

ATLANTA COMMUNITIES

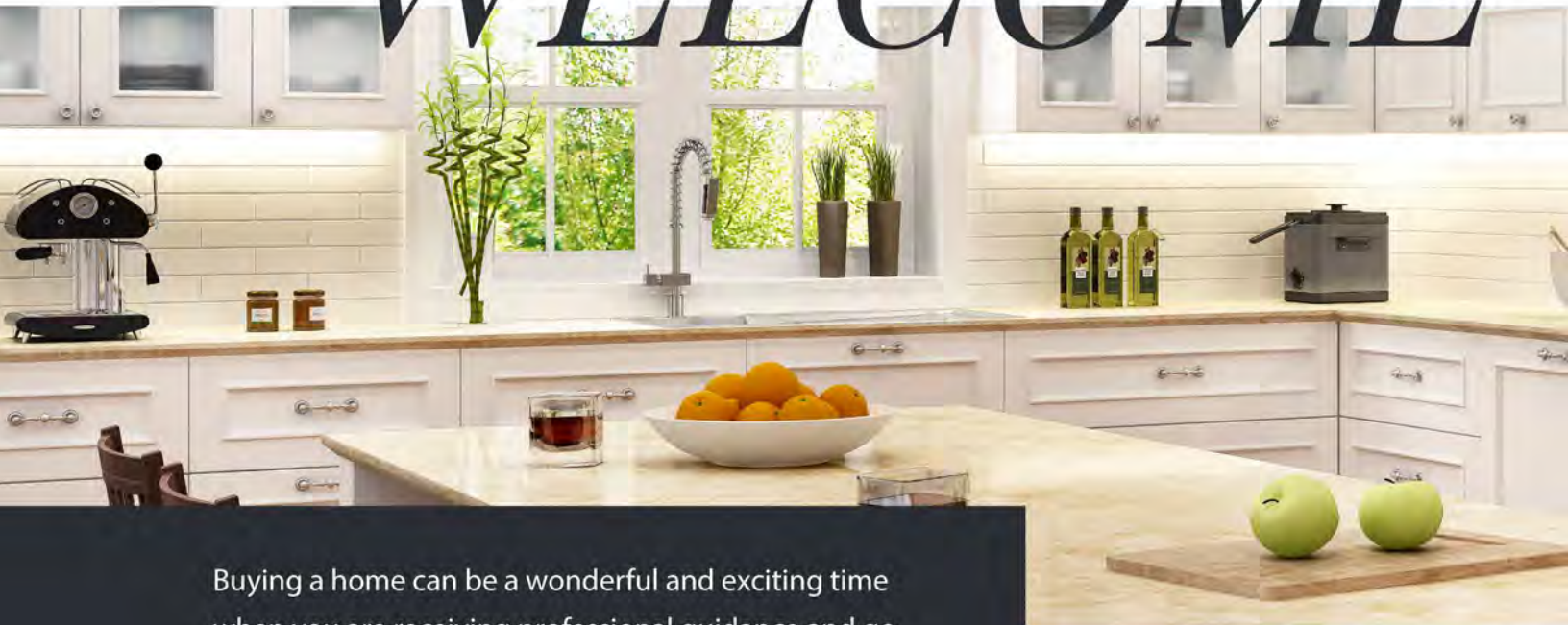
# Home Buying Guide

Your **STRATEGY** for **SMART** Home Buying

ATLANTA COMMUNITIES

Atlanta's Premier Local Real Estate Brand

# WELCOME



Buying a home can be a wonderful and exciting time when you are receiving professional guidance and go about it using a *logical, informed process.*

We have prepared this comprehensive Homebuyer's Guide that will help you navigate the process of purchasing your new home from the offer to move-in.

Save time, energy and frustration working with an agent who can assist you in moving through the home buying process from search, to decision, to ownership. Using a refined, efficient process to research and assemble documentation for homes that meet your criteria, we ensure your time will be spent in the homes that you want to see.

Purchase a new home and you step into a new life. The event means building emotional ties to new people and exploring a new area. There is a sense of adventure in finding new restaurants, stores, and service providers.

We understand this and stand ready to help every step of the way in finding your new home. While it can be a very exciting time, purchasing a home can also be stressful and provoke anxiety.

As your real estate agent we offer guidance and options for the many decisions to be made, and provide viable solutions to any challenges that may arise. We work closely with you to locate your ideal home and then help navigate through the necessary negotiations and paperwork as smoothly as possible.

We promise to treat you with the same respect that we also expect from others in our personal and business relationships. To obtain absolutely the best results, we operate with the highest standards of excellence, integrity and responsibility.



## *We can help...*

- Identify your needs
- Find sources of financing
- Obtain accurate information on neighborhoods, schools, and communities
- Select and arrange property showings
- Evaluate properties of interest
- Be knowledgeable about the forms and agreements
- Advise on contract contingencies to protect your interests
- Negotiate a favorable price and terms of purchase; being prepared with a rationale for everything, thus strengthening your bargaining position
- Monitor the entire purchase process, assisting with issues that may arise through closing
- Refer other service providers, such as inspectors, contractors, and exterminators

In our business,  
it's all about ***YOU.***

- Exploring your dreams
- Understanding your needs
- Addressing your concerns and questions
- Arranging your finances
- Valuing your time and your life



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## About Atlanta Communities



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GA HOME MATCH  
— Get Matched. Be Home. —

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Atlanta Communities Real Estate Brokerage, LLC is a full service real estate brokerage serving the Greater Metropolitan Atlanta Area. We have 7 locations and over 1400 Realtors® and Associate Brokers poised and ready to guide you through your real estate transaction. Whether you are looking to buy or sell property, let one of our experienced Realtors® help you facilitate the Atlanta real estate market.

### About your Realtor®

Mike is an accomplished marketer who turned his attention to real estate after over 20 years as a top producer and sales leader for numerous digital media organizations. He brings an essential blend of marketing and sales experience to his clients, and is dedicated to providing exceptional service and strategic business development. A seasoned professional, Mike is known for building strong, long-lasting, personal and business relationships, and promotes commitment to ethical and honest sales practices. Mike is a member of the Cobb Association of Realtors®.

# CHOOSING

When selecting a real estate professional, you want someone who has a thorough understanding and can provide accurate information on neighborhoods, schools, and communities. You want someone who can anticipate problems before they occur and offer solutions based on previous results.

Buying a home involves a significant amount of money and can be emotional; it is important you find someone you like and trust. You must have confidence in knowing your real estate agent understands your concerns and objectives. The right agent will understand the complexities of the ever changing real estate market and be able to communicate to you crucial market data.

Only after we fully understand your position, can we then focus on the areas of importance and meet your objectives.

“You want someone who can anticipate problems before they occur and offer solutions based on previous results.”

In addition to finding homes that meet your wants and needs, we have the resources to assist you in finance, insurance, and other related service professionals, such as home inspectors, pest control companies and movers.



## *Why do I need a Realtor®?*

A Realtor® brings a wealth of knowledge and experience to the business of buying a home. In fact, a licensed real estate professional provides much more than the service of helping you find the home of your dreams. Realtors® are not just sales agents. They are expert negotiators, seasoned financial advisors, and superb navigators around the local neighborhood. They are members of the National Association of Realtors® (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor® is your best resource when beginning your search for your new home.

