



YOUR HOME-BUYING PACKET

Putting the Pieces Together



YOUR HOME-BUYING PACKET

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, we will make your home-buying experience fun and exciting. We can help you find the ideal home with the least amount of hassle; and we are devoted to using my expertise and the full resources of my Office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. We are going to make sure that you are well equipped and armed with up-to-date information for your big decision. We 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 agency 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 and dates and areas for notes to help you stay organized.

So let's take an exciting journey together! We look forward to meeting your real estate needs every step of the way!

Mootry, Murphy & Burgin Realty Group

Office **(716) 534-8495**



PURCHASING REAL ESTATE IS NOT JUST A BUSINESS TRANSACTION.
We are committed to creating a new type of Real Estate Experience.

We are One Team. One Vision. One Mission. One Goal - Serving One YOU!

THE MMB STORY: Although many discouraged them from beginning a new enterprise during the Covid-19 pandemic; MMB Realty Group LLC (MMB) continues to thrive by providing clients a customized and quality real estate experience.

MMB Realty Group is a joint venture of three (3) experienced female realtors - **Jamia “Mia” Mootry, Tamika Murphy, and Rosalind Burgin.** The three founders are committed to creating a new type of Real Estate experience where the focus is on putting in the work to help clients overcome obstacles to their real estate dreams. MMB Realty is known for working with first time home buyers to purchase a home or an investment property to build generational wealth. Clients have expressed that the team does the hard work and research to access financial assistance to cover closing costs and provide resources to help improve credit scores.

Rosalind Burgin, MMB Realty Group co-founder puts it best, “We all have different experiences that have provided an excellent foundation to build an innovative company. Embracing inclusion has resulted in creating a culture of innovation and learning opportunities.”

OUR GUIDING COMPASS is “walking the walk” with each client to help them navigate the Buy and Sell real estate process. We are energized and inspired by their visions and desire to do what is necessary to achieve their dreams.

ABOUT OBSTACLES: Well... We believe that they are only temporary. MMB agents work to find solutions that can help strengthen a client’s financial status.

AN EYE ON COMMUNITY NEEDS: The Realty Group takes pride in knowing the communities their clients reside. For example, the Buffalo area has a large senior population that have real estate needs. MMB Realty Group realtors have been successful in assisting seniors with downsizing to the perfect home or finding that perfect starter home that they may wish to gift to a family member.

In helping to bridge the real estate opportunity gap, “we focus on educating clients, especially first-time home buyers about the buying process and improving their credit.” - Rosalind Burgin

“As realtors we have observed how purchasing a home not only elevates personal outlooks but serves as a foundation for individual and generational wealth” - Tamika Murphy

“We understand the dreams and the obstacles that minorities and women experience in becoming a homeowner or investing in real estate; but we also know how many achieve happiness and success.” - Jamia Mootry



www.mmbrealtygroup.com



WHY DO YOU NEED A REALTOR®?

As a licensed real estate professional I provide much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents, seasoned financial advisors with clients, and superb navigators around the local neighborhood. They are members 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 your home.

LET ME BE YOUR GUIDE

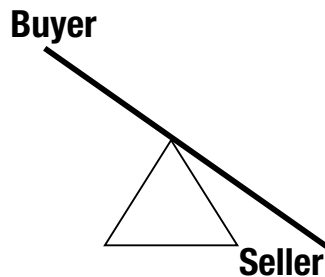
- As a knowledgeable Realtor® I can save you endless amounts of time, money, and frustration.
- As a knowledgeable Realtor® I know the housing market inside and out and can help you avoid the “wild goose chase.”
- As a knowledgeable Realtor® I can help you with any home, even if it is listed elsewhere or if it is being sold directly by the owner.
- As a knowledgeable Realtor® 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.
- As a knowledgeable Realtor®, I am an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation - - plus tips on home inspections and pricing.
- As a knowledgeable Realtor® I am experienced at presenting your 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.

And the best thing about me as your Realtor® is that all this help normally won't cost you a cent. Generally, the seller pays the commission to the Realtor®.



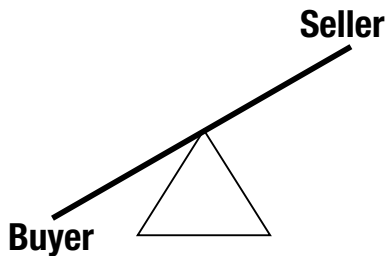
UNDERSTANDING AGENCY...

