

YOUR HOME-BUYING PACKET



A Complete Guide to the Home-Buying Process

Welcome! You are about to embark on the exciting journey of finding your ideal home in the Southern Utah Real Estate market. Whether it is your first home or your tenth home, a retirement home, or an investment property, we will make your home-buying experience fun and exciting. We can help you find the ideal home with the least amount of hassle; and we are devoted to using our expertise and the full resources of our Office to achieve these results! Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. We are going to make sure that you are well equipped and armed with up-to date information for your big decision. We are even prepared to guide you through every phase of the home-buying process. This packet gives you helpful information during and after your transaction. Use its reference pages, note pages and agency explanations, as an invaluable guide on your home-buying journey. Please keep this packet with you during your home-buying process. There are pages that contain important phone numbers and dates and areas for notes to help you stay organized. So let's take an exciting journey together! We look forward to meeting your Southern Utah real estate needs every step of the way!

TABLE OF CONTENTS

ABOUT US.....	3-5
WHY USE A REALTOR?.....	6-7
UNDERSTANDING AGENCY.....	8-9
THE ADVANTAGES OF A BUYER AGENCY AGREEMENT	8
REASONS TO BUY A HOME	10
THE HOME-BUYING PROCESS.....	11-12
WHAT EVERY BUYER SHOULD KNOW BEFORE PURCHASING.....	13
BEFORE WE BEGIN.....	13

HOW MUCH CAN YOU AFFORD?.....	14-16
LOAN APPLICATION CHECKLIST.....	17
THE TEN COMMANDMENTS	18
THE ROAD MAP TO YOUR HOME!.....	18
HOME SEARCH CRITERIA.....	19
LOCATION.....	20
THE NEIGHBORHOOD.....	20
THE HOME TOUR.....	21-23
WORKING WITH HOME BUILDERS.....	24
MAKING AN OFFER	25
REPC	25-31
BEHIND THE SCENES	32
CONTRACT CHECKLIST.....	33
HOME WARRANTY PROTECTION	33
HOME INSPECTION.....	33-34
WHAT IS A REAL ESTATE CLOSING.....	34
MOVING CHECKLISTS.....	35-36
PACKING CHECKLISTS.....	37-39
HELPFUL PHONE NUMBERS.....	40
NEW HOME CHECKLIST.....	40
GLOSSARY.....	41
ADHERE TO “THE PLAN”	43
SERVICE PROVIDERS.....	44

About **Hot** Homes of St. George

Hot Homes of St. George has teamed up with some of the top Real Estate professions in the St. George Utah Real Estate market. Our Network includes the Realtors from Equity Realty, local mortgage lenders, appraisers, home inspectors, title companies, etc. which are all dedicated to providing the best service possible while meeting your Real Estate needs. So please feel free to [contact us](#) with **ANY** questions regarding Real Estate in Southern Utah.



Here at **Hot** Homes of St. George our goal is simple... to **earn** your business by providing the best service in the Southern Utah Real Estate market. We **know** that you have many choices when it comes to Southern Utah real Estate Real Estate, so we greatly appreciate your consideration in allowing us to serve you. We hope that our website reflects our professionalism, knowledge, and expertise that we have to offer. Whether you're a home buyer or seller, our web site was designed to help educate and inform you in your real estate needs, in hopes that you will make the best decisions for the most important purchase or sale of your life. Real estate is one of the most exciting investments one can make, and it should be a fun and rewarding experience.

So whether you're a first time home buyer or seller, or a savvy investor looking to buy or sell a home in Southern Utah, or would just like to have some additional information about real estate in your area, please don't hesitate to call or [contact us](#) today! We look forward to **EARNING** your business, by providing the best service in the industry!



ABOUT MOUNTAIN VIEW TITLE

Mountain View Title sets itself apart from its competition through customer service. We are committed to serving our customers with respect. Integrity and genuine caring about every person and every transaction that comes to us. Our customers are also our friends.

Mountain View Title enjoys the benefits of having two of the largest title insurance underwriters in the country. Stewart Title Guaranty and Transnation Title Company- These industry giants provide the kind of security and peace of mind every homeowner deserves.

We also have a highly experienced staff of closers, assistants and searchers who will make sure everything is done right, the first time. Mountain View is not only a leader in residential transactions but has also become an industry leader in commercial real estate transactions, Real estate exchanges and trades as well.

Beginning in 1979. Mountain View Title has grown to having offices conveniently Located throughout the state of Utah . If you have a title or escrow need, any where in the state of Utah , Mountain View can handle it!