### **// REMEMBER //**

The services you receive will vary depending on your agency relationship. It is important you know the agent's ethical and legal responsibilities that exist when working as a buyer's agent and as a seller's agent.

# *a Real Estate Professional*

## What is a BUYER'S AGENT?

A Buyer's Agent acts solely on behalf of the buyer and owes duties to the buyer, which include the utmost good faith, loyalty, and fidelity. The agent will negotiate on behalf of, and act as an advocate for the buyer. The buyer is legally responsible for the actions of the agent when that agent is acting within the scope of the agency. The agent must disclose to sellers all adverse material facts concerning the buyer's financial ability to perform the terms of the transaction and whether the buyer intends to occupy the property. A separate written buyer's agreement is required which sets forth the duties and obligations of the parties.

## What is a SELLER'S AGENT?

A Seller's Agent acts solely on behalf of the seller and owes duties to the seller, which include the utmost good faith, loyalty, and fidelity. The agent will negotiate on behalf of, and act as an advocate for the seller. The seller is legally responsible for the actions of the agent when that agent is acting within the scope of the agency. The agent must disclose to buyers or tenants all adverse material facts about the property known by the broker. A separate written listing agreement is required which sets forth the duties and obligations of the parties.

## What is the BUYER'S AGENCY AGREEMENT?

Entering into a Buyer's Agency Agreement has countless advantages and no disadvantages. When you sign a Buyer's agency agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his/her ability. All of this personal service is available

at absolutely NO COST TO YOU! The Seller's Agent is responsible for paying your Buyer's Agent fee. As your Realtor®, you get a professional devoted to protecting your needs to help you make one of the most important investment decisions of your life -- and you don't even have to pay the fee!

# THE PROCESS

## of Home Buying

Proper planning will help you focus on what you want and eliminate unnecessary distractions.

Furthermore, planning will help you anticipate and prepare for requests from your agent, lawyers, lenders and a host of other professionals. This will allow you to purchase your new home with minimum hassles.

This guide is designed to summarize the various steps along the path of qualifying, finding and buying a home. It is our job as your trusted advisor to streamline the steps for you, ensuring everything is completed according to plan and that we find the right home, negotiate the best price and terms, and take care of all the details.

### Stage 1 Initial Consultation

- Assess Your Wants & Needs
- Establish Working Relationship
- Educate on Current Market
- Outline Buying Strategy
- Discuss Financing Options

### Stage 2 Begin the Home Search

- Begin Loan Application
- Pre-Qualify with Lender
- Meet with Lender
- View Properties on Initial Search Criteria
- Evaluate Each Property
- Periodically Assess Search Criteria Based on Availability of Properties
- Choose the Right Home

### Stage 3 Prepare An Offer

- Review Comparable Sales To Determine Offer Price
- Review Progress Of Loan Pre-Approval: Decide On Financing
- Review Disclosures, as Available
- Decide On Other Negotiation Terms:
  - Inspections
  - Possession Date
  - Personal Property, etc



**Stage  
4**

**Reach Agreement  
with Seller**

- Present Offer to Seller/Agent
- Negotiate Terms & Possible Counter Offer
- Finalize Purchase Agreement

**Stage  
5**

**Complete Inspection  
& Remove Contingencies**

- Line Up Home Inspection
- Submit/Resubmit Pre-Approval Application With Lender
- Negotiate Inspections & Remove Contingencies

**Stage  
6**

**Pre-Closing  
Preparations**

- Order Home Insurance
- Complete Pre-Closing Documents From Lender
- Order Utility Service
- Perform Final Walk-Thru
- Review Closing Statement

**Stage  
7**

**Closing  
Day**

- Bring ID
- Cash, Certified Funds or Wire Funds for any Overages
- Get Your Keys



# WANTS VS. NEEDS



The included Home Buyer's Needs Analysis will help you establish some important criteria for your new home so you can cut your search time and narrow in on the areas and specific homes that meet your needs and circumstances. Define what you want and need in your new home. Using the provided checklist, mark the most important features you are looking for in a home. You may want to write some qualifying comments or additional features that are of importance to you. The more clearly you define your wants and needs, the easier the process of searching and deciding on your next home.

Some buyers make the mistake of thinking that if they look around long enough, they will find a home that has every

single item on their wish list, and fulfill 100% of their needs and wants. With the thousands of variables involved with finding a home, including location, style, size, amenities and condition, this is almost always an unrealistic goal.

## *Remember...stay flexible.*

Buyers who wait for that 'perfect' home often pass up homes that meet 90% or more of their desired features. This generally results in the buyer 'settling' for something less than ideal because they are worn out from the search. It really is important that once you locate that home that is truly 95% of what you want, you should make an offer. It is unlikely, and truly unrealistic, that you would find 100% of





## *What are you looking for in a home?*

The process of buying a home can seem overwhelming. It's hard to know where to start when there are so many things to consider.

what you want in a home. You may find as you go that you need or want to shift your priorities, price, style or location according to what you are seeing in the current market.

To help you stay focused and get the most out of your search process, it's a good idea to start with a list. Identify your "must haves" so you know the priorities. Buying a home is an emotional process and sometimes it's easy to fall in love with a particular house feature or style, forgetting about what you originally decided you needed to suit your lifestyle and budget.

Your "must haves" may include things like number of bedrooms, bathrooms, good natural light, a separate play area for the kids, and/or a large, sunny backyard.

Talk to family and friends to learn from their experiences: what do they love about their home and what would they change?

Thinking through what you want first makes it much easier once you start talking to sales people and builders. Lists will help you prioritize what you really need, while staying within your budget.



## *Ready to find a home?*

Let us search, filter and send you the best available properties for sale that match **your specific housing needs.**

# SO...

## *What will this cost?*

Homeownership pays in the long run, but there are some upfront costs that you should be aware of. These include:

### **Closing Costs**

Closing costs will vary depending on your loan, time of year, and many other factors. These can sometimes be negotiated to be partially paid by the seller and can also be rolled into a mortgage. Closing costs are paid at closing and are generally about 1.5% of the sales price. Some examples include:

- Attorneys' Fees
- Homeowner's insurance
- Title insurance
- Appraisal Fee
- Overnight Mailing
- Real Estate Tax
- Government Filing Fees
- Prepays
- Escrow Establishment
- Survey Costs
- Loan Application
- Intangibles Tax
- Discount Points
- Interest Proration

### **Home Inspection**

This is typically the first cost you will run into and very important, as it allows you to request repairs from the seller. The cost is usually based on a home's square footage, ranging from \$350-\$500.

### **Credit Concerns**

A big factor in how much you'll pay for a home is your credit score. A high score allows you to qualify for better interest rates and therefore lowers your monthly payments. To improve your credit score, pay off any accounts in collection at least two months prior to applying for your loan and then don't apply for any new credit cards or other loans during this period. Don't be scared if you don't have the best credit though. There are many special loan programs out there and we'll help you find one just right for you.

