

**RE/MAX<sup>®</sup>**  
**— DIRECT —**





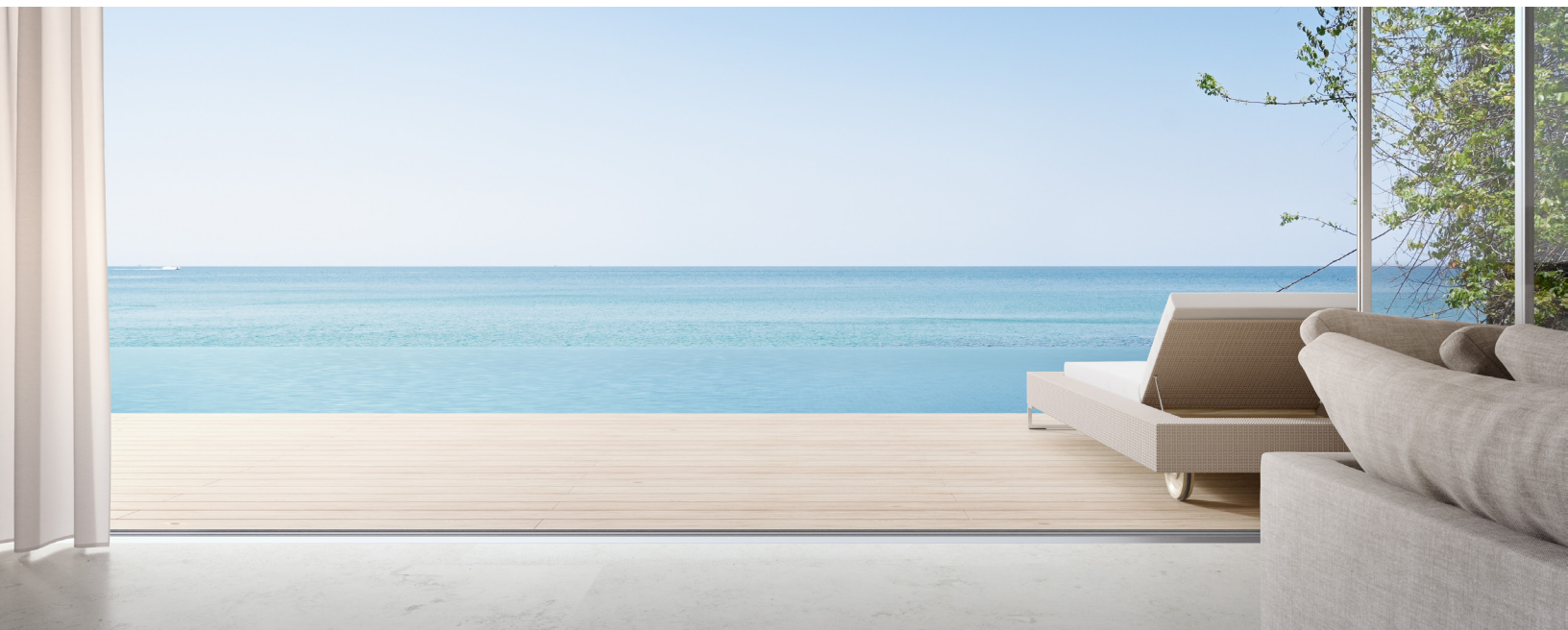
# BUYER'S


HOMME

GUIDE

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Purchasing a home with the right realtor can make your home buying experience memorable and satisfying. The home buying process can be stressful and time consuming if you do not fully understand the process. To avoid overpaying for a home or purchasing a home that is not a good fit for you and your family, you need a top negotiator that knows the market and communities they serve. We will stay abreast of market trends, know the amenities and features of each neighborhood, and have a proven track record of successful negotiation. We take all the stress and uncertainty out of the buying process so you can enjoy your new life in the home of your dreams.

# BUYER COMMITMENT

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To save your time, minimize your stress, provide maximum security and help assure you get the best home for your money, I will perform the following services for you the home buyer:



Provide a complete explanation of the home buying process



Provide thorough knowledge of the current and emerging real estate market conditions



Assist you in selecting the best home for you and/or your money



Write your purchase agreement to correctly and clearly express your intentions and represent your interests



Submit your purchase agreement in a manner that will present you in the most favorable position



Review of all offers in detail, provide negotiation representation of your interests



Provide assistance in obtaining the best possible financing of your next home



Coordinate the closing of your purchase with other realtors, lenders, inspectors, appraisers, attorneys, escrow officers and title insurance companies



