

DR. DANETTE ONEAL

WE'RE MOVING TO A NEW HOME!

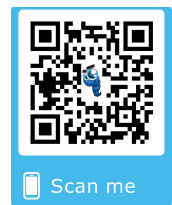
...opening doors, unlocking opportunity, makin' dreams happen

PART 1: HOME BUYER ORIENTATION
PART 2: SELLING YOUR HOME



HOME BUYER/SELLER ORIENTATION

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"... opening doors, unlocking doors, unlocking opportunity..."

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DANETTE O'NEAL REALTORS®
offers sellers and buyers the most up
to date services that includes:

- Bilingual Services to the Spanish and Deaf Communities
- Internet and Multiple Listing Advertisement
- Price/Tax Counseling
- Relocation and Referral Services
- New Construction
- Builder Referral Services
- Residential, Commercial
- Property Management
- Homebuyer Training



DOR COMPANY PROFILE



"When people ask how we develop so many long term client relationships? We say... first we consciously seek out the very best in real estate marketing techniques; Second, we couple those techniques with an ongoing enthusiastic, uncompromising attitude toward customer service. The result of this two-fold approach has been a solid, long-term clientele base. It's a continual learning process that we really enjoy".
Dr. D. O'Neal

DANETTE ONEAL REALTORS® INC.

a 100% woman owned residential and commercial real estate firm, established in 1999, with offices in the New Orleans and Greater Atlanta areas.

We provide sales, marketing and property management services for our residential and commercial customers. Commercial development, tax credit, and green building is a large part of our work. Our services include the inspection and testing of environmental contamination from pollutants, toxic substances, and hazardous materials and evaluate risks and recommend solutions. Our commitment is to create sustainable communities, create wealth, and improve productivity, while providing leadership and support in disenfranchised populations.

To be specific, **DANETTE O'NEAL REALTORS®** have carved a niche in the low to moderate-income markets. We've become experts at matching buyers with special programs and government funds needed to close. We have a very strong presence the local market place.

Our innovative approach to real estate has now yielded offices in both New Orleans and Greater Atlanta. We maintain high visibility through an aggressive attitude and public relations program. DOR is considered to be one of the most recognized firms in the city.

If you are interested in a career change and want to expand your sphere of influence, call us today. We strongly believe in the "American Dream". DOR offers ongoing developmental and technology training and an opportunity to work with some of the finest people in the community.

Besides the high experience level of the agents, another contributing factor to the success of the office is the commitment of each individual working there. Every person is dedicated not only to personal success but also to the overall success of the company. This is very evident in the spirit of cooperation that permeates the office.

What is the American Dream

The American Dream is the belief or concept that anyone, regardless of where they were born or what class they were born into, can attain their own version of success in a society where upward mobility is possible for anyone. The American Dream is achieved through sacrifice, risk-taking, and hard work, rather than by chance.

For many Americans, owning a home is an essential part of the American dream that conveys a number of economic benefits, such as the ability to accumulate wealth, and access credit by building home equity, reduce housing costs through the mortgage interest deduction, and gain long-term savings over the cost of renting.

Residential Real Estate Investments Provide

Retirement plan

Tax shelter

Leveraged growth

Tax breaks

Compound growth - Protection from

Inflation

Forced savings

Source of nontaxable fund

Security

Means to build an estate

Single-family homes provide opportunities for personal involvement to use individual talents in

Decorating

Carpentry

Marketing

Financing

Single-family homes offer the ability to borrow large sums of money

at fixed rates, for long periods of time, on appreciating assets, with definite tax advantages and reasonable control.



What is a Real Estate Agent

A real estate agent, as defined by Webster, is a person whose business arranges the selling or property management of houses, land, offices, or buildings for their owners. While that is a technically accurate definition of a real estate agent, it doesn't give an accurate description of what a real estate agent does every day.

Each day is unique and different for a real estate agent. While this can be an appealing aspect of the real estate profession, it can also offer unique challenges or opportunities, depending on the agent's skill set.

How to Find a Good Agent

- Ask for referrals.
- Look for community leadership.
- Check out the local housing market in person.
- Use online searching tools.
- Mingle with listing agents at open houses.
- Compare agent reviews.
- Ask the right questions and share your preferences.
- Clarify your motivation for selling.
- Last, go with your gut.

Tips for Working With Your Agent

Choose one agent and one agent only. If you see a house that interests you, contact your contracted Realtor. Your agent will take care of setting up an appointment to see the house by contacting the other agency, keeping you out of that end of the negotiations.

Know the difference between your "wants and your needs", and make that clear. Your needs are the non-negotiable elements, price points, or features that you're looking for in buying a home. Your wants are perks that would be nice but aren't a breaking point for the purchase of your home. Your agent needs to know the difference.

Ask questions. Buying a house is no small endeavor so you want to be sure you understand the process inside and out, from the moment you sign a contract with the agent to the moment you sign the closing.



If there are any first-time homebuyer classes in your area, take advantage of a non-biased third party opinion on how the process goes.

Respect the Time and Hours of Your Realtor®

Most Realtors® work evenings and weekends to accommodate the schedules of their clients. They know that some people can't get off work and can only see a house in the evening after normal business hours. Let your Realtor® know what times work best for you, so they can build their schedule around your needs. Having a schedule laid out up-front can help both you and your agent know what times and dates will work for future viewings.

Understand the Commission Structure. One of the main concerns buyers have is the cost of hiring a Realtor®, but the cost typically falls on the seller in most cases. Real estate professionals are paid on commission, or a percent of the sale. Usually, the commission goes to the listing agent on the seller's side and is split between the selling agents and buying agents.

Investopedia has a good explanation of how paying a real estate agent works as a buyer. Some Realtors® may require a flat fee to work with you. This is quite rare, but is occasionally found when Realtors® help people find rental properties. In this case, the fee covers a set number of hours of work and helps the Realtor® make sure they get paid. Talk to your Realtor® before you start working together so you can set expectations and know what commission is expected.

Not all real estate agents are Realtors. Realtors members agree to abide by the National Association of Realtors (NAR) a Code of Ethics & Professional Standards, which outlines duties to clients and customers, the public and other Realtors. Members are required to complete periodic training; to remain in the professional organization.

Danette O'Neal REALTORS® can offer the following services when working with Sellers:

- Meet with and access the needs of the sellers with new listings.
- Demonstrate the market knowledge, marketing abilities, and negotiation skills necessary to position the property for sale.
- Research the current local market activity and comparable properties to establish an asking price.
- List the property with relevant listing services.
- Take digital photos of the property, inside and out, to prepare a listing presentation and advertising.
- Stage the home properly so it shows well and conduct virtual open houses.

Danette O'Neal REALTORS® can offer the following services when working with Buyers:

- Meet with, interview, understand, and qualify prospective buyers.
- Research the listing services for potential properties that fit the needs of the client.
- Plan property showings for buyers and set up appointments that fit the client's schedule.
- Show selected properties to buyers and communicate any details of the property that is learned during the research or while talking to other agents.
- Demonstrate negotiation skills, making offers of purchase on real estate.

Networking with Peers

Real estate agents typically work in an office with other agents and brokers and have many opportunities to discuss new listings, get updates on listings, and discuss buyer's and seller's needs. Another option that agents utilize to narrow down a search for a buyer or to perform research on the competition for sellers is the MLS tour. This allows agents and brokers to quickly gather first-hand knowledge on a number of available properties in the local market.

Fortunately, as any buyer's agent knows, we do a whole lot, but unfortunately we are portrayed differently in the media. Since the NAR settlement, comments sections of news articles have been rife with remarks like "*What do real estate agents even do anyway?*"

Here is a list (rounded up to 100 of most the wonderful ways we help our clients.

Before Your Search Begins

1. Understand your needs and wants as a buyer (e.g., number of bedrooms, desired school district, commute time)
2. Discuss your budget and pre-qualification options (explain pre-qualification vs. pre-approval)
3. Educate you about the current real estate market (local trends, market conditions)
4. Explain the buying process (steps involved, timeline)
5. Provide a buyer's agency agreement outlining their responsibilities, compensation, and fiduciary duty to represent your best interests
6. Discuss financing options (conventional loans, FHA loans, VA loans)
7. Help you get pre-approved for a mortgage (connect you with lenders, understand loan terms)
8. Explain the role of different parties involved (seller's agent, escrow officer, title company)
9. Advise on homeowner's insurance considerations (types of coverage, estimated costs)
10. Discuss potential tax implications of buying a home



100 Things Buyer's Agents Do for Their Clients (cont.)

During Your Search

1. Set up a personalized MLS search based on your criteria (location, price range, property type)
2. Recommend properties that meet your criteria and highlight key features
3. Schedule appointments to view properties and manage your showing itinerary
4. Provide virtual tours if available and conduct virtual consultations if needed
5. Research the neighborhoods you're interested in (schools, amenities, crime rates)
6. Point out pros and cons of each property during showings
7. Offer honest and unbiased opinions based on your needs and market knowledge
8. Identify potential problems with properties (structural issues, outdated features, renovation needs)
9. Help you stay organized with property information (create spreadsheets, share notes)
10. Track new listings that hit the market and notify you of potential matches
11. Schedule follow-up appointments for properties you'd like to see again
12. Answer questions about open houses and how to best approach them
13. Explain the role of "coming soon" listings and pre-market opportunities
14. Advise on strategies for attending competitive open houses
15. Help you understand the concept of "pocket listings" (unlisted properties)
16. Offer guidance on making low-ball offers (weighing risks and benefits)
17. Explain the concept of escalation clauses in competitive offers
18. Discuss the importance of earnest money deposits and potential holding fees
19. Advise on timelines for submitting offers and response expectations
20. Help you prioritize properties based on your evolving needs and preferences