# your *BUYING POWER*

Before you set out to find your new home, we recommend you get pre-qualified for a home loan. Besides allowing you to make a confident offer, a pre-qualification can help you determine the maximum amount you are capable to offer.

It's a good idea to contact a lender early in the process to get pre-qualified. This will give you a general idea of the amount of mortgage you qualify for and will save you time because you will know the price of homes you should be viewing. Most reputable lenders will pre-qualify without any fee or further obligation. You will be asked questions about your income and monthly debt so the lender can work up a "ballpark" figure on the most you will be able to borrow.

Keep in mind that the lender is not guaranteeing you a loan; with additional information and an application for a mortgage, a lender will pre-approve you up to a certain amount.



## Advantages of Being *Pre-Approved*

- Your house-hunting process will be more efficient.
- You will know exactly how much you can spend.
- You will gain negotiating power.
- You can shop with the confidence that you practically have cash in your hands.
- You can close on your dream home quickly.

Obtaining lender approval in advance allows you to select the best loan package without being under pressure. You won't waste time considering homes you cannot afford and you will know in advance exactly what your payments will be when you finally do make an offer.

# Making an Offer

## Price

What you offer on a property depends on a number of factors. A seller with a house that has been on the market for a long time may be willing to accept a lower price. Sellers generally set asking prices so they have room to negotiate. Your offering price opens these negotiations. You should also consider the cost of necessary repairs that will require extra investment on your part. You can use these to justify offering a lower price.

## Deposit / Earnest Money

The amount of earnest money accompanying the offer should be clearly stated, plus the amount of money you will be paying at closing and your sources of financing.

## Personal Property

Light fixtures, drapery rods, chandeliers, washers, dryers, refrigerators, storm windows and doors, and other items not physically attached should be specified in writing if they're to be included in the purchase of the home.

## Financing Contingency

How long after the offer is accepted to arrange financing and the sources of financing and the exact terms for which the buyer is applying.

## Closing Date

Your offer to purchase should also include your proposed closing date. This is the date the actual and legal transfer of ownership occurs.

## Move-in Date

If you can be flexible on the possession date, the seller will be more apt to choose your offer over others who may be asking for a longer closing period.

# for your protection, get a *HOME*

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that are in need of attention.

In a home inspection, a qualified inspector takes an in-depth, unbiased look at the home to:

- Evaluate the physical condition: structure, construction, and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes



## Potential *RED FLAGS*:

**WATER DAMAGE:** Improperly treated water damage can cause the growth of mold and mildew.

**RADON:** This odorless gas, found mostly in rocky areas, can cause cancer.

**MOLD:** Toxic mold can cause serious health problems, or even death, especially to infants and those with weak immune systems.

**TERMITES AND CARPENTER ANTS:** These insects weaken the structure of a home over time.

**DEFECTIVE ROOFING:** This can be a costly problem to repair, depending on materials and age of the roof.

**ALUMINUM WIRING:** Found in some homes built in the mid 1960's to the early 1970's, this is a potential fire hazard.

**MAJOR FOUNDATION PROBLEMS:** Foundations can leak, erode, or shift. Requires expert consultation.

**MISSING OR INOPERABLE GFCI:** A ground fault circuit interrupter (GFCI) switches off electric power to a circuit when it senses any loss of current. A missing or malfunctioning GFCI can lead to electrocution, electric shock, and electric burns. Luckily, these can be installed by an electrician fairly inexpensively.

**MIXED PLUMBING:** Old and new plumbing components can cause supply issues and may need updating.

**UNDERSIZED ELECTRICAL SYSTEM:** Found mainly in older homes, this can result in a shortage of household circuits and outlets.

**LEAD-BASED PAINT:** Houses built before 1978 should be checked for lead based paint as this can cause lead poisoning, particularly in children and pregnant women.

# INSPECTION

## SELLER'S PROPERTY DISCLOSURE

As a buyer, when you make an offer on a home, we will request the seller to provide a Property Disclosure Statement; it is a helpful source of information on what the seller knows about the condition of the property.

The document is a multi-page questionnaire the Seller completes normally at the time they list the house with their agent. It covers in great detail the structural and environmental condition of the home.

The seller must state if they have any knowledge of various conditions or occurrences of their home, for example, if there has ever been a plumbing problem. They can answer if they know, but if they don't know, it doesn't mean it never happened before they bought the home. Or if they never lived in the home but were investors or inherited it, they might not know, and they would either leave blank or mark the "no" box.

What's most important is that you review the disclosure statement with your agent and know what action you can take to negotiate or reject the purchase based on disclosures made.

You should not rely on the disclosure for your in-detail information, but do a full and complete home inspection in order to thoroughly examine the home and understand any and all conditions, defects or potential trouble spots that come along with it.

### *What's covered...*

A home inspector provides a visual, non-invasive inspection of various structures of a property. They do not drill into walls, move structures, or in any way damage the property to perform tests. The purpose of the inspection is to determine if the components are in working order at the time of the inspection.

A typical home inspection includes a visual inspection and operational check of the following:

- Exterior siding, doors, windows, decks, drainage, retaining walls, etc.
- Interior doors, ceilings, floors, windows, built-in appliances, etc.
- Structural Systems
- Electrical Systems
- Air Conditioning Systems
- Heating Systems
- Plumbing Systems
- Ventilation and Insulation
- Roofing

# *Finding* your next **HOME**

Homes come in all shapes and sizes and, whether you are buying or renting is irrelevant to your list of wants and needs. As your family grows, your needs and priorities change meaning it's hard to pin point exactly what you will want in years to come. To help you in your search, we've put together this information to help you as you begin the search for your next home.





Proper Planning Will Help You  
Focus and Eliminate Unnecessary  
Distractions

# Homebuyers Checklist

This checklist will remind you of some of the information we have covered within the Buyer's Guide. Just let us know if there's something you feel you need more information about.

- Budget.** Look at your monthly income and monthly expenses and determine how a house might fit in. How much can you really afford? Don't forget to include taxes and insurance in your projected costs!  
.....
- Check your Credit.** The condition of your credit may influence the financing available to you for purchasing a home, so it's important to understand your creditworthiness early in the process. Get your free annual credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com) and check for errors or unresolved issues. Make sure to correct any mistakes with the credit bureaus.  
.....
- Collect your Documents.** Gather pay stubs, bank account statements, W-2s, tax returns for the last two years, statements from current loans and credit lines, and names and addresses of your landlords for the past two years – lenders are going to want to see these when you're working on financing.  
.....
- Find lenders and get pre-qualified or pre-approved.** We will happily make some lender suggestions based on those whom have represented our clients well in the past. You may also speak with your local bank or credit union.  
.....
- Start your Search.** We will help you find neighborhoods and homes that fit your needs and your budget. We'll then help narrow down the options by comparing those houses, prices, features, neighborhoods, and demographics.  
.....
- Make the Offer.** You've found the perfect home and now it's time to work with your agent to submit an offer! Your submission will include the terms of the offer and a good faith deposit. Keep in mind that the Seller looks for the best offer, not just the highest price.  
.....
- Do an Inspection.** You should always be aware of both the good and the bad before you buy a house, so it's critical that you have a professional inspection done.  
.....
- Confirm Financing.** Now that you know the house price and terms of the sale, go back to your lender to get your financing approved.  
.....
- Prepare to Close.** In preparation for closing, your lender may ask you for more information on your finances and the property – you'll also need to organize your down payment, prepare to pay for any closing costs, get a property insurance policy, title insurance, and a host of other things. Ask lots of questions and be sure you understand everything you sign or agree to.  
.....
- Schedule Closing.** We will work with you and your lender to schedule a convenient closing date, time, and location. At the closing, you'll sign deed and mortgage documents, among other things, and at the end you'll be handed the key to your new home!