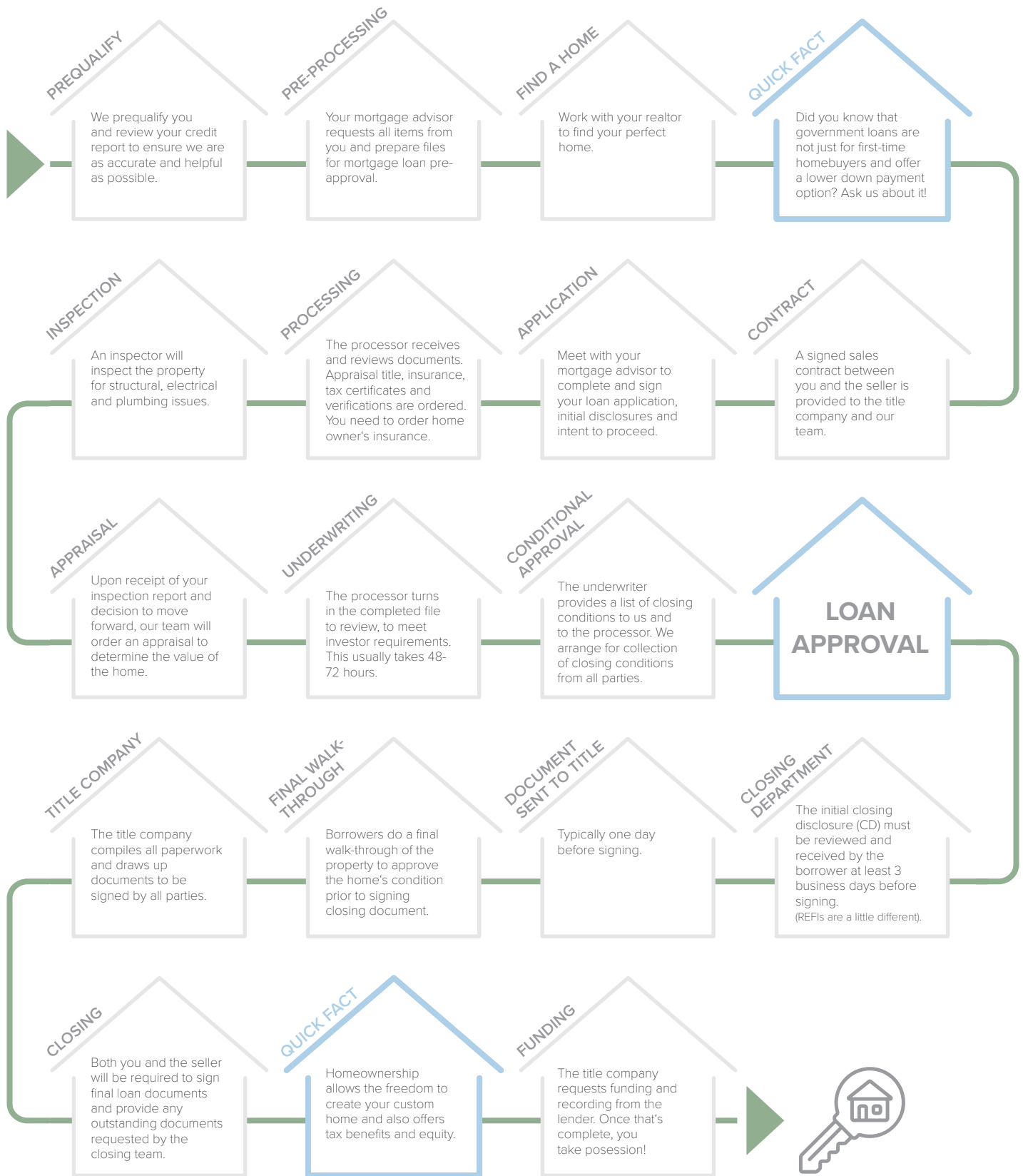
Provide post-sale follow-up to assure your total satisfaction

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It may matter more who personally represents your interests when buying a home than which home you may attempt to purchase. If you try to buy the right home through the wrong agent, you may not get the home you want, or you may have an unsatisfactory home buying experience.

- ! You can't get the personal service from me unless I am the agent you select to represent your interest in the purchase of your home.

# YOUR PATH TO HOMEOWNERSHIP





# TO BE SUCCESSFUL IN YOUR HOME FINANCING PROCESS, MAKE SURE YOU

## DO NOT:



Originate new credit inquiries



Spend money you need for closing



Finance new furniture



Co-sign a loan for anyone



Buy a vehicle



Change bank accounts



Quit jobs, change jobs, or become self-employed



Add more debt to credit cards or let credit accounts fall behind



# LENDER BASICS

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## Frequently Asked Questions

**What's the difference between pre-qualification and pre-approval?**

Pre-qualification is a simple process. The buyer is asked specific questions about their income, assets and liabilities. Based on this information, they are provided with an amount for which they may qualify. This process can be done strictly on a verbal level or electronically over the Internet.