Making an Offer

1. Explain different offer strategies based on market conditions (fixed price, escalation clauses)
2. Help you determine a competitive offer price considering comps (comparable properties) and market analysis
3. Draft and submit a formal offer following standard real estate contract formats
4. Negotiate on your behalf with the seller's agent to get the best possible terms
5. Present counteroffers strategically to improve your offer's position
6. Recommend concessions you can request beyond price (closing costs, repairs, warranties)
7. Advise on closing costs and help you estimate associated fees
8. Ensure all contingencies are included in the offer to protect your interests (financing, inspections, appraisals)
9. Explain the concept of "due diligence" period and your rights during that time
10. Keep you informed of the negotiation process and provide timely updates

Under Contract

1. Schedule and coordinate the home inspection with a qualified inspector
2. Accompany you to the home inspection to ask questions and take notes
3. Review the home inspection report with you, explaining findings and potential repair needs
4. Negotiate repairs with the seller based on the inspection report
5. Help you understand the process of scheduling and attending additional inspections (e.g., radon, pest)
6. Facilitate communication between you and the lender to ensure smooth loan processing
7. Recommend reputable mortgage lenders if you haven't already secured pre-approval



100 Things Buyer's Agents Do for Their Clients (cont.)

8. Help you gather necessary documents for loan approval (tax returns, bank statements)
9. Schedule and attend the appraisal (if required by your lender)
10. Review the appraisal report and explain its impact on
11. Advise on potential challenges with loan approval and suggest solutions
12. Explain the role of private mortgage insurance (PMI) if applicable
13. Help you understand the escrow process and communicate with the escrow officer

Before Closing

1. Order title search to identify any ownership or lien issues
2. Review the title commitment and explain its implications
3. Advise on homeowner's insurance options and help you get quotes
4. Schedule the final walk-through to ensure the property's condition aligns with the contract
5. Ensure all repairs agreed upon are completed before closing
6. Review closing documents thoroughly and explain each section
7. Answer any questions you have about closing and prepare you for the process

After Closing

1. Provide recommendations for reputable movers based on your needs and budget
2. Help you connect with home warranty companies to explore coverage options
3. Offer recommendations for home improvement contractors for post-purchase renovations
4. Stay in touch and answer any questions you have after closing
5. Provide resources for navigating homeownership, including maintenance tips and homeowner associations (HOAs)

Additional Services

1. Provide resources for school information and district ratings
2. Help you understand local property taxes and potential exemptions
3. Advise on homeowner association (HOA) fees and explain HOA rules
4. Explain the benefits and drawbacks of different property types (single-family home, condo, townhouse)
5. Help you understand lead paint disclosures and potential remediation requirements
6. Assist with navigating historical property reports to understand the property's background
7. Recommend resources for obtaining permits and inspections for renovations
8. Connect you with property management companies if you plan to rent out the property
9. Help you understand the process of obtaining homeowners' insurance
10. Offer guidance on budgeting for ongoing homeowner expenses (maintenance, utilities)
11. Be available to answer your questions by phone, email, text, or preferred method
12. Communicate promptly and effectively, keeping you informed throughout the process
13. Advocate for your best interests during negotiations and throughout the transaction
14. Provide you with clear and concise explanations, avoiding technical jargon





- 15. Be patient and understanding, acknowledging the stress involved in buying a home
- 16. Market Knowledge
- 17. Stay up-to-date on current market trends (inventory levels, interest rates, price fluctuations)
- 18. Analyze local market data to identify buying opportunities
- 19. Offer comps (comparable properties) for reference during your search
- 20. Help you understand seller motivations to inform your offer strategy.

Technology

- Utilize technology to streamline the buying process (electronic signatures, online portals)
- Use digital tools for property searches with interactive features and filters
- Offer electronic document signing for added convenience and efficiency
- Provide online communication platforms for easy information exchange and updates
- Use marketing tools to target potential properties that meet your criteria

Negotiation Skills

1. Negotiate effectively on your behalf to secure the best possible terms
2. Present your offer in the best light, highlighting your strengths as a buyer
3. Counteract seller's arguments strategically to improve your offer's position
4. Advocate for repairs without jeopardizing the deal by finding common ground
5. Help you achieve a win-win outcome that satisfies both parties
6. Maintain a high level of professionalism throughout your interactions
7. Dress appropriately for appointments and meetings, projecting a positive image
8. Be respectful of all parties involved (sellers, agents, inspectors)
9. Adhere to a strict code of ethics, ensuring fair and honest representation
10. Conduct business with integrity and transparency, building trust with your clients





SEVEN REASONS TO BUY A HOME

ITEMS NEED FOR THE LOAN OFFICER

- 1. Tax Deductibility of Mortgage Interest**—Qualified mortgage interest on the first mortgage and home equity loans are deductible on Schedule A as a personal deduction.
- 2. Tax Deductibility of Property Taxes**—Property taxes on a first or second home are deductible on Schedule A as a personal deduction.
- 3. Appreciation Potential**—Real estate is considered a good long-term investment because it usually continues to appreciate. The effects of leverage can multiply when borrowed funds are used to purchase the home.
- 4. Capital Gains Exclusion**—A homeowner can exclude up to \$_____ of capital gain if married and filing jointly, or up to \$_____ if single or filing separately for homes that have been the taxpayer's principal residence for the previous two years (*the deduction will vary with Congressional changes to the tax laws*).
- 5. Capital Gain Treatment**—Congress allows preferential tax treatment on gains from capital assets held for more than one year. This would be important for a homeowner who has gains in excess of the allowable exclusion.
- 6. Principal Accumulation**—Mortgages are designed to pay the interest for the time that the money has been used, as well as to retire the principal debt over a period of time. This means part of the payment each month is for principal accumulation.
- 7. You can enjoy it**—Pride of ownership is a valid reason for wanting to own a home.

You can decorate it to your own taste and enjoy all of the benefits while making a great investment.

Employment

- Addresses for two full years
- Gross monthly income
- W-2s, if available
- Proof of retirement, disability or Social Security
- Proof of income from rentals, investments, et
- Proof of child support or alimony paid/received
- Year-to-date pay stub
- If self-employed:
 - Two years 1040 Tax Returns
 - Current year profit and loss statement

Creditors

- Each creditor's name, addresses and type of account
- Account numbers
- Monthly payments and approximate balances
- Amounts of child care expenses

Banking

- Names and addresses of saving institutions
- Account numbers for all accounts
- Type of accounts and present balances

Miscellaneous

- List of assets in stocks, bonds, and property
- Life insurance cash value (documented if used as cash down
- payment
- If applicant is selling a home, a copy of sales contracts
- Social Security numbers for all parties
- Veterans - Certificate of Eligibility and DD-214
- Cash or check to pay for application fee

MUTUAL AGREEMENT

“ If I make my best effort to find the home to meet your needs, **Commit** my time and experience to find exactly what you want, **Match** you with a team of professionals (lenders, attorneys, inspectors), **Incur** all my car, phone, and administrative expenses, **Continue** the home search until you either find a home or tell me to stop looking...”

_____ Date _____

Danette O'Neal Realtors, Inc.



The Purchase Agreement/Contract



Step 1: THE PURCHASE AGREEMENT

The purchase agreement is a written contract, which is signed by each seller and the buyers of the property. It should include the legal description of the property, the purchase price of the property, the full names of all parties involved and all terms of the sale. The purchase agreement is usually subject to inspections & the condition that the buyer is to obtain financing from a mortgage company under the terms and by a date specified by the purchase agreement, the purchase agreement usually expires without further obligation to seller or buyer of body text.

Because the seller usually removes his property from the sales market during the “purchase agreement to closing” period, it is important that the buyer be pre-qualified for the purchase by the real estate agent, usually with the assistance of a mortgage company.

STEP2: THE HOMEBUYING PROCESS

The buyer should immediately apply for a new loan according to the terms and conditions of the purchase agreement. The mortgage company begins the process by verifying credit, employment, banking and other financial information. An appraisal is ordered to establish the fair market value of the property being purchased in relation to the loan amount. After all the information has been received a loan package is prepared and submitted to the underwriter who determines whether the buyer qualifies for the loan.

The underwriter and/or a loan committee review the loan package. This process can be very complex as the underwriter and/or the loan committee must ensure that all lending requirements are met and the state and federal laws have been adhered to. Upon loan approval by underwriter, the settlement terms and conditions are submitted to the mortgage loan processor who prepares the closing package. At this point the seller usually orders a termite certificate and the purchaser arranges for homeowners insurance and flood insurance (if flood insurance (if required for the subject area).

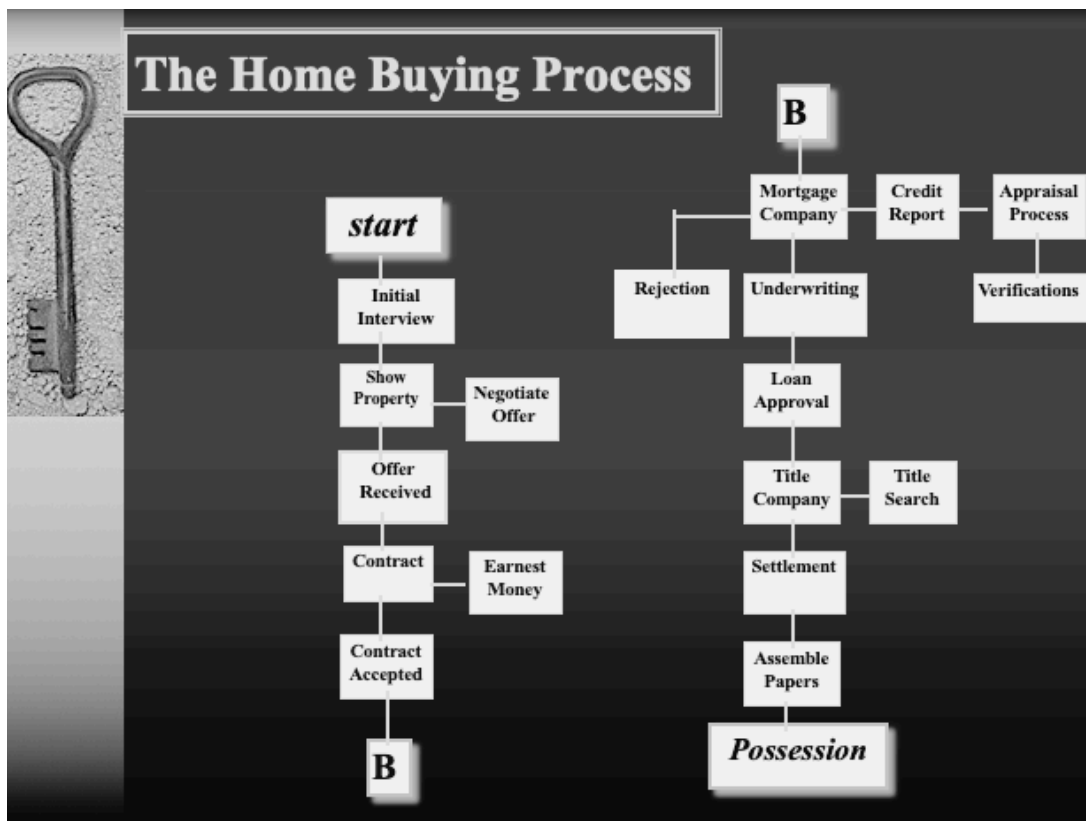
Inspections. The purchase agreement sets forth a period of 10 days or longer in which purchaser(s) are usually offered the opportunity to thoroughly inspect the property, i.e. general, termite and lead base paint. This is usually done simultaneously with the loan application.