Who works for whom?



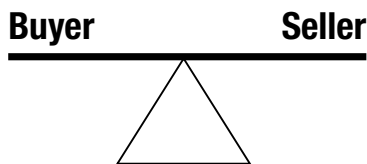
SELLER AGENCY (SINGLE AGENCY)

- 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 that 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 that the seller can make an educated decision



TRANSACTION BROKER (DUAL AGENCY)

- 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 or 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 help 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.

We will take care of the hassles of everyday real estate transactions for you. We let you concentrate on your full-time job, while we do our job. We 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!



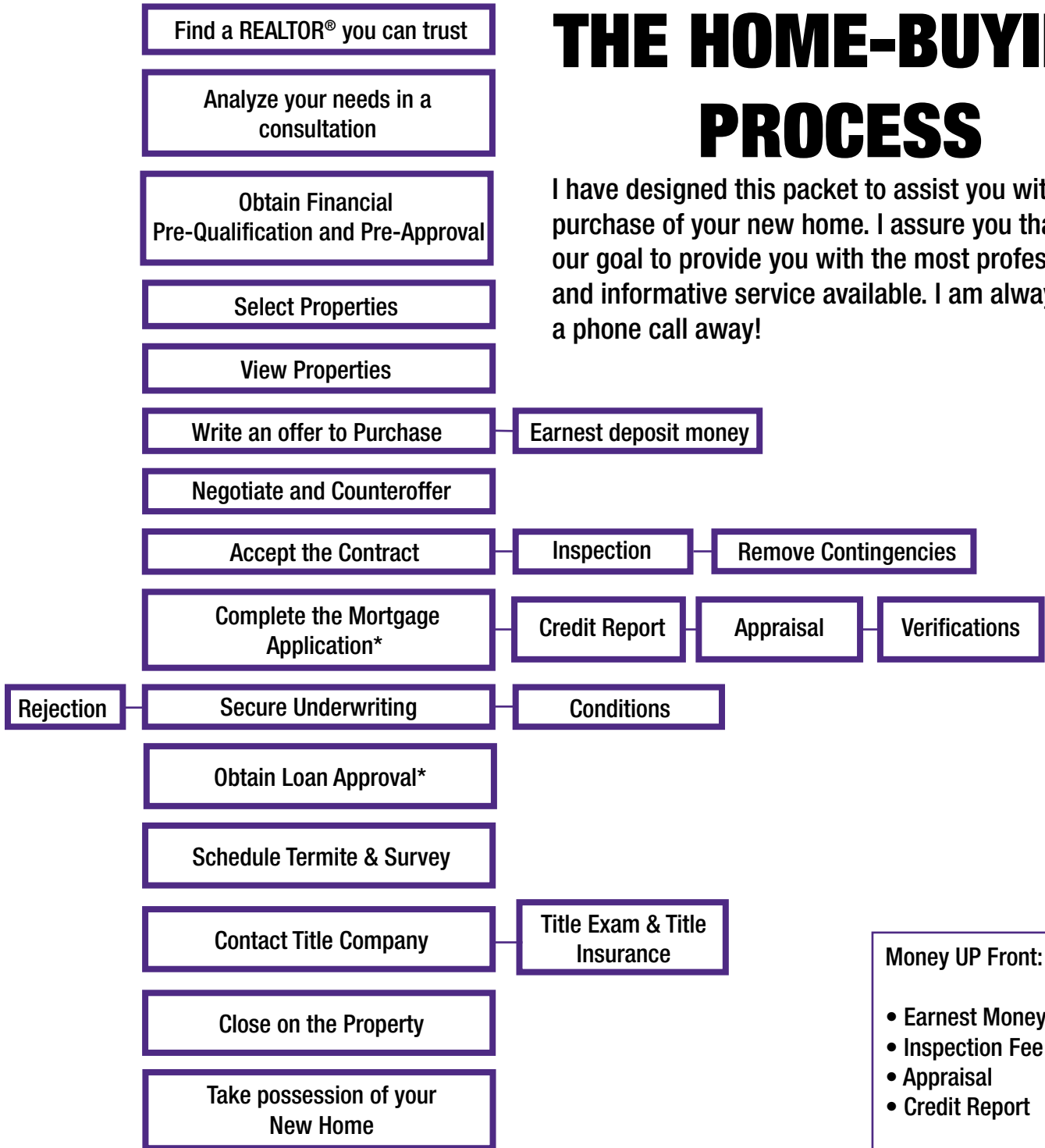
REASONS TO BUY A HOME

- 1. Quality of Life**
- 2. Tax Deductibility of Mortgage Interest**
- 3. Tax Deductibility of Property Taxes**
- 4. Appreciation Potential**
- 5. Deferred Gain and Capital Gain Treatment**
- 6. Once in a Lifetime Exclusion**
- 7. Principal Accumulation**
- 8. Pride in Your Home**
- 9. No Landlord**
- 10. Leverage** (where else can you buy this size of an investment with 5-10% down)
- 11. The Real Cost of Renting** (At \$700 per month, with a 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!



- Money UP Front:
- Earnest Money
 - Inspection Fee
 - Appraisal
 - Credit Report

* If not already pre-approved



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 that you can enjoy by living in it.
- 5.** A REALTOR® 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 through a REALTOR® to purchase a For Sale By Owner home can be very advantageous because someone is looking out for your best interest.
- 7.** Your Real Estate professional 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.** Ask the Real Estate professional if they are familiar with the neighborhoods where you want to live.
- 11.** Ask the Real Estate professional whom he/she is representing in the transaction.
- 12.** Ask the Real Estate professional what he/she will do to keep you informed.
- 13.** Your Real Estate professional should provide you with the highest level of service and advice.



BEFORE WE BEGIN...

PRE-QUALIFICATION AND 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.

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.



HOW MUCH CAN YOU AFFORD?

Use the following to chart to determine your monthly principal and interest payments at various interest rates for either a 15 or 30-year term.

INTEREST RATE FACTORS PER \$1,000					
Interest Rates	Term 15 Years	Term 30 Years	Interest Rate	Term 15 Years	Term 30 Years
4	7.40	4.77	8	9.56	7.34