ABOUT EQUITY REAL ESTATE

Often, we judge the caliber of people by the company they keep – this is why we would like to tell you a little bit about Equity Real Estate. Equity Real Estate® was founded in Salt Lake City, Utah in 1995 with the specific premise that buyers and sellers deserve the best service for their real estate needs. For more than 10 years that founding premise has been a major factor in the continued growth of Equity® across North America. Equity® Real Estate agents have intimate knowledge of each community's character, mood, and growth potential. Due to the fact that the majority of Equity® Associates live in the communities and neighborhoods they serve, they are eager and capable of tackling unique challenges that families encounter when selecting new homes. At Equity Real Estate®, we are Real Estate Consultants. We are not agents. We are not salespeople. What this means is that we build fiduciary relationships with our clients. A fiduciary is someone who represents your best interests. We are a profit sharing company where associates are in partnership relationships with the owners; this means that everyone at Equity® Real Estate wants your home to sell because everyone benefits. The Equity culture is based upon a belief system that is summed up by the definition of the word “Equity”: Equity: *the state, the quality, or ideal of being just and fair.*



ABOUT DESERET FIRST CREDIT UNION

Since credit unions are not-for-profit, you receive excellent value in the form of:

- Lower rates on loans
- 7 Higher returns on deposits
- K Lower or removed fees
- 7 Dividends on excess income

We don't have to answer to stockholders for whom we're trying to make a profit. We answer to you, the owners. Every year, each credit union member has an equal voice in electing our volunteer Board of Directors. These volunteers are your independent representation to ensure the credit union operates in your interests. They are accessible to you and will listen to you.

Every credit union has what is called a field of membership. This is the group of people they are legally chartered to serve. This may be a corporation, a county, or other group of affiliated people.

We understand that our audience has a unique set of values and we seek to operate in a way that is in line with those values.

Deseret first is NOT for profit. It's for YOU!

WHY USE A REALTOR?

As licensed real estate professionals, we provide much more than the service of helping you find your ideal home. Our Southern Utah Realtors® are expert negotiators with other agents, seasoned financial advisors with clients, and superb navigators around the local neighborhood. They are members of the National Association of Realtors (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor® is your best resource when buying a new home.

Why it is beneficial for a buyer to use a Realtor? One of the biggest reasons, is because it simply **doesn't cost the buyer *anything* to obtain the services of a Realtor.** It's the “seller” that pays the commission to ***both*** the buyers and sellers agents (usually 3% each).

Some of the ways that our Realtors can help you are as follows:

- Most importantly, we **provide you with the experience, knowledge, and expertise throughout the entire Real Estate transaction.** From beginning to end. We can also help align you with other top Real Estate professionals (Lenders, Appraisers, title companies, property inspections, etc).
- We provide you with the **legal representation** and knowledge of purchasing a home. We help you to understanding the legal documents of a purchase agreement (REPC) (Contract deadlines, evaluations and inspections, home warrantee's, offers and counter offers, addendums, due diligence, protecting your earnest money, etc).
- Help you with the **negotiation of a property** (What to offer and why). There are many negotiating factors, including but not limited to price, financing, terms, date of possession and often the inclusion or exclusion of repairs and furnishings or equipment. The purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. We can advise you as to which investigations and inspections are recommended or required.
- Provide you with a **Competitive Market Analysis** (CMA) of properties you're interested in (to let you know how one property, or area, compares to another, and why) Also provide you with **current market trends** of what homes are selling for, and why (including objective information about each property). Because market conditions can change and the strategies that apply in one negotiation may be inappropriate in another, this information should not be set in stone. During your time in the marketplace we will keep you updated and alert you to each step in the transaction process.
- **Dramatically increase your selection of homes**, by searching the multiple listing service (MLS) as well as working with “**For Sale By Owners**”. Which will save you time and money in searching for the property you are looking for. We can show you only those homes best suited to your needs--size, style, features, location, accessibility to schools, transportation, shopping and other personal preferences.

- **Go to closing with you**, to review your closing documents (to ensure accuracy) and make sure everything flows together smoothly.
- Work with our Lenders to get you pre-approved so that you can **determine your buying power, and affordability range**.
- **Offer an experienced eye**. When viewing a home, help you evaluate good and bad qualities of a home, to help determine fair market value. Also suggest simple, imaginative changes that make a home more suitable for you and improve its utility and value.
- **Provide due diligence** during the evaluation of the property. Paper work, contracts, negotiating terms, price, deadlines, a preliminary title report on the property, etc. Depending on the area and property, this could include inspections for termites, dry rot, asbestos, faulty structure, roof condition, septic tank and well tests, just to name a few. We can assist you in finding qualified responsible professionals to do most of these investigations and provide you with written reports. You will also want to see a preliminary title report on the property . Title indicates ownership of property and can be mired in confusing status of past owners or rights of access. The title to most properties will have some limitations; for example, easements (access rights) for utilities. Our associate title company can help you resolve any issues that might cause problems at a later date.