Golden Nugget:

Pre-qualifying a buyer does not guarantee the buyer will receive a loan, but it does help their real estate agent and the buyer shop for a home within the buyer's financial means.

Once the Purchase Agreement has been signed by both seller and buyers, the selling agent should give the lender and title company a copy of the purchase agreement as well as copy of the title, succession, possession documents for processing. Once an agreement is reached, selling agent receives these titles when the final contract & earnest money is given to the listing agent. See the flow chart to ascertain the process.





HOW TO WORK EFFECTIVELY WITH YOUR AGENT

CHOOSE AN AGENT WITH WHOM YOU FEEL COMFORTABLE: Professional expertise is important, but so is personality. Trust your instincts if you interview agents with a partner, discuss your reactions before you decide.

CLARIFY YOUR EXPECTATIONS: Discuss what you expect your agent to do and any special request.

DON'T BE SHY: As you visit homes, talk frankly about what you like and don't like, Your agent wants to show you homes that meet your criteria.

BE SPECIFIC: Don't get distracted by bad décor or clutter. Concentrate your comments on room size, floor plan and the overall condition of the house.

TAKE ADVANTAGE OF AGENT SERVICES: In a competitive market, ask your agent to let you know about properties that are about to be listed. Be prepared to drive by or visit on short notice.

STAY CONNECTED: Know how to contact each other. Exchange telephone numbers, and e-mail addresses.

Homeownership plays a vital role in helping to build strong, stable communities. In addition to it bolstering your community's treasury through taxes, research shows the many social benefits it provides, including increased volunteerism, improved health, and less crime. It takes 31 people to make (1) transaction to a successful sale.

STEP 3: THE CLOSING

Before closing, the abstract of title is prepared and the attorney/title company does the title examination necessary to write title insurance if required by the lender and/or requested by the buyer. If the property is subject to liens or “clouds” on the title, they must be cancelled or cured.

The closing instructions issued by the mortgage company to the title company are detailed guidelines governing how the sale and the loan transaction must be documented; accordingly the attorney must prepare the closing documents with strict adherence to the instructions. The written disclosures affidavits, and certifications, as well as the sale and the loan documentation required, vary depending on the lender and loan type.

After all documents have been prepared and all conditions of the purchase agreement have been met, the buyer, the seller and respective real estate agents meet at the attorney/title company office, at a prearranged date and time, to transfer the ownership of the property.

The transfer of ownership (title) is accomplished through the execution of an Act of Sale, by both the seller and buyer. Funds are collected from the buyer for the down payment and settlement cost. Charges to the seller are usually deducted from the sales proceeds. The buyer executes loan documentation, which makes the loan proceeds available to consummate the transaction. By this time, the sellers have typically vacated the house and the keys are turned over to the buyer at the Act of Sale. If not, an arrangement would have already been agreed upon.

STEP 4: AFTER THE CLOSING

After the closing, the attorney/title company updates the title and records the Act of Sale and the Act of Mortgage in the official records of the Clerk of Court for the parish/county where the property is located. A closed loan package is prepared and delivered to the mortgage company, who in turn, ships the complete loan package to the investor. The owner’s title policy is prepared by the title company and mailed to the new property owner, usually this takes about 6 weeks & the owner files for the Homestead Exemption.

NEW HOME CONSTRUCTION

We can work with most builders and can get all the information you need to make any decision, but we need to accompany you on the initial visit. By letting us help you with builders, you get all the services offered in this presentation and those offered by the builder as well.



→ dream →



➔ BENEFITS OF BUYER REPRESENTATION

As part of a mutual agreement, you can elect to create a buyer agency relationship between us that will entitle you to the fiduciary client-level services that include: Loyalty, Obedience, Disclosure, Confidentiality, Accounting in dealings

As a buyer's agent, I will represent you and your interests in the purchase of your home. This is different from a typical sub-agency transaction where the buyer is not technically represented.

The selling agent has the duty to exercise reasonable skill and care in the performance of the broker's duties. This is a responsibility to deal honestly and fairly and to disclose all facts known to the broker, which materially and adversely affect the consideration to be paid for the property.

A dual agency situation can arise if we have entered into an agency relationship and subsequently we look at a property listed with our company. This is a potentially challenging situation because it is difficult to afford both parties full-client level services.

Dual agency should only be entered into with the written agreement of both buyer and seller. Agency is a legal relationship and a written agreement should be completed to explain all the duties and responsibilities.

As part of a mutual agreement, you can elect to create a buyer agency relationship between us that will entitle you to the fiduciary client level services that include but are not limited to:

Loyalty—The real estate agent must act in the best interest of the buyer.

Obedience—The agent must follow the lawful instructions.

Disclosure—All material facts such as relationships between agent and other parties, existence of other offers, status of earnest money, seller's financial condition, property's true worth, commission split with other brokers, and legal effect of important contract provisions.

Confidentiality—Any discussions, facts, or information that should not be revealed to others but does not include responsibility of fairness and honesty in dealings with all parties.

Accounting in dealings—Reporting of where any money placed in the hands of the broker is kept.

Reasonable Skill and Care—Arriving at a reasonable purchase price and advising buyer of such, affirmatively discovering material facts and disclosing them to the buyer, investigating the material facts related to the sale.

With buyer agency, your interests will be represented in the purchase of your home. This is different from a typical sub-agency transaction where the buyer is not technically represented.

Agency is a legal relationship, and a written agreement should be completed to explain all the duties and responsibilities.





➔ DUAL AGENCY

Dual agency happens when the listing agent and the buyer's agent both work for the same brokerage firm. A broker and her agents are the same legal entity for business purposes. Certain states (but not all) permit dual agency as long as it's disclosed to both buyers and sellers. There are both advantages and disadvantages to buying a house through dual agency. Dual agency can certainly streamline the home-buying process; however the dual agent is supposed to be neutral, helping clients on both sides of the deal equally. Staying truly neutral can be difficult for most people.

➔ TRANSACTION REALTORS®/BROKER

A **transactional Realtor®** is one who neither represents the seller nor the buyer but facilitates the documents necessary for the sale. A transaction broker can aid the buyer in preparing his offer for purchase, assist the seller in deciding what price to ask, facilitate communications between buyer and seller, write the contract, and help buyer and seller to fulfill the conditions of the contract and facilitate closing. A transaction broker is also not considered a dual agent.

What does a transaction broker do? The Transaction Broker helps prepare an offer on a house, similar to what a buyer's agent does in this scenario. Helps the seller determine a competitive list price, similar to what a seller's agent does in this scenario. Facilitates buyer-seller communication, since the transaction broker is a neutral agent. Writes the contract to buy and sell for both parties. Coordinates the transaction from accepted offer to closing with both the buyer and the seller. Assists with closing with both the buyer and the seller.



Golden Nugget:
Home equity can be converted to cash and used to: Pay for improvements that add value to your home, Consolidate high-interest rate credit card debt, Cover the cost of college educations or start businessm or purchase a vacation home rental property.



INSURANCE(S)

Flood Insurance

Because we live in an area of the United States where the elevation is below sea level, it is required by most lending institutions that our property have a flood insurance policy to cover the property.

Flood insurance is issued from a federal agency through local insurance companies.

There are maximum limits to how much flood coverage can be placed on any and the contents. The cost of the coverage will depend on the flood zone of the area in which you home is located. Areas are ranked by the elevation level. The National Flood Emergency sets the rates.



Homeowners Insurance

A Homeowner's Policy provides protection against loss or damage to your home and personal property. Coverage varies from one insurance company to another. Typical coverages offered are:

- Insurance of the house and detached structures
- Insurance of Home contents
- Insurance against thefts
- Insurance against liability losses

To insure the best possible coverage for what is usually our biggest financial investment. Be very aggressive in your research of the different kinds of policies. If you have a mortgage on your home, the Mortgage Company will require a Homeowner's Policy in their name as well as yours to cover their investment in the property. They will make a requirement as to how much insurance will be required.

The Policy must be paid for in advance of the Act of Sale. The policy and the paid receipt must be furnished to the closing attorney or the mortgage company at or prior to the Act of Sale. If you do not have a mortgage on your property, you need to acquire a Homeowner's Policy to protect your property.



MORTGAGE INSURANCE

The Investor requires that when a house is purchased, there be investment by the purchaser of a certain downpayment. If the Borrower does not have the required amount to initially put into the property, they must purchase **Mortgage Insurance** to secure the difference and secure the debt for the Investor.