## CURRENT SITUATION

Currently, are you a:

- Homeowner     First-time Buyer     Renter

If renting, date lease expires: \_\_\_\_/\_\_\_\_/\_\_\_\_

When would you like to move?

- 1 month or less     2-3 months  
 4-5 months     6 months or more

Have you started looking yet?     Yes     No

If so, how long have you been looking?

- 0-2 weeks     3-4 weeks     1-3 months  
 4-5 months     6 months or more

## FUTURE HOME ATTRIBUTES (check all that apply)

- Desired City, School or Zip Code: \_\_\_\_\_  
 Close Proximity to Work: \_\_\_\_\_  
 Close Proximity to School: \_\_\_\_\_  
 Close Proximity to Public Transportation

What type of neighborhood do you prefer?

- Urban     Suburbs     Rural     Gated     Golf     Lake

Price range \$ \_\_\_\_\_ to \$ \_\_\_\_\_

What type of home do you prefer?

- Single Family     Townhouse/Condo     Duplex

Bedrooms:     2-3     4-5     6+

Bathrooms:     1-2     3-4     5+

Sq. feet more than \_\_\_\_\_ Less than \_\_\_\_\_

Basement:

- None     Finished     Unfinished     Stubbed

Lot features: (check all that apply)

- < 1 acre     1-2 acres     2+ acres  
 Fenced     Wooded     Private  
 Level     Corner     Cul-de-sac  
 Garden area     Play area

How many stories?

- One     Two     Three     Split foyer     Split level

Desired condition of the home?

- Move-in ready     Some work     Fixer upper

Age range for the home: \_\_\_\_\_ to \_\_\_\_\_

What style of home do you prefer?

- Contemporary     Craftsman     Traditional  
 Colonial     Ranch     Farmhouse

Garage (check all that apply)

- One car     Two car     Three car  
 Carport     Attached     Detached  
 Front Entry     Side Entry     Rear Entry

Exterior Features (check all that apply)

- Brick     Vinyl     Stucco  
 Wood     Cement Siding     Stone  
 Deck     Patio     Porch  
 Pool/Outdoor spa     Sunroom/Screened-in Porch

Interior Features (check all that apply)

- Master on main     Bedroom on main     Hardwood floors  
 Family/Great room     Formal dining     Vaulted ceilings  
 Walk-in closets     Laundry room     Breakfast area/bar  
 Office space     In-law suite

Community Features (check all that apply)

- Golf course     Lake     HOA  
 Clubhouse     Basketball courts     Tennis courts  
 Play area     Gated     Active adult

What are the top five features your home needs to have?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Additional information you'd like to share:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# BUYER TOOLS



**POWER SEARCH**  
AtlCommunities.com



**PROPERTY & PRICE ALERTS**  
Instant updates via email



**MOBILE**  
Search the MLS from anywhere



**PRE-MARKET/COMING SOON**  
Exclusive access to upcoming listings



**BROKER OPENS & NETWORKING**

Connections with the top brokers in the area



**OPEN HOUSE LISTS**

Access to the most up-to-minute open houses



**HOTSHEETS**

Identify new properties, status changes and prices, daily



**COMMUNITY MARKET REPORT**  
Market and Sales Trends



**PROPERTY REPORT**

A comprehensive look at an individual property when considering a purchase



**RPR NEIGHBORHOOD REPORT**  
Everything you want to know about the housing, people, economics and quality of life of a neighborhood



**SCHOOL REPORT**

A treasure trove of data on a school's student population, testing outcomes and community information



**TRUSTED ADVISORS**

Mortgage | Insurance | Attorney | Inspection  
For consumers who place a premium on convenience and reliability

**eSIGN**

Online transaction management

## *Tips for Successful House Hunting*

1. Keep an organized record of your research. Write down comments about the homes you see. Keep track of your likes and dislikes and offer feedback to your Realtor®. Some buyers are reluctant to tell an agent what they really think of a house; they think the agent might take it personally.
2. Make sure your agent is aware of your time schedule and expectations. Do you like to look at one or two homes on a given appointment? Four? Six? Discuss this with your agent.
3. Tell your agent about any homes you see that interest you and that you'd like to know more about. This includes homes you've found as you explore the area and those advertised online or by recommendation of others.
4. If you like to spend time driving around by yourself looking at houses, ask your agent for a list of possibilities — homes to consider first from the outside. Your agent can make appointments to show you the interior of the properties that appeal to you.



# PROPERTY SCORECARD

Property Address: .....

<b>ASKING PRICE</b>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>OVERALL IMPRESSION</b>			
	DISLIKE	LIKE	LOVE

<b>LOCATION / NEIGHBORHOOD</b>			
Appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety/Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amenities/Recreation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commute	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proximity to Shopping, Hospitals, Recreation, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>HOME FEATURES</b>			
Exterior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foyer Entry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Family   Great Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Master Bedroom   Bath	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedroom(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bathroom(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Upstairs - Main - Lower   Room - Closet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deck, Patio, Porch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floorplan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Room(s) (Formal Dining, Office, Recreation, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>LOT</b>			
Curb Appeal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level, Sloped, Steep	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Backyard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Added Features (Storage, Workshop, Pool, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOTES .....

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# *Finding* the right **LENDER**

The first step to a successful home buying experience is choosing the right lender for your needs. Many people think that you should go straight for the mortgage lender that offers you the best rate, but there are many other factors to consider. Mortgage lenders come in many types and sizes, and they offer different products and services. It's important that you choose the lender that's best for your unique needs.



# LOOKING FOR THE BEST MORTGAGE



Shopping around for a home mortgage loan will help you to get the best financing deal. A mortgage —whether it's a home purchase, a refinancing, or a home equity loan — is a product, just like a car, so the price and terms may be negotiable. You'll want to compare all the costs involved in obtaining a mortgage. Shopping, comparing, and negotiating may save you thousands of dollars.

## Obtain Information from Several Lenders

Home loans are available from several types of lenders, commercial banks, mortgage companies, and credit unions. Different lenders may quote you different prices, so you should contact several lenders to make sure you're getting the best price. You can also get a home loan through a mortgage broker. Brokers arrange transactions rather than lending money directly; in other words, they find a lender for you. A broker's access to several lenders can mean a wider selection of loan products and terms from which you can choose. Brokers will generally contact several lenders regarding your application, but they are not obligated to find the best deal for you unless they have contracted with you to act as your agent. Consequently, you should consider contacting more than one broker, just as you should with banks or thrift institutions.