In this maze of forms, financing, inspections, marketing, pricing and negotiating, it makes sense to work with our network of professionals who know Real Estate, market conditions, the community, and much more. Please give us a call, or [contact us](#) today!

UNDERSTANDING AGENCY...

Who Works for Whom?

SELLER AGENCY (SINGLE AGENCY)

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

BUYER AGENCY (SINGLE AGENCY)

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

TRANSACTION BROKER (DUAL AGENCY)

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

THE ADVANTAGES OF A BUYER AGENCY AGREEMENT

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED —

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

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

YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS —

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

YOU WILL QUICKLY AND CONVENIENTLY GET A GREAT HOME —

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

WHAT IS THE BUYER'S AGENCY AGREEMENT —

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

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

(1) shall treat all parties honestly;

(2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;

(3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and

(4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property. With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding. Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records. Buyer, Seller, Landlord or Tenant Date

REASONS TO BUY A HOME

- 1. Quality of Life**
- 2. Tax Deductibility of Mortgage Interest**
- 3. Tax Deductibility of Property Taxes**
- 4. Appreciation Potential**
- 5. Deferred Gain and Capital Gain Treatment**
- 6. Once in a Lifetime Exclusion**
- 7. Principal Accumulation**
- 8. Pride in Your Home**
- 9. No Landlord**
- 10. Leverage** (where else can you buy this size of an investment with 5-10% down)
- 11. The Real Cost of Renting** (At \$700 per month, with a 6% rental increase per year, you will pay \$110,719 over a 10 year period.)

Home Buying Steps - The Basic Steps to Buying a Home

This article is designed to teach you about the various steps to buying a home. Though the home buying process differs from one buyer to the next, there are certain home buying steps that most buyers go through.

So without further ado, here are the home buying steps you are likely to face during your home buying process in the Southern Utah and St. George Utah Real Estate market (This sequence may be slightly different for you, based on your own unique circumstances.)

Step 1. Examine Your Finances

- One of the first home buying steps should always be a good review of one's financial situation. You can bet that a mortgage lender will put your finances under the microscope, so you should do the same.

Step 2. Choose a Type of Mortgage

- Generally speaking, the next home buying step is choosing a type of mortgage loan. This part of the home buying process requires careful consideration on your part, because your mortgage will stay with you for some time (until you sell, refinance or pay the mortgage off).

Step 3. Get Pre-Approved

There are actually two home buying steps rolled into one here, but they are so closely related we've listed them together. Our next step to buying a home will be choosing a mortgage lender and getting pre-approved. Pre-approval will help you immensely during the home buying process. For one thing, it will show sellers that you are serious about buying their home (and financially capable). This can make a big difference in whether or not they accept your offer.

Step 4. Find a Real Estate Agent

Continuing along in our steps to buying a home, we will need to find a qualified real estate agent to help us through the remaining home buying steps. The home buying process can move pretty fast, and there's a lot at stake financially. So having a skilled agent on your side can help you avoid making costly mistakes, especially if it's your first time buying a home.

Step 5. Start House Hunting

Let's review our home buying steps up to this point. You've got your finances in order, been pre-approved for a certain type of mortgage, found a good agent, and narrowed your search to a few select neighborhoods. Excellent! You're ready for one of the most exciting steps to buying a home -- the house hunting process. Here are some tips to help make your experience a good one.

***Consider the area or neighborhood** Some buyers will neglect this particular home buying step, rushing off to look at houses without doing the proper research on neighborhoods. Which neighborhood you choose is almost as important as which home you choose. Neighborhoods have a direct influence on quality of life, social and recreational satisfaction, property values, commute time, educational opportunities and more. So doing a little neighborhood research is a crucial step when selecting a home to buy.

Step 6. Make an Offer

Once you find a home you like, you'll need to make an offer on it. For this home buying step, work closely with your agent to determine a reasonable offer amount based on recent, comparable sales in the area (referred to as "comps").

Step 7. Get a Home Appraisal

To be honest, there's not much you need to do for this next home buying step. Your lender will arrange for the appraisal, and you basically have to stand by and watch (while hoping that the home appraises for the price you've agreed to pay).

Step 8. Get a Home Inspection

- The main home inspection is one of several inspections you should have done on the home. A home inspection is an important home buying step that should not be skipped. After all, it will give you the peace of mind of knowing what condition the home is truly in.