There are many different types of loans. Loans usually fall under the category of Conventional, FHA and VA. There are different names for the insurances associated with the types of mortgages. The cost of these insurances also vary.

What does this insurance cover? In the event of a default for the borrower to pay back the loan, this insurance guarantees the mortgage company the difference between the loan amount and the foreclosed amount, if there is less than 20% equity

Conventional - P.M.I.-Private Mortgage Insurance is coverage paid usually at the time of the closing and/or with the monthly payment. The fee is based on a percentage of the Loan amount. There is usually a monthly fee.

F H A - M.P.I.- Mortgage Insurance Premium is the term used on FHA loans. A portion of the premium is added to the amount of the loan less the down payment. There is also a monthly fee.

V A - Funding Fee - A Funding Fee is a percentage of the sales price and may be added to the loan amount and financed.

Sellers may pay these fees in lieu of the veteran paying or adding them to the loan balance. There are no monthly fees on VA loans.

Title Insurance

You have bought a home. Everything is signed, sealed and delivered. At long last, it's all yours. Maybe not!

What if, many years ago, a deed was forged on the property, or there were unpaid taxes, or there was a clerical error in the public records or maybe even a previously unknown heir of the former owner?

Owning the property free & clear involves more than having a deed in hand. A deed does not cancel prior rights and claims other people may have to your property.

You may be asking, "How can I protect myself from this?" the answer to that question is TITLE INSURANCE. Title insurance is an insured statement of the condition of your title on your ownership rights to a certain piece of property. If there are liens or encumbrances, they will be stated in the policy.

Bottom line is that title insurance guarantees the property you are purchasing is free of undisclosed liens, confusion in the rights of ownership and other clouds on the title.

How does it work?

Before a policy is issued, the attorney conducts a thorough search of the public records, maps and documents to examine and interpret the history of the property.

A one time premium is paid to the Title Company for this protection. The policy is issued in the amount equal to the purchase price you pay. If there is a mortgage on the property, the mortgage company will require that you purchase title insurance to cover their interest, meaning the loan balance. This coverage is called lender's coverage (mortgagee's policy).

This does not cover your equity. If you want your equity covered, you need to buy additional coverage and that is called an "Owner's Policy." When there is no mortgage on a property, you must request a Title Policy to cover your equity.





PROPERTY INSPECTIONS

“ In many cases, the seller will have a property disclosure available for interested buyers. This will reveal the material facts about the physical condition of the property. This does not take the place of a buyer’s inspection that is usually made after a contract is agreed upon. The purpose of the inspection is to find major defects in the home. It is advisable to hire a professional inspector to do this. You can include a provision in the sales contract that gives you the right to inspect the mechanical, electrical, plumbing and structural portions of the property. The inspection will be focused but not limited to some of the examples in the following four areas:

There are inspection companies that provide services of this type. You can accompany the inspector to ask questions and receive a written report itemizing any areas of concern. If repairs are needed, you can request the seller to make them in accordance with the provisions of the sales contract.

A home inspection consists of a checklist of potential problems connected to your real estate.

Home inspectors start the inspection by looking for current or future water issues such as standing puddles and faulty grading or downspouts, and evaluate pathways, retaining walls, sheds, and railings.

Structure: Is the house foundation solid? Are the sides straight? Are the window and door frames square? This part of the inspection is particularly important to a buyer who's considering an older house.

Roof: A home inspection looks for defects related to the roof, including attic shingles, flashing, and fascia, all of which can cause ceiling drips and leaks in crawl spaces; loose gutters; and defects in chimneys and skylights.

Exterior: A home inspection checks for siding and attic cracks, rot, or decay; cracking or flaking masonry near the basement; cracks in stucco; dents or bowing in vinyl; blistering or flaking paint; and adequate clearing between siding and earth, which should be a minimum of 6 inches to avoid damage from moisture (although dirt can be in contact with the cement foundation).

HOME PROTECTION PLAN. (Home Warranty)

When purchasing a home, the buyer may not know how well the previous owners maintained and managed the components of the home. Information on the age of household appliances or their useful life in years may not be available at the time of purchase.

As an additional benefit, some sellers provide a Home Protection Plan for the buyer. This coverage is usually good for one year on selected items:

- Central heating System
- Electric Central Air system
- Interior Plumbing
- Built-In Appliances
- Electric Pool Equipment

The search for an expert handyman or service provider may be time-consuming for the homeowner. Limited time and the high costs of paying for damage to or replacement of multiple components of the home are the two main reasons that homebuyers purchase home warranties.

While a home warranty bears a resemblance to home insurance policies in terms of premiums, deductibles, claims, and liabilities, they each offer different services. Home warranties maintain the functionality of household systems, which can break or wear out. Home insurance, on the other hand, covers damage to or loss of the home itself that may be due to fire or certain other natural disasters.

A home warranty covers you in the event appliances or major systems break down. In most cases, a warranty will cover things that your typical home owners insurance policy does not. Having both a comprehensive home owner's insurance policy and a home warranty will provide you will excellent coverage.



Home Warranties give Buyers and Sellers protection against future losses...



Lead Base Paint Explained:



Many houses and apartments built before 1978 have paint that contains high levels of lead (called lead based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly. Federal law requires that individuals receive certain information before renting, buying, or renovating pre-1978 housing:

LANDLORDS have to disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a disclosure form about lead-based paint. SELLERS have to disclose known information on lead-based paint and lead-based paint hazards before selling a house. Sales contracts must include a disclosure form about lead-based paint. Buyers have up to 10 days to check for lead. RENOVATORS have to give you this pamphlet before starting work.

IF YOU WANT MORE INFORMATION on these requirements, call the National Lead Information Center at 1-800-424-LEAD (424-5323). Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

FACT: Lead exposure can harm young children and babies even before they are born.

FACT: Even children who seem healthy can have high levels of lead in their bodies.

FACT: People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.

FACT: People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

FACT: Removing lead-based paint improperly can increase the danger to your family. If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

Lead Base Paint Explained:

Many homes built before 1978 have lead based paint. The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

In homes in the city, country, or suburbs. In apartments, single-family homes, and both private and public housing. Inside and outside of the house. In soil around a home. (Soil can pick up lead from exterior paint or other sources (such as past use of leaded gas in cars.)

IDENTIFYING LEAD HAZARDS

There are standards in place to ensure the work is done safely, reliably, and effectively. Contact your local lead poisoning prevention program for more information, or call 1-800-424-LEAD for a list of contacts in your area. Home test kits for lead are available, but may not always be accurate. Consumers should not rely on these tests before doing renovations or to assure safety. If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

If you rent, notify your landlord of peeling or chipping paint. Clean up paint chips immediately. Clean floors, window frames, windowsills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead.

HOW LEAD ENTERS THE BODY

- A person can breathe in lead dust (especially during renovations that disturb painted surfaces).
- Children can put their hands or other objects covered with lead dust in their mouths.
- Children can eat paint chips or soil that contains lead. Lead is even more dangerous to children than adults.

Lead poisoning remains a major environmental health problem in the U.S. Even children who appear healthy can have dangerous levels of lead in their bodies. If not detected early, children with high levels of lead in their bodies can suffer from:

- Damage to the brain and nervous system
- Behavior and learning problems (such as hyperactivity)
- Slowed growth, hearing problems, headaches
- Lead is also harmful to adults.

Adults can suffer from:

- Difficulties during pregnancy
- Other reproductive problems (in both men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain

Lead Base Paint Explained:

NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.

- Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- Wash children's hands often, especially before they eat and before nap time and bed time.
- Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- Keep children from chewing window sills or other painted surfaces.
- Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- Make sure children eat nutritious, low-fat meals high in iron and calcium, such as spinach and dairy products.
- Children with good diets absorb less lead.

- EPA's Safe Drinking Water Hotline Call 1-800-426-4791 for information about lead in drinking water.
- Consumer Product Safety Commission (CPSC) Hotline To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call 1-800-638-2772, or visit CPSC's website at: www.cpsc.gov.
- Health and Environmental Agencies Some cities, states, and tribes have their own rules for lead-based paint activities. Check with your local agency to see which laws apply to you.
- Most agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards.
- Receive up-to-date address and phone information for your local contacts on the Internet at: www.epa.gov/lead or contact the National Lead Information Center at 1-800-424-LEAD.



THE CLOSING DISCLOSURE

FICUS BANK

4321 Random Boulevard - Somecity, ST 12345

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 2/15/2013
APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$180,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE Conventional FHA VA _____
LOAN ID # 123456789
RATELOCK NO YES, until 4/16/2013 at 5:00 p.m. EDT
 Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Does the loan have these features?		
Prepayment Penalty	YES	As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$206 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? YES YES

Costs at Closing	
Estimated Closing Costs	\$8,054 Includes: \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Estimated Cash to Close	\$16,054 Includes: Closing Costs. See Calculating Cash to Close on page 2 for details.

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

THE CLOSING DISCLOSURE

The **Closing Disclosure** form is a kind of a summarizing agreement defining the final term of mortgage loan and closing costs that is to be concluded by the two parties: the borrower and the lender. Other parties may be involved while signing the Closing Disclosure form including the seller of the property and the real estate broker(s) handling the deal. It is the lenders (the lending institution's) duty to provide the borrower with the given Closing Disclosure before closing the mortgage loan.

When is the **Closing Disclosure** due?The lender is supposed to deliver the form to the borrower 3 days before the loan closing date. This period is important to the borrower, so the borrow can check all the terms and details of the loan, as they should correspond to those indicated on the previously received Loan Estimate form.

Lenders are required to provide your **Closing Disclosure** three business days before your scheduled closing. Use these days wisely—now is the time to resolve problems. If something looks different from what you expected, ask why.

DEFINITIONS

Monthly Principal & Interest

Principal (the amount you will borrow) and interest (the lender's charge for lending you money) usually make up the main components of your monthly mortgage payment. Your total monthly payment will typically be more than this amount due to taxes and insurance. See the Estimated Total Monthly Payment.