On the other hand, a pre-approved buyer is one who is actually approved for a loan of a certain amount. The pre-approved process is much more involved. The borrower will provide proof of income, assets and liabilities and this information will be verified by the lender. Because of this verification, pre-approved buyers are much more attractive to sellers than pre-qualified buyers.



What risks do lenders evaluate?

There are **four** things that a lender would require from a borrower:

#### Down Payment

Statistics have proven that borrowers who put down 10% or more are unlikely to default on a loan.

#### Job History

Long term employment is a good predictor that a borrower will have a steady stream of income, which will not be interrupted by a career change or termination.

#### Excellent Debt to Income Ratios

Borrowers with high debt and low income are a high risk because they are using too much of their income to pay their current debt (e.g. credit card debt, car loans and so on). We describe a person with high debt and low income as having a high DTI (debt to income ratio).

#### Excellent Credit

A credit score tells an underwriter a great deal about a borrower. Lenders take a close look at FICO scores. FICO stands for Fair Isaac Credit Organization, the organization that developed the formulas used by credit bureaus to calculate credit scores.

Go to [www.myfico.com](http://www.myfico.com) to learn more.

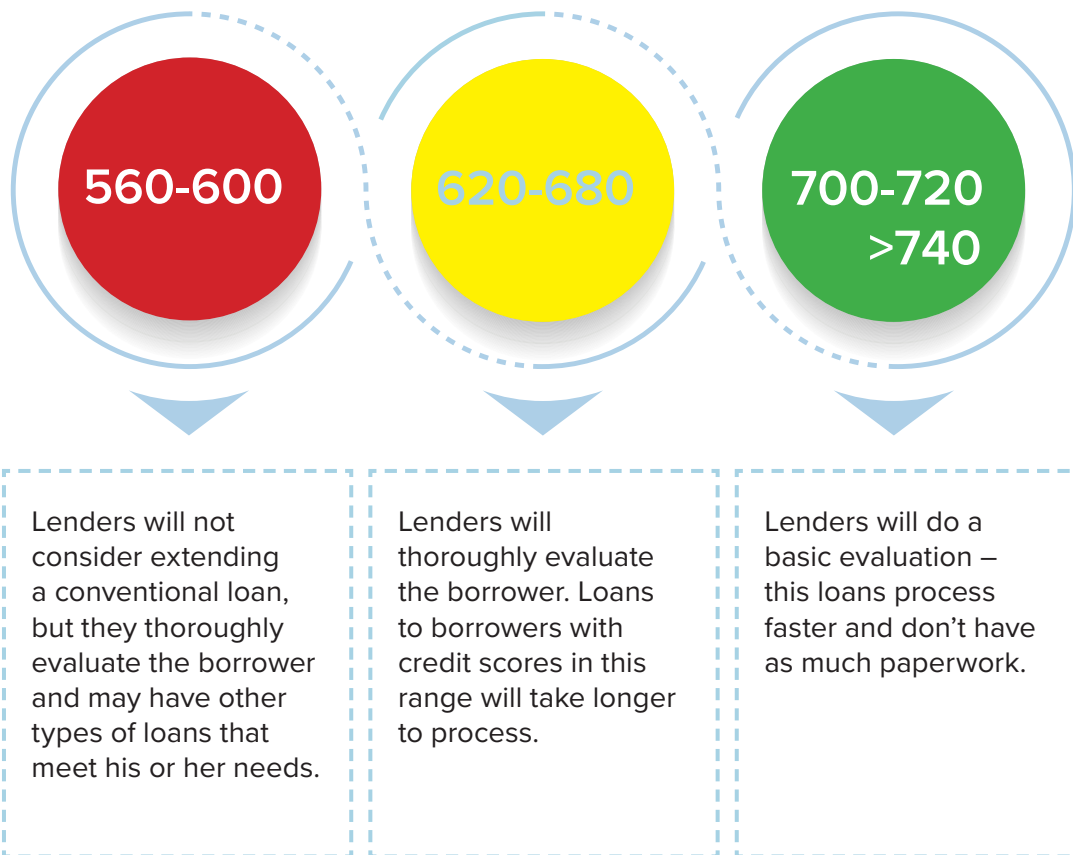
Why do credit scores vary? And what do lenders like?