Step 9. Settlement / Closing

- The period between offer acceptance and the final settlement is known as escrow. You've probably heard somebody say, "My house is in escrow." During this part of the home buying process, you might have additional inspections (for radon, pests, etc.), and you'll likely have some more paperwork to finalize as you move toward the closing / settlement date.

WHAT EVERY BUYER SHOULD KNOW BEFORE PURCHASING

1. Property taxes and qualified interest are deductible on an individual's federal income tax return.
2. Often, a home is the largest asset an individual has and is considered one of the most valuable investments available.
3. A portion of each amortized mortgage payment goes to principal which is an investment.
4. A home is one of the few investments that you can enjoy by living in it.
5. A REALTOR→ can usually show you any home whether it is listed with a company, a builder, or even a For Sale By Owner home.
6. Working through a REALTOR→ to purchase a For Sale By Owner home can be very advantageous because someone is looking out for your best interest.
7. Your Real Estate professional can provide you with a list of items you'll need to complete your loan application so you'll be prepared.
8. A homeowner can exclude up to \$500,000 of capital gain tax if married and filing jointly or up to \$250,000 if single or filing separately. The home must have been the taxpayer's principal residence for the previous two years.
9. Beginning with May 07, 1997, there is no longer a requirement to purchase another home more expensive than the one sold. Homeowners are free to buy up or down with no tax consequences assuming their gain is less than the allowable amounts.
10. Make sure you are being legally represented in the Real Estate transaction.
11. Ask the Real Estate professional what he/she will do to keep you informed.
12. Your Real Estate professional should provide you with the highest level of service and advice.

BEFORE WE BEGIN...

PRE-QUALIFICATION AND PRE-APPROVAL

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

Pre-qualifying will help you in the following ways:

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

Pre-approval will help you in the following ways:

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

HOW MUCH HOME CAN YOU AFFORD?

There are three key factors to consider:

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

DOWN PAYMENT REQUIREMENTS:

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

CLOSING COSTS:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

QUALIFYING FOR THE MORTGAGE:

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

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

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

HOW MUCH CAN YOU AFFORD?

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

Monthly Principal and Interest Rate Chart

If you're looking to buy your first home or even if you're an experienced home buyer, the chart below will help you determine the principal and interest based on the current interest rate. By giving your approximate house payment, this table helps you stay within your price range. To calculate the principal and interest portion of your monthly house payment, first divide the loan amount by \$1,000. Then multiply that number by the principal and interest payment factor. For example, if a \$120,000 house is being purchased with a 20-year mortgage term, take the following steps:

1. $\$120,000 / \$1,000 = \$120$
2. 20-year loan @ 6.000% = 7.16 P&I Factor
3. $7.16 \text{ P\&I Factor} \times \$120 = \$859$

Monthly house payment for principal and interest would be approximately \$859.*

Monthly Principal and Interest Payment Factors (per \$1,000)

Interest Rate	15-Year Term	20-Year Term	30-Year Term
4.00%	7.40	6.06	4.77
4.13%	7.46	6.13	4.85
4.25%	7.52	6.19	4.92
4.38%	7.59	6.26	4.99
4.50%	7.65	6.33	5.07
4.63%	7.71	6.39	5.14

4.75%	7.78	6.46	5.22
4.88%	7.84	6.53	5.29
5.00%	7.91	6.60	5.37
5.13%	7.97	6.67	5.44
5.25%	8.04	6.74	5.52
5.38%	8.10	6.81	5.60
5.50%	8.17	6.88	5.68
5.63%	8.24	6.95	5.76
5.75%	8.30	7.02	5.84
5.88%	8.37	7.09	5.92
6.00%	8.44	7.16	6.00
6.13%	8.51	7.24	6.08
6.25%	8.57	7.31	6.16
6.38%	8.64	7.38	6.24
6.50%	8.71	7.46	6.32
6.63%	8.78	7.53	6.4
6.75%	8.85	7.60	6.49
6.88%	8.92	7.68	6.57
7.00%	8.99	7.75	6.65
7.13%	9.06	7.83	6.74
7.25%	9.13	7.9	6.82
7.38%	9.20	7.98	6.91
7.50%	9.27	8.06	6.99
7.63%	9.34	8.13	7.08
7.75%	9.41	8.21	7.16
7.88%	9.48	8.29	7.25
8.00%	9.56	8.36	7.34
8.13%	9.63	8.44	7.42
8.25%	9.70	8.52	7.51
8.38%	9.77	8.60	7.60
8.50%	9.85	8.68	7.69
8.63%	9.92	8.76	7.78
8.75%	9.99	8.84	7.87
8.88%	10.07	8.92	7.96
9.00%	10.14	9.00	8.05