Prepayment Penalty

A feature on some mortgages. A prepayment penalty means that the lender can charge you a fee if you pay off your mortgage early.

Balloon Payment

A feature on some mortgages. A balloon payment means that the final mortgage payment is a lump sum much larger than the regular monthly payments, often tens of thousands of dollars.

Principal & Interest

Principal is the amount you will borrow. Interest is the lender's charge for lending you money.

Mortgage Insurance

Mortgage insurance is typically required if your down payment is less than 20 percent of the price of the home.

Estimated Escrow

Additional charges related to homeownership, such as property taxes and homeowners' insurance, that are bundled in your monthly payment.

Estimated Total Monthly Payment

The total payment you will make each month, including mortgage insurance and escrow, if applicable.

Closing Costs

Upfront costs you will be charged to get your loan and transfer ownership of the property. Also sometimes referred to as "settlement costs."

Cash to Close

Total amount you will have to pay at closing, in addition to any money you have already paid.



American Land Title Association	ALTA Settlement Statement - Combined Adopted 05-01-2015
---------------------------------	--

File No./Escrow No.:	Title Company Name	Title Company Logo
Print Date & Time:	ALTA Universal ID	
Officer/Escrow Officer:	Title Company Address	
Settlement Location:		

Property Address:
Buyer:
Seller:
Lender:
Settlement Date:
Disbursement Date:
Additional dates per state requirements:

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		Financial		
		Sales Price of Property		
		Personal Property		
		Deposit including earnest money		
		Loan Amount		
		Existing Loan(s) Assumed or Taken Subject to _____		
		Seller Credit		
		Excess Deposit		

The ALTA settlement statement (developed by the trade group ALTA (American Land Title Association)) is an itemized list of all of the fees or charges that the buyer and seller will pay during the settlement portion of a real estate transaction. Everything from the sale price, loan amounts, school taxes and other pertinent information is contained in this document.

Note:

Updated Nov 29, 2019. A HUD-1 form, also called a HUD Settlement Statement, is an itemized list of all charges to be paid by the borrower in order to close a reverse mortgage or a refinance transaction. The Closing Disclosure form replaced the HUD-1 form for most other real estate transactions as of Oct. 3, 2015.

BUYER TO DO LIST

- Prepare in advance. Your closing is when you legally commit to your mortgage loan. Know what to plan for so everything goes smoothly.
- Several days before closing, check in with your closing agent to make sure they are in communication with your lender and that they have everything they need. If there is something you think they might possibly need but no one has mentioned it, bring it to the closing meeting.
- Protect your life savings by knowing what to look for and how to avoid it happening to you.
- Don't spend a lot of money. Implement a self-imposed "spending freeze," as much as possible. It's best to avoid any major purchases during this period. Your lender might have certain cash-reserve requirements for the loan. Don't open any new credit lines, such as credit cards.
- You can still be denied for a mortgage loan, even after you've been pre-approved by the lender ...If you withdraw or transfer funds for any reason before closing, your lender will probably ask for a written explanation.
- Book the movers. Once you have that closing date in hand, nail down movers ASAP. If you're changing addresses during a busy moving month (e.g., June or September), the choice companies tend to book up quickly; if you're planning on doing the transport yourself, you still need to book a rental truck and any additional equipment.
- Research security systems. Start your research online and ask for referrals for security companies. Keep in mind that some systems are better suited to condo/townhouse than to single-family-home. If the previous owners already had a security system, you want to continue the service, but you'll still need to call the company and have the account switched over and add some features that will give you the peace of mind your family will require.
- Plan renovations well in advance. Rarely does a buyer get a place that's move-in ready. Set up the utilities. Some people assume the utilities will work once they walk in. Change the locks. Assume that everyone has a set of keys to your new home. Consider hiring a cleaning crew.
- Switch the utilities over. We always forget this one. The gas, electric, internet, and cable all need to be switched over. Make the calls at least two weeks ahead of time to play it safe.
- When in doubt, ask! Ask questions until you feel comfortable with every detail.





If a buyer has to learn the process of buying on their own, identify the neighborhoods, find the homes, write and negotiate the contract, secure the financing arrange the inspections, and coordinate the closing, on their own rather than using an agent, something will go undone! An error is waiting to happen. Who will pay for it? The buyer? The Seller, perhaps both. Why risk it?

To be specific, Danette O’Neal REALTORS® have successfully carved a niche in the emerging markets, we’ve become experts at matching first time home buyers with funding sources to obtain their new homes. We use this same product knowledge to move millions of dollars of property in upper-end market each year. Working with builders, developers and investors is another one of our niches and we have served as consultants and realtors for many of the tax credit acquisitions in the Gulf South.

The largest financial transaction you will probably ever make in your lifetime is when you buy or sell a home. The process is complex, confusing, and intimidating. You need a great realtor with professionalism and a track record to help you through. Be confident in your choice! Hire a top-notch, dedicated team which offers you knowledge and years of experience.

PART 2:

SELLING

A MARKETING TUTORIAL FOR SELLERS

YOUR HOME



The agent's duties to the seller are: undivided loyalty, obedience, diligence, disclosure, confidentiality, accounting and reasonable skill and care. All duties are fiduciary -- by law, these duties are owed exclusively to the seller -- NOT to the buyer.

HOME SELLING PROCESS



The largest investment most people make is their home. Doesn't it make sense to let a professional manage the sale?

Our Strategy Includes:

- **Handling the detail work**- mechanical, termite inspections, title work, earnest money, appraisal mortgage work.
- **Staying in touch with you** so that you'll know what is going on and where we are in the marketing process.
- **Helping maintain the property** with the names of competent contractors, utilities, and especially if you are out of town.
- **Showing you consideration** because we know you are living in your home, and it's difficult to have it ready to show at all times.



Will Rogers once said, "You never get a second chance at a first impression." While Mr. Rogers was talking about people, it is also applicable to houses, especially when they are on the market for sale. It is important to make certain that the first impression is a favorable one. That's the purpose behind this Home Buying /Selling Guide:

it's simply advice to help your home sell quickly. If you have ever been in model homes, you know how good they look. You might have even thought that you'd like to have the home and all the furniture, the pictures, the flower arrangements, and even the knick-knacks on the shelves.

ADVICE TO HELP YOU SELL YOUR HOME QUICKLY:

Some individuals really know how to make a home look its best without spending a lot of money. Many things can be done to give it that *model home* look so prospective buyers will want it and everything else in the house that you're willing to sell. When homes have this kind of appeal, they sell quickly, usually for the highest price possible. Another interesting characteristic of appealing homes is that the transaction is usually remarkably free of problems.

What more could you want than to get your home sold for top dollar in short order without any hassles? If you'll read through this guide and use some of the suggestions before you put the property on the market, you'll be on your way to a successful sale. One word of warning, though...don't wait to see if the house will sell before implementing these ideas. Oftentimes, doing the *bare minimum* will not be enough.

The property must look good from the street, up the sidewalk, on the front porch, throughout the house, in the darkest closets, and even in the attic. You definitely want to give the impression of a well-cared-for home.

You want the prospective buyer to feel that this home is quality, through and through, not just on the surface.

You'll never have more activity on the home than you will in the first three to four weeks of the Listing. The reason is simple: there are buyers out there who have seen everything available and for one reason or another, haven't bought. They are just waiting for something new to come on agents are just as anxious. When that new property hits the market, buyers and agents will scramble to look at it.

Tip:

Negotiating Offers Once you receive offers, carefully evaluate each one based on price, closing date, contingencies, and other factors. Be prepared to negotiate to secure the best deal

more ...ADVICE TO HELP YOU SELL YOUR HOME QUICKLY.

It is common knowledge that the property will usually sell for the highest price during this time. After the initial surge of interest, the only people to look at it will be those buyers new to the marketplace. Besides all of the reasons listed above, competition is fierce. Don't be naïve; with every other home currently for sale, new and pre-owned, in your area and in other areas, those listed with agents and those trying to sell themselves. You also may be competing with foreclosures on the market.

Homes have proven to be one of the best investments for individuals. They have outpaced inflation and, in many cases, had exceptional rates of return. Experienced investors who have rented out a property for long periods of time know that to get the highest price for the property, the property has to look good.

You have to appeal to owner occupants who will pay the highest price for the property because they are going to live there. Typical buyers put all of their savings into the down payment and closing costs and don't have anything left over to improve the home, such as replacing the shag carpet. Those buyers will just have to live with that carpet until they can afford to replace it.

If buyers have a choice of two comparable properties at similar prices, they'll choose the one in the best condition; just as on the other hand, if two properties are in similar condition, the buyer will choose the one that costs less.

Preparing to Sell Before listing your property?

Then perhaps you should research your local market to determine a competitive asking price. Consider making repairs or upgrades to enhance its appeal. Ensure you have all necessary legal documentation and disclose any known defects to potential buyers.

Tip:

*Finding a Real Estate Agent means partnering with a knowledgeable and experienced **Real Estate Agent** can streamline the selling process. They will guide you through pricing, marketing, negotiations, and closing.*



CURB APPEAL.

One of the frustrations a professional agent has to deal with is after having made an appointment on a home that will meet the buyer's requirements, driving up in front of the home and having the buyer say, "*I don't want to look at this. I don't like the looks of the front.*"

It takes a lot to overcome a statement like that, so the first place we're going to start is with the front of the house. Stand at the street and look at the house. If all you can see are trees and shrubs, you have some yard work to do.

Landscaping should enhance the home, not hide it. One of the easiest things to do is trim over grown shrubs. They should be lowered to a height near the bottom of the windows. If there is ivy growing on the side of the home, get it off. If there are branches hanging low in the yard, you'll need to prune them. A simple rule of thumb is to have all the limbs high enough so that you can walk under the tree.