Whether you are dealing with a lender or a broker may not always be clear. Some financial institutions operate as both lenders and brokers. And most brokers' advertisements do not use the word "broker." Therefore, be sure to ask whether a broker is involved. This information is important because brokers are usually paid a fee for their services that may be separate from and in addition to the lender's origination or other fees. A broker's compensation may be in the form of "points" paid at closing or as an add-on to your interest rate, or both. You should ask each broker you work with how he or she will be compensated so that you can compare the different fees. Be prepared to negotiate with the brokers as well as the lenders.

## Obtain All Important Cost Information

Be sure to get information about mortgages from several lenders or brokers. Know how much of a down payment you can afford, and find out all the costs involved in the loan. Knowing just the amount of the monthly payment or the interest rate is not enough. Ask for information about the same loan

amount, loan term, and type of loan so that you can compare the information. The following information is important to get from each lender and broker:

### RATES

- Ask each lender and broker for a list of its current mortgage interest rates and whether the rates being quoted are the lowest for that day or week.
- Ask whether the rate is fixed or adjustable. Keep in mind that when interest rates for adjustable-rate loans go up, generally so does the monthly payment.
- If the rate quoted is for an adjustable-rate loan, ask how your rate and loan payment will vary, including whether your loan payment will be reduced when rates go down.
- Ask about the loan's annual percentage rate (APR). The APR takes into account not only the interest rate but also points, broker fees, and certain other credit charges that you may be required to pay, expressed as a yearly rate.

### POINTS

Points are fees paid to the lender or broker for the loan and are often linked to the interest rate; usually the more points you pay, the lower the rate.

- Check online and your local newspaper for information about rates and points currently being offered.
- Ask for points to be quoted to you as a dollar amount—rather than just as the number of points—so that you will actually know how much you will have to pay.

### FEES

A home loan often involves many fees, such as loan origination or underwriting fees, broker fees, and transaction, settlement, and closing costs. Every lender or broker should be able to give you an estimate of its fees. Many of these fees are negotiable. Some fees are paid when you apply for a loan (such as application and appraisal fees), and others are paid at closing. In some cases, you can borrow the money

needed to pay these fees, but doing so will increase your loan amount and total costs. "No cost" loans are sometimes available, but they usually involve higher rates.

- Ask what each fee includes. Several items may be lumped into one fee.
- Ask for an explanation of any fee you do not understand. Some common fees associated with a home loan closing are listed on the Mortgage Shopping Worksheet.

## Down Payments and Private Mortgage Insurance

Some lenders require 20 percent of the home's purchase price as a down payment. However, many lenders now offer loans that require less than 20 percent down—sometimes as little as 5 percent on conventional loans. If a 20 percent down payment is not made, lenders usually require the home buyer to purchase private mortgage insurance (PMI) to protect the lender in case the home buyer fails to pay. When government-assisted programs such as FHA (Federal Housing Administration), VA (Veterans Administration), or Rural Development Services are available, the down payment requirements may be substantially smaller.

- Ask about the lender's requirements for a down payment, including what you need to do to verify that funds for your down payment are available.
- Ask your lender about special programs it may offer.

If PMI is required for your loan,

- Ask what the total cost of the insurance will be.
- Ask how much your monthly payment will be when including the PMI premium.
- Ask how long you will be required to carry PMI.

# Mortgage Shopping Worksheet

Lender 1

Lender 2

Name of Lender: .....

Name of Contact: .....

Date of Contact: .....

Mortgage Amount: .....

mortgage 1

mortgage 2

mortgage 1

mortgage 2

## Basic Information on the Loans

Type of Mortgage: fixed rate, adjustable rate, conventional, FHA, other? If adjustable, see below .....

Minimum down payment required .....

Loan term (length of loan) .....

Contract interest rate .....

Annual percentage rate (APR) .....

Points (may be called loan discount points) .....

Monthly Private Mortgage Insurance (PMI) premiums .....

How long must you keep PMI? .....

Estimated monthly **escrow** for taxes and hazard insurance .....

Estimated monthly payment (Principal, Interest, Taxes, Insurance, PMI) .....

## Fees

*Different institutions may have different names for some fees and may charge different fees. We have listed some typical fees you may see on loan documents.*

Application fee or Loan processing fee .....

Origination fee or Underwriting fee .....

Lender fee or Funding fee .....

Appraisal fee .....

Attorney fees .....

Document preparation and recording fees .....

Broker fees (may be quoted as points, origination fees, or interest rate add-on) .....

Credit report fee .....

Other fees .....

## Other Costs at Closing/Settlement

Title search/Title insurance  
For lender .....

For you .....

Estimated prepaid amounts for interest, taxes, hazard insurance, payments to escrow .....

State and local taxes, stamp taxes, transfer taxes .....

Flood determination .....

Prepaid Private Mortgage Insurance (PMI) .....

Surveys and home inspections .....

## Total Fees and Other Closing/Settlement Cost

Estimates .....

## Obtain the Best Deal That You Can

Once you know what each lender has to offer, negotiate for the best deal that you can. On any given day, lenders and brokers may offer different prices for the same loan terms to different consumers, even if those consumers have the same loan qualifications. The most likely reason for this difference in price is that loan officers and brokers are often allowed to keep some or all of this difference as extra compensation. Generally, the difference between the lowest available price for a loan product and any higher price that the borrower agrees to pay is an average. When overages occur, they are built into the prices quoted to consumers. They can occur in both fixed and variable-rate loans and can be in the form of points, fees, or the interest rate. Whether quoted to you by a loan officer or a broker, the price of any loan may contain overages.

Have the lender or broker write down all the costs associated with the loan. Then ask if the lender or broker will waive or reduce one or more of its fees or agree to a lower rate or fewer points. You'll want to make sure that the lender or broker is not agreeing to lower one fee while raising another or to lower the rate while raising points. There's no harm in asking lenders or brokers if they can give better terms than the original ones they quoted or than those you have found elsewhere.

Once you are satisfied with the terms you have negotiated, you may want to obtain a written lock-in from the lender or broker. The lock-in should include the rate that you have agreed upon, the period the lock-in lasts, and the number of points to be paid. A fee may be charged for locking in the loan rate. This fee may be refundable at closing. Lock-ins can protect you from rate increases while your loan is being processed; if rates fall, however, you could end up with a less favorable rate. Should that happen, try to negotiate a compromise with the lender or broker.

## Remember: Shop, Compare, Negotiate

When buying a home, remember to shop around, to compare costs and terms, and to negotiate for the best deal. Your local newspaper and the Internet are good places to start shopping for a loan. You can usually find information both on interest rates and on points for several lenders. Since rates and points can change daily, you'll want to check online and the newspaper often when shopping for a home loan.

The Mortgage Shopping Worksheet will help you. Take it with you when you speak to each lender or broker and write down the information you obtain. Don't be afraid to make lenders and brokers compete with each other for your business by letting them know that you are shopping for the best deal.

## HOW MUCH CAN YOU AFFORD TO BORROW?

One factor lenders consider when determining the amount of payment you qualify for is your debt-to-income ratio. Your monthly housing payment divided by your monthly gross income is called the front-end ratio, which should be 28 percent or less for most loan types. Your total monthly debt payments divided by your monthly income is called a back-end ratio, which must be under 38 percent for some loan programs, but may go up to 45 percent in some cases.