9.13%	10.22	9.08	8.14
9.25%	10.29	9.16	8.23
9.38%	10.37	9.24	8.32
9.50%	10.44	9.32	8.41
9.63%	10.52	9.40	8.5
9.75%	10.59	9.49	8.59
9.88%	10.67	9.57	8.68
10.00%	10.75	9.65	8.78
10.13%	10.82	9.73	8.87
10.25%	10.90	9.82	8.96
10.38%	10.98	9.90	9.05
10.50%	11.05	9.98	9.15
10.63%	11.13	10.07	9.24
10.75%	11.21	10.15	9.33
10.88%	11.29	10.24	9.43
11.00%	11.37	10.32	9.52
11.13%	11.44	10.41	9.62
11.25%	11.52	10.49	9.71
11.38%	11.60	10.58	9.81
11.50%	11.68	10.66	9.90
11.63%	11.76	10.75	10.00
11.75%	11.84	10.84	10.09
11.88%	11.92	10.92	10.19
12.00%	12.00	11.01	10.29

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

Interest Rate = 6 ½

Desired term = 15 years

Interest rate factor per \$1,000 = 8.71

Mortgage = \$200,000

Monthly Principal & Interest = \$1,742 (8.71 x 200)

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

We provide this information as a guide. We strongly recommend that you contact our mortgage specialist.

LOAN APPLICATION CHECKLIST

- **General:**

Picture ID with Social Security Number

Payment to cover application fee.

Name and complete address of all landlords (past 2 years).

- **Income:**

Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).

Copies of your most recent pay stubs and W-2 form (past 2 years).

Verification of other income (social security, child support, retirement).

If you are self-employed: Copies of signed tax returns including all schedules (past 2 years), and a signed profit and loss statement of the current year.

If you are retired: Tax returns (past 2 years).

If you have rental property income: Copies of all lease agreements.

- **Assets:**

Copies of all bank statements from checking/savings accounts (past 3 months).

Copies of all stock/bond certificates and/or past statements/retirement accounts.

Prepare a list of household items and their values.

Copies of title documents for all automobiles, boats, or motorcycles.

Face amount, monthly premiums, and cash values of all life insurance policies (Cash value may be used for closing costs or down payments.

You need documentation from the carrier indicating cash value).

- **Creditors:**

Credit cards (account numbers, current balances, and monthly payments).

Installment loans (car, student, etc.) Same details as for credit cards.

Mortgage loans (property address, lender with address, account numbers monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.

Childcare expense/support (name, address, phone number).

- **Other:**

Bankruptcy – bring discharge and schedule of creditors.

Adverse credit – bring letters of explanation.

Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.

VA only – bring Form DD214 and Certificate of Eligibility.

Retirees – bring retirement and/or Social Security Award Letter.

THE TEN COMMANDMENTS

When applying for a Real Estate Loan

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

THE ROAD MAP TO YOUR HOME!

NARROWING THE SEARCH

“If you don’t know where you’re going... you’ll probably end up somewhere else.” Taken from a book title, this quote conveys a very simple message – **To achieve an objective – create a plan!** If you plan to buy a home soon, you will need to know “where you are going”. For a most enjoyable home-buying experience, first build a road map to your new home, a list of priorities that will lead you to your objective – a new home!

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

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

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

During the home search, we will:

- **Discuss the benefits and drawbacks of each home in relation to your specific needs.**
- **Keep you informed on a regular basis.**
- **Check the MLS database and with other brokers regularly for new listings.**
- **Prepare a list of all homes that best meet your needs and wants.**
- **Keep you up to date on changing financial conditions that may affect the housing marketing.**
- **Be available to answer your questions or offer assistance regarding your home purchase.**
- **Discuss market trends and values relative to properties that may be of interest to you.**

HOME SEARCH CRITERIA

Deadline for Locating a Home: Required Move In Date:

Family Size: Adults: Children:

Need-to-Have features:

Nice-to-Have features:

Area Preferred:

Price Range: From: To:

Approximate Square Footage:

Prefer: Home Condominium Town home Duplex/Triplex-Other

Approximate age of Home:

Style:

Bedrooms: Bathrooms: Garage:

Important Features:

Den

Family Room

Formal Dining Room

Combination Dining Room

Wooded Lot

Air Conditioning

Swimming Pool

Fireplace

Porch

Patio

Workshop

Drapes/Blinds

Carpet

Public Transportation

Utility Room

Breakfast Area

Other:

Elementary School:

Middle School:

High School:

LOCATION

Scout out the Neighborhood!