The next thing on the list is to clean out the flowerbeds and make them look good. This means getting all the weeds out and having a distinct border between the beds and the yard. Everyone dreams of a *House & Garden* home with flowers in the beds. Why don't you invest in a few flats of flowers such as petunias or periwinkles that will last the entire growing season and will add color and beauty to the front of your home?

You might even consider putting some nice looking flowerpots on the porch with some red geraniums or some other blooming plants in them.

Next, take a look at the front door and the area around it. If you paint nothing else, at least give it a fresh coat of paint. If the doorbell is broken, replace it. Wash the mailbox. Keep the porch swept. Get an attractive doormat.

THE ABSOLUTE BASICS.

Start by airing out the home. You are the last person to notice any peculiar odor in your home that may be blatantly obvious to visitors. Go on a search to find the offender. It may be a kitty litter box or a dog bed. It might even be a mildewed shower.

Next, wash all the windows in the house, inside and out. While you're at it, clean the windowsills and the bottom of the window jambs, and wash the blinds. If it has been over a year since you've had the carpets cleaned, now is the time to do it. Bare floors should be waxed or polished, even if they're supposed to be no-wax.

Put bright light bulbs in every socket made for a bulb. Buyers like bright and cheery so you have to keep it from looking like a dungeon. You'll also want to keep the drapes and shades open during the day, even if you're not in the habit, because it will make the property look brighter.

The next item on the required list is to clean out all of the closets, cabinets, and drawers. Get rid of things you haven't used in the past five years and pack up everything that you haven't used in the last year. Do this without conscience or remorse. You're going to have to do it anyway when you move.

The main reason to do it is to make the storage space look larger. Surely, you don't want to pay a mover to haul things that you never use.

Closets should look as they have enough room to hold additional items. You might need to box up off-season clothes to make it look that way. Get everything off the floor and don't pile shelves too high.

Another basic requirement of home preparation is to be sure there is not too much furniture in a room. Even though it may be inconvenient, you will be far better off by selecting the pieces that look best and putting the others in the garage, basement, or better yet, in storage. You can rent a mini-warehouse for a few dollars a month.

You need to go over the kitchen like a health inspector. Clean the oven and keep it that way, even if it means eating out more often. After cleaning the range, put new drip pans under the burners, or at least cover the old ones with foil. Clean around the seal of the door to the dishwasher.

Bathtubs, showers and sinks should be freshly caulked. All the grout should be clean and in good condition. There are excellent cleaners that will do the job without tons of scrubbing. There should be no leaks in the faucets or traps. Put out fresh towels in the bathrooms and replace the shower curtain if needed.



Its Showtime.

- If you have limited counter space in the kitchen, be sure to put away unnecessary items.
- Keep children's toys out of the front yard and off the sidewalks and front porch.
- Get teenagers and children to understand the importance of keeping the house looking good while it is on the market.
- Take down the posters until the house is sold.
- Recognize the difference between decorator touches and clutter or sterility.
- Clean the ashes out of the fireplace during the season that it isn't being used.
- Keep the television turned off while the home is being shown.
- Make sure the pull-down staircase is screwed together and strong enough to be used safely. Be sure there is a light in the attic.
- If you don't have time for a garage sale, consider donating things to charity.
- Make a list of all the items and their estimated value, and be sure to get a receipt. The donation is tax deductible and may be worth more to you than the time and effort you'd put into a garage sale.
- The beds should be made and clothes picked up. Bathrooms should be clean and the toilet lid down.
- If you have pets, get them out of the way. Not everyone may share your love for animals. Some people may even be allergic to them.
- Open all the doors between rooms to give an inviting feeling. Turn on all of the lights, including the lamps. Tune the radio to some quiet, "elevator-style" music.



Are you willing to go the extra mile?

There are some things you can do that will really add flair to your home. They might include changing the wallpaper in the entry, kitchen, or bathrooms. It might be replacing light fixtures that are dated or just ugly.

Some enterprising homeowners will completely paint inside and put down all new floor coverings. Others might add new window treatments.

Ceiling fans are not only fashionable but very practical. The price on them has come way down. You can put four or five fans in today for what one fan cost several years ago.

New appliances in the kitchen can actually make the difference in a prospect choosing your home over another. Don't fall into the trap that most people do when trying to figure out how much it will cost to replace an item. The most common price reference guide in America is the Sears catalogue. As your agent, I can recommend vendors and contractors who will usually cost much less.

Someone has just called to show the house, and all the hard work you've done to make it look good is about to pay off. You just need a few last-minute touches.

When the agent arrives with the prospects, have the drapes and window shades open to let in as much daylight as possible. If it happens to be night, be sure that all of your outdoor lights are on, especially landscape and pool lights if you have them.

Pick up any newspapers or magazines that may be lying around. See that the counters are free of unnecessary items and that any dirty dishes are put in the dishwasher. Take out the trash if needed.

When you leave the house in the morning or during the day, please leave it as if you know it is going to be shown. It's difficult sometimes and might even mean you have to get up a little earlier in order to prepare the house for showing. But you never know when the right person is going to look at it, so you must always be ready for them.



Pre -Contract Inspection

Another time saving suggestion is to order an inspection of your home by a professional inspector. This would typically be the responsibility of the buyer after you have successfully negotiated a contract. The benefit of doing it now is to find out early if there is anything that needs attention. It can save time between contract and settlement if the inspector does find something you are not aware of. You will have time to get a second opinion and find a reputable and reasonable contractor to make the repairs.

One more advantage is that if the buyer's inspector finds something your inspector didn't, there is room for a difference of opinion. Many times an inspector will do these pre-contract inspections for less than their normal rates.

We have mutual objectives to sell your home.

At the highest possible price—My average Sales Price to List Price ratio is higher than the average in the Multiple Listing Service. This translates to more money for you after all ex-penses of the sale have been paid.

In the shortest period of time—Homes are on the market less time than the average home in the Multiple Listing Service. Not only will your home sell in a shorter period of time; you'll have the use of your equity sooner and will not be obligated to the monthly expense of the home.

With the most favorable terms—My experience will benefit you because I will negotiate the most favorable terms regarding mortgage fees, settlement fees, possession, personal property, and other less tangible items. Third-party negotiation can be one of the most effective services offered by an agent.

Sample Marketing Plan Design

- Place a sign on the property
- Perform a Comparative Market Analysis
- Enroll the property in the MULTIPLE LISTING SERVICE
- Conduct a tour for agents
- Notify the neighbors that the property is on the market
- Notify other agents about the property
- Install a lockbox to facilitate ease of showings
- Promote and canvass for buyers
- Utilize the Brokerages sphere of influence and centers of influence to locate prospects
- Monitor all showings
- Schedule open houses for prospects and associates
- Prepare property profile pictures and graphics
- Schedule listing and sales activities to maintain competitive position in the marketplace
- Suggest a one-year home protection plan for purchaser
- .Analyze Alternative financing plans for prospects
- Prepare a flyer/homebook to help show the property
- Include average utility costs
- Calculate Homeowner's Analysis/Net Sheet
- Follow-up on showings to obtain prospects' reactions
- Involve the homeowner to maximize marketing position
- Assist the Seller with moving plans

Cooperating With Your Agent

Please cooperate with the agents when they call for an appointment. Sometimes it will be inconvenient for you to have the house shown, but you may never get another opportunity for that particular person to look at it. Besides, the agent may feel that if the property is difficult to show because of restrictions the owner has placed on it, it may not be worth the trouble. We need all the help we can get, so we don't want to alienate even one agent. *Here are some tips:*

1. Communication:

- Establish open and frequent communication with your agent. Let them know your preferences, needs, and any changes in your requirements.
- Respond promptly to their calls, emails, or messages to keep the process moving forward.

2. Provide information:

- Share all the relevant details about your property, such as the location, size, features, and any known issues.
- Disclose any special circumstances or constraints that may affect the transaction.

3. Be honest and transparent:

- Openly discuss your budget, timeline, and any concerns you may have.
- Avoid withholding information that could impact the transaction.

4. Trust and respect:

- Recognize your agent's expertise and experience in the real estate market.
- Follow their professional advice and recommendations, as they are working to achieve the best outcome for you.

5. Be responsive and flexible:

- Attend scheduled meetings, viewings, or negotiations as agreed.
- Be willing to compromise and consider alternative options suggested by your agent.

6. Provide feedback:

- Let your agent know what is working well and what areas could use improvement.
- Constructive feedback can help them better serve your needs.

7. Appreciate their efforts:

- Acknowledge your agent's hard work and dedication throughout the process.
- A positive and collaborative relationship can lead to a smoother transaction.

By following these guidelines, you can establish a productive and mutually beneficial partnership with your real estate agent, which can significantly improve the overall buying or selling experience.



FOR SALE BY OWNER

THE REAL COST OF FOR SALE BY OWNER



"Finding the right person for your home in the least amount of time is a matter of creating a high level of exposure."

So, you decided to sell your house on your own, no real estate agents, no middlemen, just you and the prospective buyer, pure and simple.

FSBO's don't have the expertise or access to the resources Agents have. Despite how much money you can save on closing costs, most sellers decide FSBO isn't worth it.

Who Really Pays/Saves the Commission

If a buyer has to learn the process of buying on their own, identify the neighborhoods, find the homes, write and negotiate the contract, secure the financing arrange the inspections, and coordinate the closing, on their own rather than using an agent, something will go undone! An error is waiting to happen. Who will pay for it? The buyer? The Seller, perhaps both. Why risk it? Hire a professional.

For Sale By Owner Headaches

- Window-shoppers
 - Lookers stopping at all hours
 - Mis-pricing home
 - Inability to qualify buyers
 - Letting strangers in the home
 - Negotiating with buyers
 - Knowing everything that needs to be done
 - Missed opportunities when away from home
 - Buyers wanting the commission savings
 - Buyers who don't like to deal directly with owners
1. The paperwork is daunting.
 2. Scams happen.
 3. The liability is all on the Seller.
 4. Buyer financing options are very complicated, Sellers can get stuck in a bad deal.
 5. Most FSBO's sell for less and stay longer on the market.
 6. Inspections are problematic.
 7. Marketing is limited.
 8. Hidden costs add up.
 9. Time costs the Seller's money.