4 1/4	7.52	4.92	8 1/4	9.70	7.51
4 1/2	7.65	5.07	8 1/2	9.85	7.69
4 3/4	7.78	5.22	8 3/4	9.99	7.87
5	7.91	5.37	9	10.14	8.05
5 1/4	8.04	5.52	9 1/4	10.29	8.23
5 1/2	8.17	5.68	9 1/2	10.44	8.41
5 3/4	8.30	5.84	9 3/4	10.59	8.59
6	8.44	6.00	10	10.75	8.77
6 1/4	8.57	6.16	10 1/4	10.90	8.96
6 1/2	8.71	6.32	10 1/2	11.05	9.15
6 3/4	8.85	6.48	10 3/4	11.21	9.33
7	8.99	6.65	11	11.36	9.52
7 1/4	9.13	6.82	11 1/4	11.52	9.71
7 1/2	9.27	6.99	11 1/2	11.68	9.90
7 3/4	9.41	7.16	11 3/4	11.84	10.09

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 \$1,000s.

AN EXAMPLE

Interest Rate = 6 1/2
 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.

Interest rates and subsequent payment amounts are for illustrative purposes only. Actual rates and payments may vary



Loan Application Checklist

GENERAL:

- Government issued Photo ID and social security number
- Payment to cover application fee
- Name and complete address of all landlords (past 2 years)

INCOME:

- Employment history, including names, address, phone numbers and length of time with that company (past 2 years)
- Copies of your most recent pay stubs and W-2 form (past 2 years)
- Verification of other income (social security, child support, retirement)
- If you are self-employed: Copies of signed tax returns including all schedules (past 2 years) and a signed profit and loss statement of the current year
- If you are retired: Tax returns (past 2 years)
- If you have rental property income: Copies of all lease agreements.

ASSETS:

- Copies of all bank statements from checking/savings accounts (past 3 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 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 2 years.) Bring proof of sale of properties sold.
- Childcare expense/support (name, address and phone number)

OTHERS:

- Bankruptcy - bring discharge and schedule of creditors
- Adverse credit - bring letter 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 TEN 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 in 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, this quote conveys a very simple message – To achieve an objective – create a plan!

If you plan to buy a home soon, you will need to know “where you are going”. For a most enjoyable home-buying experience, first build a road map to your new home, a list of priorities that will lead you to your objective – a new home!

The first priority is time frame. Write down the date by which you would like to move in to your new home: _____

Keep in mind that it may take 30-90 days (or more) to locate the right home, secure financing, and complete the home-buying process.