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

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

THE NEIGHBORHOOD

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

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

Neighborhood Factors to Consider --

- Look for things like access to major thoroughfares, highways, and shopping.
- Listen for noise created by commerce, roads, railways, public areas, schools, etc.
- Smell the air for adjacent commerce or agriculture.
- Check with local civic, police, fire, and school officials to find information about the area.
- Research things like soil and water.
- Look at traffic patterns around the area during different times of the day and drive from the area to work.
- Is the neighborhood near parks, churches, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.?
- Does the neighborhood belong to a Homeowner's Association? If so, what are the monthly fee's? and what is included with the fee's? (landscaping, utilities, pool, etc)

THE HOME TOUR

Property Address: _____

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

THE HOME TOUR

Property Address: _____

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

THE HOME TOUR

Property Address: _____

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

WORKING WITH HOME BUILDERS

WHY USE AN AGENT TO PURCHASE A NEW HOME?

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

- Knowledge of the Southern Utah Real Estate market
- Help in finding the perfect home quickly
- Expertise in contract writing/negotiation
- Closing assistance.

The builder has a professional representative watching out for his/her needs, and you need the same expert representation. Buying a new home is a little more difficult and time-consuming than buying a resale. We can professionally guide you through this process. It is very important that your interests be professionally represented when you are entering into a contract for a semi-custom or build-to-suit home. These transactions are complex and the contract details must be exact in order to protect you and to ensure you get exactly the home you want!

REMEMBER – some Builders require that your Agent accompany you on your first visit to the Builder's sales office, or they will NOT PAY your representative's fee!

BUILDER QUESTIONS

1. How long have you been in business?
2. In what areas have you built?
3. What sets you apart from other builders?
4. What type of warranty program do you offer?
5. What are your fees for building a home (fixed price, costs plus management fee)?
6. How do you charge for extras?
7. Who supervises your construction?
8. How long have your trade people been working with you?
9. How often will we be updated on the progress of the home?
10. How often, during the week, are you at the job site? The superintendent?
11. Who will I be dealing with during construction?
12. Will that person have the authority to make final decisions?
13. How many hours per week do you and your supervising staff participate in continuing education within the home building industry?
14. Do you belong to a local trade association? If yes, which one(s)?
In what activities are you involved?
15. Can you provide a list of references, including homeowners, suppliers, subcontractors, and consultants such as architects and engineers?
16. Have you ever been sued and won, sued and lost; or are there any suits currently pending?
If yes, please explain.
17. Do you have any liens against any of the properties that you have built?
18. Have you ever filed for bankruptcy protection?

MAKING AN OFFER

Once you have found the home you wish to purchase, you will need to determine what offer you are willing to make for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember, Be Realistic. Make offers you want the other party to sign! To communicate your interest in purchasing a home, we will present the listing agent with a written offer. When the seller accepts an offer it becomes a legal contract. When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property. After we present your offer to the listing agent it will either be accepted, rejected, or the seller will make a counter offer. This is when we will negotiate terms of the contract if necessary. The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by our local Board of Realtors. The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer. We have included a “non functional” copy in this packet below.

REAL ESTATE PURCHASE CONTRACT

This is a legally binding contract. Utah law requires real estate licensees to use this form. Buyer and Seller, however, may agree to alter or delete its provisions or to use a different form. If you desire legal or tax advice, consult your attorney or tax advisor.

Buyer offers to purchase the Property described below and hereby delivers to the Brokerage, as Earnest Money, the amount of \$ in the form of which, upon Acceptance of this offer by all parties (as defined in Section 23), shall be deposited in accordance with state law. "Received By" signature and date shall be filled in by hand on printed form.

Brokerage: Phone Number: OFFER TO PURCHASE

1. PROPERTY: also described as: City of , County of , State of Utah, Zip (the "Property").

1.1 Included Items. Unless excluded herein, this sale includes the following items if presently owned and attached to the Property: plumbing, heating, air conditioning fixtures and equipment; ceiling fans; water heater; built-in appliances; light fixtures and bulbs; bathroom fixtures; curtains, draperies and rods; window and door screens; storm doors and windows; window blinds; awnings; installed television antenna; satellite dishes and system; permanently affixed carpets; automatic garage door opener and accompanying transmitter(s); fencing; and trees and shrubs. The following items shall also be included in this sale and conveyed under separate Bill of Sale with warranties as to title:

1.2 Excluded Items. The following items are excluded from this sale:

1.3 Water Rights. The following water rights are included in this sale:

2. PURCHASE PRICE The purchase price for the Property is \$

2.1 Method of Payment. The purchase price will be paid as follows:

\$ (a) Earnest Money Deposit. Under certain conditions described in this Contract, THIS DEPOSIT MAY BECOME TOTALLY NONREFUNDABLE.

\$ (b) New Loan. Buyer agrees to apply for a new loan as provided in Section 2.3. Buyer will apply for one or more of the following loans:

CONVENTIONAL FHA VA OTHER (specify)

If an FHA/VA loan applies, see attached FHA/VA Loan Addendum.