Real Estate Professional

Internet advertising
Multiple Open Houses
Past customers and clients
Just Listed cards
Company contacts
Internet advertising
Referral Organizations
Multiple Listing Service



Seller

Single ads in the paper
Single "for sale" sign

Pricing

It is really as simple as it seems?

The cost of selling your home on your own may be more expensive than you think. In addition to codes, contracts and concerns that may catch you by surprise, there are a number of legalities, liabilities, and loopholes that can trip you up along the way.

We will be working together as a team to sell your home. Cooperation and communication will benefit both of us and ensure the successful completion of these objectives.

There are (5) reasons a property sells, you control (4) of these:

- Location
- Price
- Terms
- Condition of the property
- The Agent you select

My strategy includes personal service on an individual basis:

- To handle the detail work, such as mechanical and termite inspections, title work, earnest money, appraisal, mortgage work.
- To stay in touch with you so that you will know what is going on and where we are in the marketing process.☺
- To help maintain the property, by arranging for competent contractors, especially if your property is vacant and you are out of town☺ To show you consideration, because I know you are living in your home, and it's difficult to have it ready to show all the time.
- Finding the right person for your home in the least amount of time is a matter of creating a high level of exposure.

REALTORS® have buyers waiting. That's right! REALTORS® are working with buyers who have seen what is currently on the market and are waiting for something new to be listed. Most activity will take place in the first three to four weeks of a listing. The excitement of a new property on the market will create urgency for both buyers and agents to see it as quickly as possible. In many instances the home will receive its highest and best offers during this time. After that initial period, the only people to look at it will be new buyers in the marketplace.

**FAIR TERMS = FAIR PRICE
GOOD TERMS = GOOD PRICE
GREAT TERMS = GREAT PRICE**





Terms Can Increase the Value

Terms can be identified as a number of things that affect the financing of a home. If the seller is willing to carry a first or second mortgage for the buyer, this is considered terms. If the rate at which the seller will carry the loan is below that of the market, it is considered good terms.

Terms could also include things such as seller paid points on behalf of the buyer so he can have a lower interest rate on his mortgage. The seller might also consider pre-paying interest for the first few years so that the buyer will have a lower payment.

Based on the time value of money, in most cases, a buyer is willing to pay more for a property with favorable terms. There is a direct relationship between the terms and the holding cost of the property. By having a lower monthly cost for housing, the buyer can afford to pay more for the property.

In other situations, the buyer may not be able to qualify under conventional guidelines due to length of employment, credit history, etc. If the seller is willing to accept the risk by offering terms, the home will have more appeal and will usually sell for more and in a shorter period of time.

The following items are suggestions to increase the value without lowering the price.

- Seller carries first lien at below-market rate.
- Seller carries second lien.
- Temporary buy-down of the interest rate. Seller pays points.
- Seller pays buyer's closing costs.
- Transfer the existing escrow account to buyer at no charge.
- Make specific improvements required by buyer so they won't have to pay cash for them after they move in.
- Give the buyer a decorating allowance.

These terms can lower the buyer's cost of living in the home. This can be very appealing and will often help a buyer to choose one home over another one.

Tip: Understanding the legal and financial aspects: Be aware of the necessary paperwork, disclosures, and legal requirements involved in the sales process. Consult with your Realtor or an attorney to ensure a smooth transaction.



Home Warranties

A home warranty" is not a standard or commonly used term. It's possible you meant to ask about a "home warranty" or a "manufacturer's warranty" instead.

A home warranty is a service contract that covers the repair or replacement of major home system components and appliances, such as the HVAC system, plumbing, electrical, and kitchen appliances. It is a type of warranty that homeowners can purchase separately from the home purchase to provide additional coverage and protection for their home.

A manufacturer's warranty, on the other hand, is a guarantee provided by the manufacturer of a product, such as an appliance or electronic device. This warranty covers defects in materials or workmanship for a specific period of time, as specified by the manufacturer.

Without more context, I can't provide a definitive explanation of what a "home warranty" is. If you have a specific question about a warranty, please provide more details, and I'll be happy to assist you further.

Home protection plans can greatly increase the marketability of a home by providing a "peace of mind" extra that competing homes may not have.

According to a study by the National Home Warranty Association, homes with warranties sell 60% faster - and for a higher price - than homes without a home warranty.

- A home warranty increases marketability:
- Warranted homes sell up to 50% faster than homes without warranties.
- Homes with warranties sell on average, for about 3% more.
- Home warranties reduce the chance that the seller will be asked to reimburse the buyer for a breakdown of a covered component.
- There is a better chance that the closing won't be delayed by a malfunctioning warranted item.
- It provides the buyer with a full year of coverage on the home's major systems and appliances after move-in.
- In the event that a covered component breaks down, the seller pays only a deductible. The Warranty Company pays the remainder.

Buyer coverage on selected items:

- Central Heating System
- Electric Central Air System
- Interior Plumbing
- Built-in Appliances
- Electric Pool Equipment



Potential Dual Agency

As a seller's agent, we have the obligation of providing client-level services in a fiduciary relationship that includes:•

- Loyalty
- Obedience
- •Disclosure
- •Confidentiality
- •Accounting

The selling agent, acting as a sub-agent, has the duty to exercise reasonable skill and care in the performance of the broker's duties, a commitment to honest and fair dealing, and a duty to disclose all facts known to the broker that materially and adversely affect the consideration to be paid for the property.

A dual agency situation can arise if, after we have entered into an agency relationship with you, one of the salespersons in our company enters into an agency relationship with a buyer. If that salesperson shows your home, we will, in effect, be representing both parties.



Special Arrangements can be made to help you maintain vacant property. Arrangements for services such as to:

- See that mail is picked up.
- Make sure the lights are out at night.
- Keep the thermostat at a reasonable setting.
- Have the yard maintained.Keep "junk mail" picked up.
- Pay bills and forward statements monthly.
- Notify you about condition.

This is a potentially challenging situation because it is difficult to afford both parties full client-level services. A dual agency arrangement should be entered into only with the written agreement of both buyer and seller.If this situation arises, you may elect for us to go ahead and show the property and pursue an offer; however, you must be aware that such election means that some disclosures cannot be made because they would violate the confidentiality with the other party.

In representing both the seller and the buyer, the broker will not, without the express written permission of the respective party, disclose to the other party that the seller will accept a price less than the listing price or that the buyer will pay a price greater than the price offered.

In all circumstances, both seller and buyer should expect diligent exercise of reasonable skill and care in the performance of the broker's duties. Agency is a legal relationship, and a written agreement should be completed to explain all the duties and responsibilities.



***Tip: Timing the sale:
Consider factors like
the local real estate market,
seasonal trends, and your
personal timeline when
deciding when to list your
property for sale.***

Special Arrangements

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Arrangements for services such as to: See that mail is picked up.

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WHAT DOES AN AGENT DO ALL DAY ANYWAY?



An agent has a workday like anyone else, but there are typically little to no boundaries to that agent's day and week. Here's how an agent's workday often goes:

1 RESPONDING

Agents are "on" no matter where they are. In our instant-response society, buyers and sellers won't wait long for an answer.



2 WATCHING INVENTORY

Houses are bought, sold and taken off the market daily. Agents must be on top of the MLS to ensure their clients don't miss their dream home.

3 BUILDING A DATABASE

A great agent has a well-organized database that he or she is constantly updating.



4 SCHEDULING

Open houses, scheduling showings, appointments, coming up with house hunting itineraries — it's all in an agent's daily routine.

5 MAKING CONTACT

To keep that pipeline full, agents must connect with prospects and discuss their real estate needs.



6 ATTENDING APPOINTMENTS

Meetings with buyers and sellers as well as meetings with inspectors, appraisers, contractors, stagers, photographers, repair people, etc., are all a part of the transaction process.

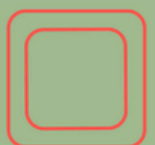
7 NEGOTIATING

Negotiations can go on for weeks, and during that time, agents must ensure that everyone is doing their part to make the deal happen.



8 PROBLEM-SOLVING

If any sticky situation gums up the works, it's an agent's job to find new paths to get the job done.



9 MARKETING

Agents devote thought and resources to each piece of marketing they produce, including their websites, newsletters, postcards, videos, social media posts, property ads, etc.



Glossary of Real Estate Terms

Adjustable Rate Mortgage (ARM)--A mortgage in which the Interest rate is adjustable, meaning that the rate can go up or down according to prevailing financial market conditions.

Agent--An individual who represents a seller, a buyer or both in the purchase or sale of real estate.

Amortization--The schedule of loan payments that establishes the amount of payment to be applied to the principal and the amount to be applied to interest, usually on a monthly basis, for the full term of the loan.

Annual Percentage Rate (APR)--The cost of credit on a yearly basis, expressed as a percentage. Required to be disclosed by the lender under the federal Truth in Lending Act, Regulation Z. Includes up-front costs paid to obtain the loan, and is, therefore, usually a higher amount than the interest rate stipulated in the mortgage note. Does not include title insurance, appraisal, and credit report.

Application--An initial statement of personal and financial information which is required to approve your loan.

Application Fee--Fees that are paid upon application. An application fee may frequently include charges for property appraisal and a credit report.

Appraisal--An estimate of value of a Real Estate property by a professional third party. Virtually all non-owner financed mortgages will require an appraisal and is generally paid for by the buyer.

Appreciation--Increase in value due to any cause.

Assessment--The value of a property as determined by the local tax jurisdiction which is used to determine the amount of your property taxes.

Balloon Payment--A lump sum payment for the unpaid balance of the loan.

Buyer's Agent--A Real Estate Agent that has made an agreement to represent the buyer exclusively, rather than the seller.

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

Closing--The process that effects the final transfer of the deed from the seller to the buyer, as well as finalize all aspects of the mortgage of the property.

