): A financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

CLOUD ON TITLE: Any condition that affects the clear title to real property.

COMPARABLE SALES: Sales that have similar characteristics as the subject property and are used for analysis in the appraisal process.

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

CONSIDERATION: Anything of value to induce another to enter into a contract, i.e., money, services, a promise.

DEED: Written instrument, which when properly executed and delivered, conveys title to real property.

DISCOUNT POINTS: A loan fee charged by a lender of FHA, VA or conventional loans to increase the yield on the investment. One point = 1% of the loan amount.

EASEMENT: The right to use the land of another.

ENCUMBRANCE: Anything that burdens (limits) the fee title to property, such as a lien, easement, or restriction of any kind.

EQUITY: The value of real estate over and above the liens against it. It is obtained by subtracting the total liens from the value.

ESCROW PAYMENT: That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments and other items as they become due.

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

FEDERAL HOUSING ADMINISTRATION (FHA): An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

FHA INSURED MORTGAGE: A mortgage under which the Federal Housing Administration insures loans made, according to its regulations

FIXED RATE MORTGAGE: A loan that fixes the interest rate at a prescribed rate for the duration of the loan.

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

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

GRADUATED PAYMENT MORTGAGE: Any loan where the borrower pays a portion of the interest due each month during the first few years of the loan. The payment increases gradually during the first few years to the amount necessary to fully amortize the loan during its life.

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

LEASE PURCHASE AGREEMENT: Buyer makes a deposit for future purchases of a property with the right to lease the property for the interim.

LOAN TO VALUE RATION (LTV): The ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price). Example – on a \$100,000 home, with a mortgage loan principal of \$80,000 the loan to value ratio is 80%.

MORTGAGE: A legal document that pledges a property to the lender as security for payment of a debt.

MORTGAGE INSURANCE PREMIUM (MIP): The amount paid by a mortgagor for mortgage insurance. This insurance protects the investor from possible loss in the event of a borrower's default on a loan.

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

NOTE: A written promise to pay a certain amount of money.

ORIGINATION FEE: A fee paid to the mortgagee for paying the mortgage before it becomes due. Also known as prepayment fee or reinvestment fee.

PRIVATE MORTGAGE INSURANCE (PMI): See Mortgage Insurance Premium.

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

REALTOR: A member of local and state real estate boards, which are affiliated with the National Association of Realtors (NAR).

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

SECOND MORTGAGE/SECOND DEED OF TRUST/JUNIOR MORTGAGE OR JUNIOR LIEN: An additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a "first" mortgage.

SEVERALTY OWNERSHIP: Ownership by one person only. Sole ownership.

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

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

TITLE INSURANCE: An insurance policy which protects the insured (purchaser or lender against loss arising from defects in the title).

LET'S ADHERE TO "THE PLAN"

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

To Do:

Date Completed

- | | |
|---|-------|
| <input type="checkbox"/> Loan Application:
(Application fee is due at this time). | _____ |
| <input type="checkbox"/> Seller's Disclosure must be signed: | _____ |
| <input type="checkbox"/> Set Inspection Date and Time: | _____ |
| <input type="checkbox"/> Written Notice Due- All items from the inspection
that you wished to be represented: | _____ |
| <input type="checkbox"/> Negotiation of inspection repair items complete | _____ |
| <input type="checkbox"/> Title Commitment Due: | _____ |
| <input type="checkbox"/> Insurance: (You are required to arrange for insurance
coverage and to inform your mortgage company of
your agent's name and phone number). | _____ |
| <input type="checkbox"/> Loan Approval: | _____ |
| <input type="checkbox"/> 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.

YOUR REALTOR TEAM ROSTER

The following is a roster of the members of YOUR 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
Cell 801.643-4334
Fax 801.776.3352
Email jtpatriot@comcast.net

★ ★ **Mortgage Company:** _____
★ **Loan Officer:** _____
★ **Phone:** _____

★ ★ **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