If the loan is to include any particular terms, then check below and give details:

SPECIFIC LOAN TERMS

\$ (c) Loan Assumption. (see attached Assumption Addendum if applicable)

\$ (d) Seller Financing (see attached Seller Financing Addendum if applicable)

\$ (e) Other (specify)

\$ (f) Balance of Purchase Price in Cash at Settlement

\$ PURCHASE PRICE. Total of lines (a) through (f)

2.2 Financing Condition. (check applicable box)

(a) Buyer's obligation to purchase the Property IS conditioned upon Buyer qualifying for the applicable loan(s) referenced in Section 2.1(b) or

(c)(the "Loan"). This condition is referred to as the "Financing Condition."

(b) Buyer's obligation to purchase the Property IS NOT conditioned upon Buyer qualifying for a loan. Section 2.3 does not apply. 2.3

Application for Loan.

(a) Buyer's duties. No later than the Loan Application & Fee Deadline referenced in Section 24(a), Buyer shall apply for the Loan. "Loan Application" occurs only when Buyer has: (i) completed, signed, and delivered to the lender (the "Lender") the initial loan application and documentation required by the Lender; and (ii) paid all loan application fees as required by the Lender. Buyer agrees to diligently work to obtain the Loan. Buyer will promptly provide the Lender with any additional documentation as required by the Lender.

(b) Procedure if Loan Application is denied. If Buyer receives written notice from the Lender that the Lender does not approve the Loan (a "Notice of Loan Denial"), Buyer shall, no later than three calendar days thereafter, provide a copy to Seller. Buyer or Seller may, within three calendar days after Seller's receipt of such notice, cancel this Contract by providing written notice to the other party. In the event of a cancellation under this Section 2.3(b): (i) if the Notice of Loan Denial was received by Buyer no later than the Loan Denial Deadline referenced in Section 24(d), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Loan Denial was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.3(b) shall have no effect on the Financing Condition set forth in Section 2.2(a). Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

2.4 Appraisal Condition. Buyer's obligation to purchase the Property IS IS NOT conditioned upon the Property appraising for not less than the Purchase Price. This condition is referred to as the "Appraisal Condition". If the Appraisal Condition applies and the Buyer receives written notice from the Lender that the Property has appraised for less than the Purchase Price (a "Notice of Appraised Value"), Buyer may cancel this Contract by

providing a copy of such written notice to Seller no later than three days after Buyer's receipt of such written notice. In the event of a cancellation under this Section 2.4: (i) if the Notice of Appraised Value was received by Buyer no later than the Appraisal Deadline referenced in Section 24(e), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Appraised Value was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy, the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.4 shall be deemed a waiver of the Appraisal Condition by Buyer. Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

3. SETTLEMENT AND CLOSING.

Settlement shall take place on the Settlement Deadline referenced in Section 24(f), or on a date upon which Buyer and Seller agree in writing.

"Settlement" shall occur only when all of the following have been completed: (a) Buyer and Seller have signed and delivered to each other or to the escrow/closing office all documents required by this Contract, by the Lender, by written escrow instructions or by applicable law; (b) any monies required to be paid by Buyer under these documents (except for the proceeds of any new loan) have been delivered by Buyer to Seller or to the escrow/closing office in the form of collected or cleared funds; and (c) any monies required to be paid by Seller under these documents have been delivered by Seller to Buyer or to the escrow/closing office in the form of collected or cleared funds. Seller and Buyer shall each pay one-half (1/2) of the fee charged by the escrow/closing office for its services in the settlement/closing process. Taxes and assessments for the current year, rents, and interest on assumed obligations shall be prorated at Settlement as set forth in this Section. Tenant deposits (including, but not limited to, security deposits, cleaning deposits and prepaid rents) shall be paid or credited by Seller to Buyer at Settlement. Prorations set forth in this Section shall be made as of the Settlement Deadline date referenced in Section 24(f), unless otherwise agreed to in writing by the parties. Such writing could include the settlement statement. The transaction will be considered closed when Settlement has been completed, and when all of the following have been completed: (i) the proceeds of any new loan have been delivered by the Lender to Seller or to the escrow/closing office; and (ii) the applicable Closing documents have been recorded in the office of the county recorder. The actions described in parts (i) and (ii) of the preceding sentence shall be completed within four calendar days of Settlement.

4. POSSESSION. Seller shall deliver physical possession to Buyer within: hours days after closing; Other (specify)

5. CONFIRMATION OF AGENCY DISCLOSURE. At the signing of this contract:

6. TITLE INSURANCE. At Settlement, Seller agrees to pay for a standard-coverage owner's policy of title insurance insuring Buyer in the amount of the Purchase Price. Any additional title insurance coverage shall be at Buyer's expense.