The three major credit bureaus are: Experian, Equifax, and TransUnion. Credit scores will vary from bureau to bureau because each bureau puts different emphasis on different factors; these factors include delinquencies, too many credit cards, balances that are too high, too many recent credit inquiries, tax liens, judgments, bankruptcies, length of credit history and so on.

# LENDER SCORECARD

## How the credit scores are calculated

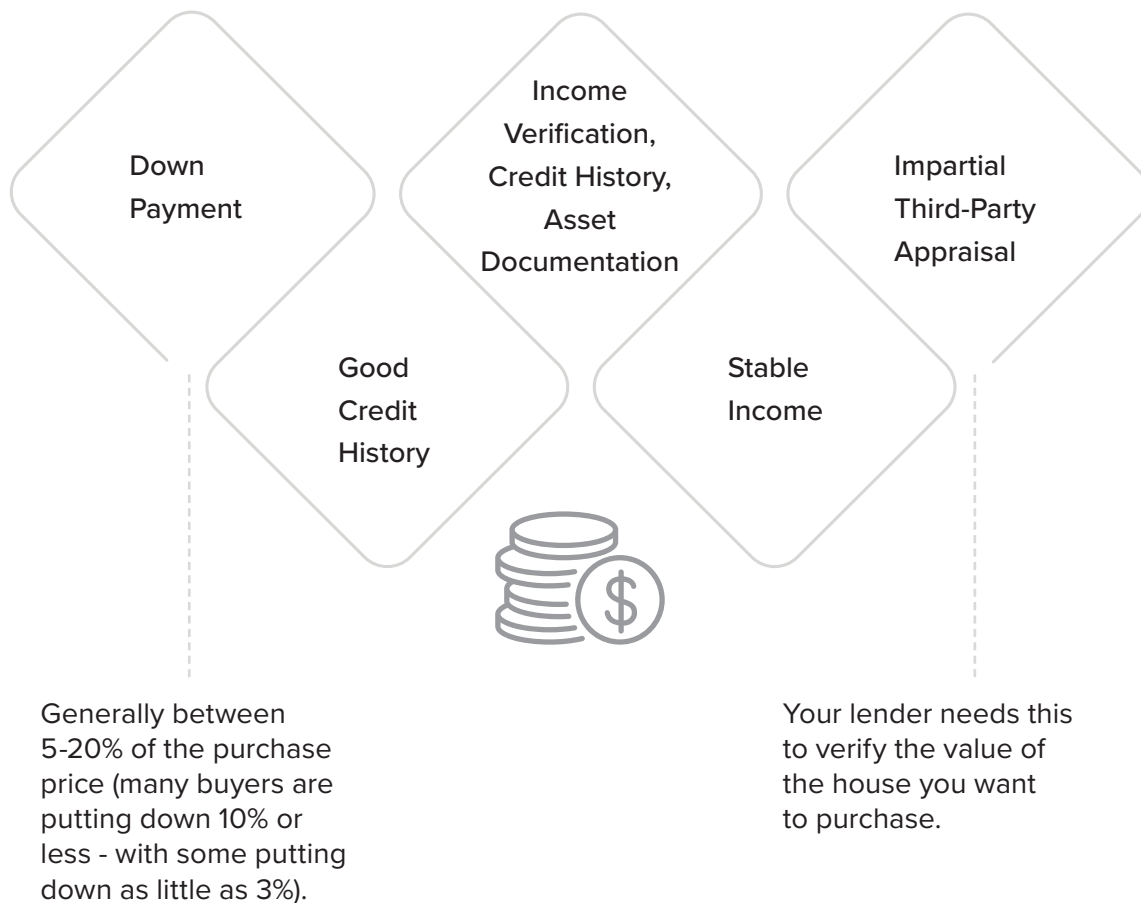
Credit scores are calculated using a scorecard that allocates points for each of the above factors; however, lenders do not get to see the entire scorecard, all they see are the final scores. FICO scores can range from 300 to 850. Here's how lenders typically react to FICO scores:



# MORTGAGE PROCESS

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## What you'll need to qualify in today's market



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You will interact with various professionals during the homebuying process all of whom are valuable resources and perform necessary roles.

# MORTGAGE PROCESS

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## Steps to take



### FIND OUT

Find out your current credit history & score. Even if you don't have perfect credit, you may already qualify for a loan.



### START

Start gathering all of your documentation: Income Verification (W-2 forms tax returns employment), Credit history & Assets (such as bank statements to verify your savings).



### CONTACT

Contact a professional to help you to develop a spending plan and determine how much you can afford.