The next priority is to develop a detailed description of the home you hope to find. The following page contains a Home Search Criteria form to help you distinguish between “Need to Have” features and “Nice to have” features. Be Specific. Include architectural style, number of bedrooms and baths, location, lot size, and other special requirements. Number your preferences in order of greatest importance to you.

This form, along with the information you share during our initial consultation, will enable me to narrow the home search. I will take this information and enter your requirements into the Multiple Listing Service (MLS) system. I will use my personal market knowledge to come up with a list of those homes that best meet your needs and wants.

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 Street 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: _____

 Nice-to-have Features: _____

 Area Preferred: _____
 Price Range: From: _____ Total: _____ Approximate Square Footage: _____
 Prefer Home: Condominium: _____ Townhome: _____ Duplex/Triplex: _____ Other: _____
 Approximate age of Home: _____ Style: _____
 Bedrooms: _____ Bathrooms: _____ Garage: _____
 Important Features:

<input type="checkbox"/> Den	<input type="checkbox"/> Porch	<input type="checkbox"/> Family Room
<input type="checkbox"/> Patio	<input type="checkbox"/> Formal Dining Room	<input type="checkbox"/> Workshop
<input type="checkbox"/> Combination Dining Room	<input type="checkbox"/> Drapes/Blinds	<input type="checkbox"/> Wooded Lot
<input type="checkbox"/> Carpet	<input type="checkbox"/> Air Conditioning	<input type="checkbox"/> Public Transportation
<input type="checkbox"/> Swimming Pool	<input type="checkbox"/> Utility Room	<input type="checkbox"/> Fireplace
<input type="checkbox"/> Breakfast	<input type="checkbox"/> Other: _____	

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: _____



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 people who live there.
- Drive through the entire area at different times of the day, during the week and on 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, theaters, 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	
✓ Livingroom		LOCATION	COMMENTS
✓ Kitchen		✓ Convenience to Work	
✓ Dining Room		✓ Convenience to Shopping	
✓ Family Room		✓ Convenience to School	
✓ Study		✓ Convenience to Daycare	
✓ Fireplace(s)		✓ Nearby Recreational Facilities	
✓ Openness of Home		✓ General Appearance of houses in the area	
✓ General Interior Condition		✓ Houses Value Relative to the area	
ADDITIONAL COMMENTS			





THE HOME TOUR

Property Address: _____

PROPERTY	COMMENTS	EXTERIOR	COMMENTS
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✓ Lot Size		✓ Roof	
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		✓ General Exterior Condition	
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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.

The builder has a professional representative 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 this 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 requires that your Agent accompany you on your first visit to the Builder's sales office, or they will NOT PAY your representative's fee!



BUILDER QUESTIONS

- 1.** How long have you been in 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, costs plus management fee)?
- 6.** How do you charge for extras?
- 7.** Who supervises your 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? If yes, please explain.
- 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 copy in this packet.



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.

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, heir ship, 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.

For a one-time charge at closing, title insurance will safeguard you against problems



CONTRACT CHECKLIST

	Order Termite Inspection
	Order Mechanical Inspection
	Notify Landlord
	Order Insurance Policy
	Transfer Utilities
	Order Telephone Service
	Make Final Walk Through
	Schedule appointment with movers
	Change locks / Make extra keys
	Order Cable TV Service
	Order New Checks
	Change Address on drivers licenses and credit cards





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.

Your 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.

The seller may be willing to negotiate completion of repairs or a credit for completion of repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites or the presence of radon gas.

In choosing a home inspector, consider one that is licensed and insured. If you do not have one we are more than happy to suggest a few that some of our clients have used in the past.

I recommend being present at 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. Most important, you will see the home through the eyes of an objective third party.



WHAT IS A REAL ESTATE CLOSING?

A “closing” is where you and I meet with some or all of the following individuals: the Seller, the Seller’s agent, a representative from the lending institution and a representative from the title company, in order to transfer the property title to you.

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 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.

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 the IRS offices.





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.



GLOSSARY

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

FREDDIE MAC: Nickname for Federal Home Loan Mortgage 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 in a mortgage, typically a homeowner.

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

ORIGINATION FEE: A fee charged by a lender on entering into a loan agreement to cover the cost of processing the loan

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:

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:

Title Commitment due:

Insurance: (You are required to arrange for insurance coverage and to inform your mortgage company of your agent'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...



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