Closing Costs--Funds needed at the time of closing (separate from and in addition to the down payment). Loan origination fees, discount points, Attorney fees, recording fees and pre-pays are some items that may be included. They often will total from 3% to 5% of the price of the home, payable in cash.

Closing Statement--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.

Glossary of Real Estate Terms

Comparable Market Analysis (CMA)--A comparison of the prices of similar houses in the same general geographic area. A CMA is used to help determine the value of a property, either for a seller or a buyer.

Condominium--Housing where the owner owns only the unit in which they live--from the interior walls inward, generally--as well as a portion of the common area.

Contingencies--These are conditions--or "safety valves" written into Real Estate offers and contracts to prevent a buyer from being forced to buy a house that is unsatisfactory--either structurally or financially. Examples of contingencies are "This contract is subject to the buyer obtaining a satisfactory whole house inspection." or "Subject to the buyer being able to obtain a mortgage."

Contract of Sale--The agreement between the buyer and seller on the purchase price, terms, and conditions necessary to both parties to convey the title to the buyer.

Conventional Mortgage--A fixed rate, fixed-term mortgage not insured by the federal government.

Credit Limit--The maximum amount that you can borrow under a home equity plan.

Debt Service--The total amount of credit card, auto, mortgage or other debt upon which you must pay.

Debt to Income Ratio--The ratio of a borrower's total of debt as a percentage of their total gross income.

Deed--The document that, when recorded with your local government, determines ownership of a property--this is transferred from seller to buyer at closing.

Discount Points (or Points)--The amount paid either to maintain or lower the interest rate charged. Each point is equal to one percent (1%) of the loan amount (i.e., one point on a \$100,000 mortgage would equal \$1,000).

Down Payment--The difference between the purchase price and that portion of the purchase price being financed. Most lenders require the down payment to be paid from the buyer's own funds. Gifts from related parties are sometimes acceptable, and must be disclosed to the lender.

Earnest Money--Money that is submitted with an offer to purchase which indicates a buyer's seriousness and good faith. In virtually all cases, earnest money will need to be submitted at the time of the offer and remains in escrow until the time of closing, at which time it becomes part of the down payment.

Easement--A right to use the land of another.

Glossary of Real Estate Terms

Encumbrance--A claim against a property by another party which usually affects the ability to transfer ownership of the property.

Equity--The difference between the value of a property and the total of any outstanding mortgages or loans against it.

Equity Mortgage--A mortgage based on the borrowers' equity in their home rather than on their credit worthiness.

Escrow--**Funds** held in reserve both prior to closing (for example the earnest money and deposit) by a third party and after closing by the mortgage company to pay future taxes and homeowners insurance. In some areas, "escrow" also refers to the closing process.

Fixed Rate--An interest rate which is fixed for the term of the loan. Payments as well are fixed at one amount.

FHA Loan--More appropriately termed "FHA Insured Loan." A loan for which the Federal Housing Administration insures the lender against losses the lender may incur due to your default.

Foreclosure--The process through which a lender takes back property from a defaulting owner and re-sells it.

FSBO (For Sale By Owner)--Real Estate that is sold without the assistance of an Agent. FSBO can refer to both the individual selling the property "They are a FSBO," or the property itself "that house is a FSBO."

Good Faith Estimate--A written estimate of closing costs which a lender must provide you within three days of submitting an application.

Glossary of Real Estate Terms

Hazard Insurance--A contract between purchaser and an insurer, to compensate the insured for loss of property due to hazards (fire, hail damage, etc.), for a premium.

Home Equity Line of Credit--A loan providing you with the ability to borrow funds at the time and in the amount you choose, up to a maximum credit limit for which you have qualified. Repayment is secured by the equity in your home. Simple interest (interest-only payments on the outstanding balance) is usually tax-deductible. Often used for home improvements, major purchases or expenses, and debt consolidation.

Home Equity Loan--A fixed or adjustable rate loan obtained for a variety of purposes, secured by the equity in your home. Interest paid is usually tax -deductible. Often used for home improvement or freeing of equity for investment in other real estate or investment. Recommended by many to replace or substitute for consumer loans whose interest is not tax-deductible, such as auto or boat loans, credit card debt, medical debt, and education loans.

Homeowner's Association--An owners group, whether in a condominium, townhouse or single family subdivision that establishes general guidelines for the operation of the community, as well as its standards.

HUD I Settlement Statement--A form utilized at loan closing to itemize the costs associated with purchasing the home. Used universally by mandate of HUD, the Department of Housing and Urban Development.

Inspection--A whole house inspection of a home being considered for purchase which looks for defects in the property.

Interest--That portion of a mortgage payment that is the "charge" for using the lender's funds.

Interest Rate--The periodic charge, expressed as a percentage, for use of credit.

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

Lien-- A legal claim against a piece of property that can prevent it from being sold unless the lien is satisfied (paid off). Liens can be filed by unpaid contractors or other debtors in a legal process so that they will be paid when a property is sold.

Listing--A property for sale by a Real Estate Brokerage and Agent.

Loan Origination Fee--A charge imposed by the lender, payable at closing, for processing the loan.

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Homeowner's Association--An owners group, whether in a condominium, townhouse or single family subdivision that establishes general guidelines for the operation of the community, as well as its standards.

Lock-in--An agreement by the lender at the time of mortgage application or shortly thereafter, to write the mortgage at a specific interest rate, whether rates rise or fall up to the date of closing. Obviously a good move if rates are rising, not so good if they are falling. Lock-ins have specific expiration dates, such as 30, 60 or 90 days in the future.

LTV (Loan to Value)--The ratio of the amount of the mortgage as a percentage of the value of the property.

Market Value--The highest price a buyer will pay for a property and the lowest price accepted.

MLS (Multiple Listing Service)--A listing (almost always computerized) of all the properties for sale by Real Estate Brokerages in a given geographical area.

Glossary of Real Estate Terms

Mortgage Loan--A loan which utilizes real estate as security or collateral to provide for repayment should you default on the terms of your loan. The mortgage or Deed of Trust is your agreement to pledge your home or other real estate as security.

Mortgage Insurance (PMI)--Required on virtually all conventional loans with less than 20% down payment. Although the payments for PMI are included in your mortgage payment, it protects the lender should you default on the loan. On FHA loans, you will pay a MIP (Mortgage Insurance Premium) which accomplishes the same purpose.

Negative Amortization--Amortization in which the payment made is insufficient to fund complete repayment of the loan at its termination. Usually occurs when the increase in the monthly payment is limited by a ceiling. The portion of the payment which should be paid is added to the remaining balance owed. The balance owed may increase, rather than decrease over the life of the loan.

PITI--Principal, interest, taxes and insurance, which comprise your monthly mortgage payment.

Points--1 point is equal to 1% of the loan value, paid at closing. Points can be loan origination fees or "discount points" which reduce the interest rate of the loan (you are actually paying a finance charge up front). When a lender, for example, quotes a rate of 8 1/2% with 1 + 1 points, 1 point is for the origination fee and 1 point is for the discount fee.

Prepayment Penalty--A fee paid to the lending institution for paying a loan prior to the scheduled maturity date.

Pre-qualification--The first stage of a mortgage application where the lender will run a basic credit report and determine your debt to income ratio in order to see how much mortgage you qualify for.

Pre-pays--Paid for (in cash) at closing for such items as homeowners insurance for one year and real estate taxes for several months.

Principal--The amount borrowed for a mortgage loan. Your monthly mortgage payment will be applied to both the interest and the principal (be assured, though, that the lions share will go to the interest portion in the first years of the loan).

Promissory Note--A written contract containing a promise to pay a definite amount of money at a definite future time.

Property Tax--An annual or semi-annual tax paid to one or more governmental jurisdictions based on the amount of the property assessment. Generally paid as part of the mortgage payment.

Glossary of Real Estate Terms

REALTOR®--The terms agent, broker and REALTOR® are often used interchangeably, but have very different meanings. For example, not all agents (also called salespersons) or brokers are REALTORS®. Learn who is a REALTOR® and the reasons why you should use one. As a prerequisite to selling real estate, a person must be licensed by the state in which they work, either as an agent/salesperson or as a broker. Before a license is issued, minimum standards for education, examinations and experience, which are determined on a state by state basis, must be met. After receiving a real estate license, most agents go on to join their local, state Association, or NATIONAL ASSOCIATION OF REALTORS®, the world's largest professional trade association. They can then call themselves REALTORS®. The term "REALTOR®" is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics (which in many cases goes beyond state law). In most areas, it is the REALTOR® who shares information on the homes they are marketing, through a Multiple Listing Service (MLS). Working with a REALTOR® who belongs to an MLS will give you access to the greatest number of homes and expose your property to the greatest number of REALTORS® and potential purchasers.

Recording--The act of entering deed and/or mortgage information into public record with your local government jurisdiction.

Sub-Agent--A Real Estate Agent who is working with a buyer but who represents the seller in the transaction.

Title--The written evidence that proves the right of ownership of a specific piece of property.

Title Insurance--Protects your title--your ownership rights--from claims against it. Paid at closing, title insurance may be the responsibility of the buyer, the seller, or both, depending on what is traditional in your locality.

Transaction Fee--A fee which may be charged each time you draw on a home equity credit line.

Variable Rate--An interest rate that changes periodically in relation to an index. Payments may increase or decrease accordingly

VA Loan--More appropriately termed "VA Insured Loan." A loan for which the Veteran's Administration insures the lender against losses the lender may incur due to your default. Available only to veterans possessing a Certificate of Eligibility.

Warranty--Covers either most of the house in a new home, or selected items (for example the heating and air conditioning system or the water heater) in a used home. Warranties can vary widely and are optional in used homes (paid for by either the buyer or the seller).

Zoning--Laws that govern specifically how a zoned area can be used. For example, an area may be zoned for single family residential, condominiums, commercial or retail, or a mix of two or more uses.