### Here is an example of how these are calculated:

Your monthly mortgage payment proposed is \$750. You make \$36,000 per year before taxes. You have a car payment of \$300 per month and a credit card with a minimum payment of \$75 per month.

#### Front-End Ratio

$\$36,000 \text{ yearly income} \div 12 \text{ months} = \$3,000 \text{ monthly gross income}$   
 $\$750 \text{ monthly mortgage payment (PITI)} \div \$3,000 \text{ monthly gross income} = 25\% \text{ front-end ratio}$

#### Back-End Ratio

$\$36,000 \text{ yearly income} \div 12 \text{ months} = \$3,000 \text{ monthly gross income}$   
 $\$750 \text{ monthly mortgage payment (PITI)} + \$300 \text{ monthly car payment} + \$75 \text{ minimum monthly credit card payment} = \$1,125 \text{ monthly debt}$   
 $\$1,125 \text{ monthly debt} \div \$3,000 \text{ monthly gross income} = 37.5\% \text{ back-end ratio}$

Mortgage Amount	Interest Rate						
	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%
\$100,000	\$422	\$449	\$477	\$507	\$537	\$568	\$600
\$150,000	\$632	\$674	\$716	\$760	\$805	\$852	\$599
\$200,000	\$843	\$898	\$955	\$1,013	\$1,074	\$1,136	\$1,199
\$250,000	\$1,054	\$1,123	\$1,194	\$1,267	\$1,342	\$1,419	\$1,499
\$300,000	\$1,265	\$1,347	\$1,432	\$1,520	\$1,610	\$1,703	\$1,799
\$350,000	\$1,476	\$1,572	\$1,671	\$1,773	\$1,879	\$1,987	\$2,098
\$400,000	\$1,686	\$1,796	\$1,908	\$2,028	\$2,148	\$2,272	\$2,398
\$450,000	\$1,897	\$2,021	\$2,148	\$2,280	\$2,416	\$2,555	\$2,698
\$500,000	\$2,108	\$2,245	\$2,387	\$2,544	\$2,684	\$2,839	\$2,998
\$550,000	\$2,319	\$2,470	\$2,626	\$2,787	\$2,953	\$3,123	\$3,298
\$600,000	\$2,530	\$2,694	\$2,864	\$3,040	\$3,221	\$3,407	\$3,597
\$650,000	\$2,740	\$2,919	\$3,103	\$3,293	\$3,489	\$3,691	\$3,897
\$700,000	\$2,951	\$3,143	\$3,342	\$3,547	\$3,758	\$3,975	\$4,19

### Monthly Payment on a 30-Year Fixed Rate Mortgage

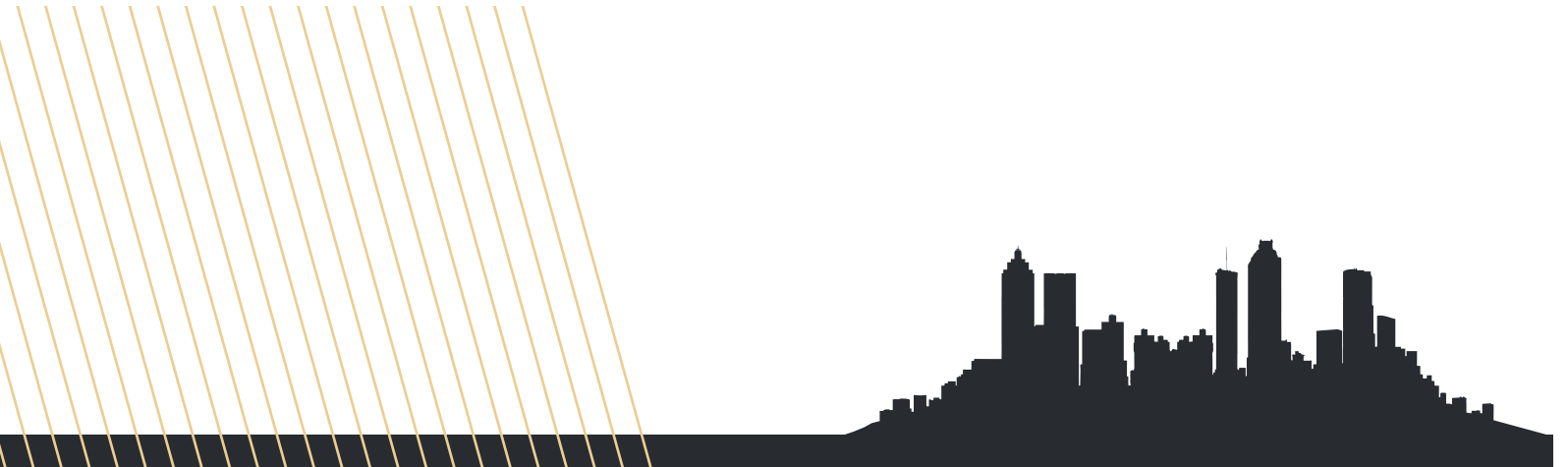
Select a current interest rate for 30-year, fixed rate mortgages; go down the column to the amount to the monthly payment that fits you best. The corresponding mortgage amount is listed in the first column.



# *Important*

## DOCUMENTS & REMINDERS

Several important documents are provided to you in your search for your next home. It is important for you to carefully review these documents and ask any questions you might have. This section consist of information to familiarize yourself with some of the documents in advance, helping the process go a little faster and more smoothly. It's also a great place to store important documents as you receive them for easier reference down the road.



# NOTICES, FORMS & AGREEMENTS

A real estate documents and agreements don't have to be overwhelming or confusing. A good, first step is to understand the types of real estate contracts that you will likely see, how they can protect you as a buyer, and the situations for which they are used. Familiarizing yourself with this information will put you one step closer to feeling confident in your home purchase.

## **What's Included In This Packet**

5 Keys to Having a Successful Negotiation

Obtain a Homeowners Insurance Quote

Mistakes to Avoid when Buying a Home

## **SAMPLE DOCUMENTS**

- ABC's of Agency
- Protect Yourself when Buying a Home
- What to Consider when Buying in a HOA
- Sample Property Disclosure
- Sample Community Disclosure
- Sample Purchase and Sale Agreement



# NEGOTIATIONS

Most people look forward to a negotiation like they look forward to a root canal. Others relish in the opportunity just so they can spend hours debating and trying to win at all costs. No matter what category you fall into, one thing is for sure: negotiations are a part of almost every real estate transaction. And how they're handled goes a long way toward determining the success of a deal.