### CONSULT

Consult with your lender to review your income, expenses and financial goals to determine the type and amount of mortgage you qualify for.



### TALK

Talk to your lender about applying for a mortgage and getting a pre – approval letter. This letter provides an estimate of what you might be able to borrow (provided your financial status does not change) and demonstrates to home sellers that you are a serious buyer.



### RESEARCH

Do your research, reach out to the professionals, stick to your budget and be sure you are ready to take on the financial responsibilities of being a homeowner.

# WHAT HAPPENS NEXT?

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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, heirship, divorce and bankruptcy are addressed. Does your attorney perform a permit search?

### EXAMINATION

Verification of 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. Title insurance policies will then be issued to you and your lender.

### TITLE INSURANCE

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- a** Coverage that protects the lender for the amount of the mortgage.
- b** Coverage that protects the 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 including those events an exhaustive search will not reveal.

# 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 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 become

aware of repairs that are recommended or necessary.

The seller may be willing to negotiate completion of repairs or 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 become aware of the repairs that are recommended or necessary.

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





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.

# Home buyer's real estate 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 that is paid in equal installments during its term.

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.

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.

Cloud on Title

Any condition that affects the clear title to real property.

Consideration

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

Deed

A written instrument, which when property 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.

# Home buyer's real estate glossary

Easement

The right to use the land of another.

Encumbrance

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

Equity

The value of real estate over and above the lien 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 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 loans.

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 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.

# Home buyer's real estate glossary

## 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 increase gradually during the first few years to the amount necessary to fully amortize the loan during its life.

## Lease Purchase Agreement

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

## Lease 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.

## Loan to Value Ratio (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 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.

## Note

A written promise to pay a certain amount of money.

## Origination Fee

A fee paid to a lender for services provided when granting a loan, usually a percentage of the face amount of the loan.

## Private Mortgage Insurance (PMI)

See Mortgage Insurance Premium.

## Second Mortgage / Second Deed of Trust / Junior Mortgage / 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.

# Home buyer's real estate glossary

Settlement Statement (HUD-1)

A financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expanded.

Severalty Ownership

Ownership by one person only. Sole ownership.

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 that protects the insured (buyer or lender) against loss arising from defects in the title.





# MOVING CHECKLIST

## CHANGE OF ADDRESS

- U.S. POSTAL SERVICE
- DRIVERS LICENSE
- INTERNAL REVENUE (IRS)
- SOCIAL SECURITY
- VOTERS REGISTRATION
- BANKS
- LOANS
- INVESTMENTS
- CREDIT CARDS
- STORE CREDIT CARDS
- PAYPAL
- AUTOMATED PAYMENTS
- PLACE OF EMPLOYMENT
- INSURANCE
- DOCTORS
- SCHOOLS
- FRIENDS & FAMILY
- SUBSCRIPTIONS
- ASSOCIATIONS

## SERVICES TO CANCEL OR TRANSFER

- CABLE
- INTERNET
- PHONE / CELL
- ELECTRIC
- GAS
- WATER
- SEWER
- TRASH
- LANDSCAPING
- HOUSE CLEANING
- PEST CONTROL

## PACKING & STORAGE

- PURGED UNUSED ITEMS
- RESERVE TRUCK OR MOVERS
- RESERVE STORAGE IF NEEDED
- PACK INFREQUENTLY USED ITEMS AHEAD OF TIME
- START A "FAMILY MOVE KIT" FOR THE FIRST NIGHT IN YOUR NEW HOME

## ORGANIZE

- KEEP PERSONAL & FINANCIAL DOCUMENTS IN ONE BOX  
Checkbook, passports, birth certificates, insurance docs, taxes.
- UPDATE MEDICAL RECORDS
- NOTIFY OLD AND NEW SCHOOLS AND ARRANGE TRANSFER
- KEEP KEYS, GARAGE OPENERS IN BAG FOR NEW OWNERS
- KEEP A FOLDER WITH WARRANTIES & MANUALS FOR NEW OWNERS
- PLAN MEALS TO USE UP THE FOOD YOU HAVE LEFT
- SAVE MOVING RECEIPTS  
Possible tax deduction

## MOVING DAY

- ARRANGE HELP FOR KIDS OR PETS FOR THE DAY
- HAVE CASH TO TIP MOVERS
- FINAL CLEANING
- DISPOSE OF TRASH
- RUN GARBAGE DISPOSAL
- FINAL WALK THROUGH
- RAISE / LOWER THERMOSTAT  
Depending on the weather
- TURN OFF WATER & HEATER
- LOWER SHADES
- LOCK ALL DOORS & WINDOWS



**The right agent  
every step of the way.**

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