## Five keys to having a successful negotiation:

- 🔑 Before negotiation begins, try to best determine the motivation of the other party. It's not always price. A flexible closing date could be just as important. This will help you formulate a strong offer going in.
- 🔑 Keep negotiations civil and steer clear from an "us" versus "them" mentality. The goal is to truly create a win-win situation for everyone involved. Otherwise, you could create a contentious environment or never reach an agreement to begin with.
- 🔑 Keep negotiations moving forward, even if offers and counteroffers are taking longer than what you expected. Many deals, and some of the best, come from the buyers being patient.
- 🔑 Don't forget the intangibles of a successful negotiation. For example, if buyers find themselves in a multiple offer situation, personalize your offer with a letter to the seller about how much you love their home. The personal connections people make with one another can often be the difference to having the advantage over another offer.
- 🔑 It's expected that your emotions will play into negotiations. How can they not, you've potentially identified your next place to call home. Fortunately you have us to represent your interests and help keep emotions in check. It's important to share your feelings with us so you can refocus on the task at hand. In the end, you usually end up with what's important to you.

## Obtain a homeowners insurance quote

All lenders will require that you buy homeowners insurance, which covers the cost of repairing or rebuilding the house in case of damage or catastrophe. Contact an insurance company to determine what information they will need to insure the home and obtain an estimate of its costs. Proof of adequate insurance coverage (hazard and maybe flood) will be needed before your loan can close.

# Mistakes to Avoid

## When Buying a Home

A great way to make the home-buying process flow smoothly is to educate yourself and learn from mistakes others have made - this can make the difference between buying the home of your dreams and buying a home with regrets.

### **Not Getting Pre-Qualified Or Pre-Approved**

If you receive pre-qualification or pre-approval from a reputable lender, your negotiating position is strengthened. It shows agents and sellers you are serious about buying a home.

### **Not Getting Enough Information about the Properties**

Obtain market statistics and sales records for the area you are considering buying a home in so you know how things (prices, conditions, list-to-selling price ratios) stack up in your neighborhood.

### **Not Looking at Enough Houses for Sale**

The more you see, the more you'll learn about what you want and what each house is worth.

### **Not Making the Correct Price Comparison**

Don't assess the value of a house only on the asking price. Your real estate agent should compile reports that reflect and compare the selling price of similar houses recently sold.

### **Not Asking Enough Questions**

Don't be afraid to ask questions! You're not supposed to know everything about buying a home. Remember, this is potentially the biggest purchase you will make in your life – don't get caught in a "lemon" because you didn't ask enough questions!

### **Fear of Losing a Specific House**

Don't fall in love with the first home you see. New listings come onto the market all the time. The best deal may still be around the corner.

### **Not Looking Past the Interior Decorating or Cosmetic Improvements**

Don't choose a house because you like the interior decorating – that is not what you are buying and it will probably go with the seller when he moves. Check out the actual structure of the house!

### **Not Checking Out Every Nook and Cranny Before Purchasing**

Go through the house with a fine-tooth comb. You don't want to find out after you've bought the house that the roof is leaking. Open cabinets, turn on every switch, notice details, move stuff away from the walls, look in the attic, turn on faucets.

### **Not Doing Your Homework**

Knowledge is power. There is so much information out there today with the Internet and so many more online tools. Real Estate agents are not the only people that have access to the MLS (Multiple

Listing Service). Consumers themselves now have access and see exactly what homes are being sold for. It pays to do your homework when buying a new home, there is no excuse to enter the market unprepared.

### **Choosing a Poor Location**

Location matters. Even within every neighborhood and subdivision, there is a difference in location. Is it on the busiest street? Is there a shopping center out the back window? Is there a train track that you can hear going by? These are just a few examples that can cause a home not to sell as easily as similar homes in a same subdivision.

### **Overlooking an Inferior Floor Plan for an Attractive Exterior**

The home may have gorgeous curb appeal, but you will not be living on the lawn. No matter how attractive the exterior is, you need a home that is livable.

### **Overlooking How You will Function in the Home**

How do you really live? Do you really need a formal dining room and living room? Would you be happier with an eat-in kitchen and a great room and a den to use as a home office? The house only needs to fit one family... Yours.

### **Not Having the Home Properly Inspected in a Resale**

This is not the time for surprises. In the long run, it will pay to have a home inspection performed by a qualified, respected professional. You may be able to save yourself a lot of money and headaches by finding out about potential issues before purchasing a property.

### **Not Getting What You Want Because You are Impatient**

This is an extremely big decision. You need time to review all the information and what is available. Impatient decisions can lead to mistakes. That is why it is always smart to work with a full time Real Estate agent who knows the intricate market.

### **Waiting for a Better Market / Better Interest Rates:**

If you wait too long, you might just pass up the perfect home for you. Even in a slower market, nice homes that are priced right will sell very fast.

### **Not Buying At All:**

If you can afford to purchase a home and you decide not to purchase, you will be losing out on the benefits of tax deductions, building equity, and the appreciation in value. Over a long period of time, Real Estate has always been an extremely profitable investment and will continue to do so in the future.

# *Counting Down* to **MOVING DAY**

Are you dreading moving day? Most of the stress from moving comes from lack of preparation. Box up that stress and be prepared with this handy moving schedule.



# MOVING CHECKLIST

## Assess what you need to take with you - then eat, donate, recycle, or throw the rest out!

- Perishable foods and leftovers
- Toxic materials (batteries, paints, cleaners, propane, flammables, bleach, batteries, mercury)
- Old electronics
- Old books, cds/DVD's, magazines and newspapers
- Metals and wood from previous home repairs or building projects
- Decorations that may not have a place in your new home
- Return borrowed things and collect things you've loaned
- Cash for payment/tips/miscellaneous

For help with donating your goods, check out (<http://www.donationtown.org/about-us/>)

## Will your larger items fit through stairs and doorways in your new home?

- Couch
- Large chairs/barcaloungers
- One-piece bookshelves, bed frames, and tables Framed art
- Fridge
- Washer/dryer

## Prep if moving yourself

- Pick up boxes and supplies (tape, bubble wrap, etc).
- Get prices from truck/van companies and secure an affordable rental for the day of moving.
- Ask friends or family to help pack and move your belongings.
- Sketch out the floor plan of your new home to determine placement of furnishings.
- Write out directions for items requiring special attention (chandeliers, collectibles, delicate plants, etc.).
- Place all important documents in one binder (new and old leases, floor plans, maps to your new home, etc.).
- Have copies of keys ready for any friends helping out, in case they get to your new home ahead of you.
- Take an inventory of boxes and items that will be going with you.
- Be sure to have water and at least one meal ready to serve for friends and family helping you.
- Keep bathrooms in both locations stocked with enough toilet paper and soap for the day.

## Label it and you won't lose it.

- Use markers and colored stickers to label each box according to:
- Weight (heavy, medium, light)
- Color (each corresponds to a specific room)
- Fragility (not at all, somewhat, very)
- Need To Use (immediately, no rush, storage)

## Change of address

- Employer H.R. dept.
- Postal service
- Banks, checking and savings
- Credit cards
- Insurance companies
- Doctor
- Dentist
- Hospital
- Pharmacy
- Newspapers
- Voter registration
- Veterinarian
- Schools
- Loans
- Travel/auto club
- Creditors
- Utility Companies:
  - Electric
  - Gas
- Telephone company
- Trash company
- Internet/Cable company

## Prep if using movers

- Get general pricing information from at least three moving companies.
- Get an on-site written estimate from the moving company you choose.
- Decide if you or the movers will be doing the packing.
- Sketch out the floor plan of your new home to determine placement of furnishings.
- Write out directions for items requiring special attention (chandeliers, collectibles, delicate plants, etc.). Confirm all other arrangements (scheduling, number of movers, etc.) in writing or an email.
- Leave a representative at your old home to answer questions for the movers.
- Have copies of keys ready for the movers, in case they get to your new home ahead of you.
- Take an inventory of boxes and items that will be going with the movers.
- Be sure to have water and at least one meal ready for the movers.
- Keep bathrooms in both locations stocked with enough toilet paper and soap for the day.

## Repairs necessary to get your deposit back or prevent any issues on the final walk through of the sell of your house.

- Fill tack or nail holes with caulk and paint them.
- Clean out fireplace and gutters if applicable.
- Clean and wash all surfaces including countertops, sinks, toilets and tubs.
- Sweep up all dust and any mess created during the moving process.
- Vacuum any permanent rugs, especially if you have pets.
- Taken out any trash or pet waste and deoderize those areas thoroughly.
- Reinstall any carbon monoxide or fire alarms you may have disabled by accident.
- Paint over any nicks and scratches on walls
- Make sure your front/back yard is neat and trimmed and that any cuttings are composted, mulched, or disposed of.

## Have you dealt with all special circumstances yet?

- Take the day off work.
- Cancel any medical or social appointments.
- Find someone to watch or board your pets.
- Triple bag any fish in thick plastic and drained your aquarium.
- Place temperature-sensitive plants in a new home or packed them up accordingly.
- Make arrangements to pick up your children or have them picked up if necessary.
- Arranged to move your TV antenna or dish.
- Double check your attic and basement.
- Drain the fuel from lawnmowers and other power equipment.
- Firmly secure all tools in their boxes.

## General moving day tips.

- Arrive at your new home as early as possible to make sure utilities and services are connected.

- Check traffic and weather reports and share the information with your friends or movers.
- Make sure your friend or the mover driving has your exact address and keep his cell number on hand.
- If moving yourself, help out as much as possible but don't shy away from directing the action either.
- If using movers, during unloading you should stay out of the way unless they specifically ask for your assistance.
- Make one last tour of your home to confirm you or your utility company have shut off all switches and services:
  - Water
  - Electricity
  - Heat & air (furnaces, boilers, & AC)
  - Cable & Internet
  - Phone

## When its over and done.

- Thank your friends for all their hard work and promise to help them next time they move.
- Or thank and pay the movers their stated fee. Include at least a \$20 tip per mover, or more if your new home is four floors or more.
- Before unpacking, double check your inventory list and see if all the boxes and items made it into your new home.
- If not, ask your friends or the movers to check the truck or your old home.
- If the item(s) still can not be found, retrace your friends' steps or call the movers' main office to file a complaint.
- Unpack at your leisure and enjoy your first night in your new home.

## Congratulations!

## Obtain a homeowners insurance quote

All lenders will require that you buy homeowners insurance, which covers the cost of repairing or rebuilding the house in case of damage or catastrophe. Contact an insurance company to determine what information they will need to insure the home and obtain an estimate of its costs. Proof of adequate insurance coverage (hazard and maybe flood) will be needed before your loan can close.

# *Protecting* your **HOME**

What's the Difference: Homeowners Insurance vs. Home Warranty? While both are great protections to have, home insurance and home warranties offer different types of protection. Learn what each covers and why you should consider purchasing both.





# HOMEOWNERS INSURANCE

## Why you need insurance

Homeowners insurance is an important purchase for many people. And unless you pay cash for your home, one of the requirements that will be made by your lender is proof of a valid homeowners insurance policy.

The purpose of having a homeowners insurance policy is to:



### Protect your assets

Homeowners insurance covers the structure of your home and your personal property, as well as your personal legal responsibility (or liability) for injuries to others or their property while they're on your property.



### Satisfy your mortgage lender

Most mortgage lenders require you to have insurance as long as you have a mortgage and to list them as the mortgagee on the policy. If you let your insurance lapse, your mortgage lender will likely have your home insured. Compared to a policy you would buy on your own, the premium might be much higher and the coverage will be limited to damage to the structure of your home. The lender can require you to pay this higher premium until you get your own homeowners insurance again.

## Deductibles and saving on money on your premium

A deductible is the money you have to pay out-of-pocket on a claim before the policy pays the loss. The deductible applies to coverage for your home and personal property and is paid on each claim. Having a higher policy deductibles will lower policy premiums you pay. A policy with a \$1,000 deductible will have a lower premium than the same policy with a \$500 deductible.

Having a higher deductible can be a good way to save money on your homeowners insurance premium and to submit fewer claims. Of course you'll want to be sure you can afford the deductible in case you have a loss.



## Other Types of Home-Related Insurance



### PMI — Private Mortgage Insurance

Lenders usually require private mortgage insurance if your down payment is less than 20% of the home's purchase price. PMI protects the lender if you default on your mortgage. The PMI premium is often included in your monthly mortgage payment.



### Title Insurance

Title insurance protects you and the lender against any monetary loss due to errors in the title. You usually pay for title insurance as a one-time fee when you buy a home.

# HOME WARRANTIES

Home Warranty is a descriptive term and was coined because the home service contract industry evolved by offering sellers a service contract to homebuyers as a form of a “warranty.” The term warranty seemed to fit and has persisted. Many home service contract companies still widely use the term “home warranty” in their name, slogan or on their contracts.

## What is a home service contract? (a.k.a. Home Warranty)

A home service contract covers the mechanical breakdown of individual parts of a home, such as the electrical and plumbing systems. It does not cover the home’s structure, may or may not cover appliances, and is good for a period of time, usually one year. There are exclusions and limitations associated with every home service contract along with a service call fee — amounts vary based on company and the coverage plan.

## Is a Home Warranty a good choice?

The home warranty focuses on major, built-in household appliances and home systems; generally covering things like dishwashers, ovens, disposals, wiring and plumbing systems, and most importantly, heating, ventilation and air conditioning systems (HVAC). Many home warranty providers also offer a menu of optional coverages, such as pool pumps, spas, septic tanks and free standing appliances, i.e. refrigerators, washers/ dryers, etc. At an average cost of \$350 - \$500 for a 12-month period, having a home warranty is something you should consider.

## A Home Warranty offers you:



**Peace of Mind:** Knowing you’re protected against unexpected repairs or replacement costs.



**Budget Protection:** From the high cost of home repair.



**Convenience:** Most home warranty companies have representatives available toll-free 24 hours a day, 365 days a year.



# Home Warranty Comparison Worksheet

	2-10	ACHOSA	America's Preferred	American Home Shield	Choice	First American	HWA	Old Republic	Residential Warranty Services
Washer/Dryer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Refrigerator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Oven Range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooktop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Microwave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garbage Disposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trash Compactor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing Stoppages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water Heater	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garage Door Opener	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ductwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Central Vacuum System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Central Air Conditioning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Refrigeration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool/Spa Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well Pump	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Septic Tank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service Call Fee	_____	_____	_____	_____	_____	_____	_____	_____	_____
Home Warranty Cost	_____	_____	_____	_____	_____	_____	_____	_____	_____



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