7. SELLER DISCLOSURES. No later than the Seller Disclosure Deadline referenced in Section 24(b), Seller shall provide to Buyer the following documents which are collectively referred to as the "Seller Disclosures":

- (a) a Seller property condition disclosure for the Property, signed and dated by Seller;
- (b) a commitment for the policy of title insurance;
- (c) a copy of any leases affecting the Property not expiring prior to Closing;
- (d) written notice of any claims and/or conditions known to Seller relating to environmental problems and building or zoning code violations; and
- (e) Other (specify)

8. BUYER'S RIGHT TO CANCEL BASED ON EVALUATIONS AND INSPECTIONS. Buyer's obligation to purchase under this Contract (check applicable boxes):

- (a) IS or IS NOT conditioned upon Buyer's approval of the content of all the Seller Disclosures referenced in Section 7;
- (b) IS or IS NOT conditioned upon Buyer's approval of a physical condition inspection of the Property;
- (c) IS or IS NOT conditioned upon Buyer's approval of a survey of the Property by a licensed surveyor ("Survey");
- (d) IS or IS NOT conditioned upon Buyer's approval of the cost, terms and availability of homeowner's insurance coverage for the Property;
- (e) IS or IS NOT conditioned upon Buyer's approval of the following tests and evaluations of the Property: (specify)

If any of the above items are checked in the affirmative, then Sections 8.1, 8.2, 8.3 and 8.4 apply; otherwise, they do not apply. The items checked in the affirmative above are collectively referred to as the "Evaluations & Inspections."

Unless otherwise provided in this Contract, the Evaluations & Inspections shall be paid for by Buyer and shall be conducted by individuals or entities of Buyer's choice. Seller agrees to cooperate with the Evaluations & Inspections and with the walk-through inspection under Section 11.

32

8.1 Evaluations & Inspections Deadline. No later than the Evaluations & Inspections Deadline referenced in Section 24(c) Buyer shall: (a) complete all Evaluations & Inspections; and (b) determine if the Evaluations & Inspections are acceptable to Buyer.

8.2 Right to Cancel or Object. If Buyer determines that the Evaluations & Inspections are unacceptable, Buyer may, no later than the Evaluations & Inspections Deadline, either: (a) cancel this Contract by providing written notice to Seller, whereupon the Earnest Money Deposit shall be released to Buyer; or (b) provide Seller with written notice of objections.

8.3 Failure to Respond. If by the expiration of the Evaluations & Inspections Deadline, Buyer does not: (a) cancel this Contract as provided in Section 8.2; or (b) deliver a written objection to Seller regarding the Evaluations & Inspections, the Evaluations & Inspections shall be deemed approved by Buyer.

8.4 Response by Seller. If Buyer provides written objections to Seller, Buyer and Seller shall have seven calendar days after Seller's receipt of

Buyer's objections (the "Response Period") in which to agree in writing upon the manner of resolving Buyer's objections. Except as provided in Section 10.2, Seller may, but shall not be required to, resolve Buyer's objections. If Buyer and Seller have not agreed in writing upon the manner of resolving Buyer's objections, Buyer may cancel this Contract by providing written notice to Seller no later than three calendar days after expiration of the Response Period; whereupon the Earnest Money Deposit shall be released to Buyer. If this Contract is not canceled by Buyer under this Section 8.4, Buyer's objections shall be deemed waived by Buyer. This waiver shall not affect those items warranted in Section 10.

9. ADDITIONAL TERMS. There ARE ARE NOT addenda to this Contract containing additional terms. If there are, the terms of the following addenda are incorporated into this Contract by this reference: Addendum No. Seller Financing Addendum FHA/VA Loan Addendum Assumption Addendum Lead-Based Paint Disclosure & Acknowledgement (in some transactions this disclosure is required by law) Lead-Based Paint Addendum (in some transactions this addendum is required by law) Other (specify):

10. SELLER WARRANTIES AND REPRESENTATIONS.

10.1 Condition of Title. Seller represents that Seller has fee title to the Property and will convey good and marketable title to Buyer at Closing by general warranty deed. Buyer agrees, however, to accept title to the Property subject to the following matters of record: easements, deed restrictions, CC&R's (meaning covenants, conditions and restrictions), and rights-of-way; and subject to the contents of the Commitment for Title Insurance as agreed to by Buyer under Section 8. Buyer also agrees to take the Property subject to existing leases affecting the Property and not expiring prior to Closing. Buyer agrees to be responsible for taxes, assessments, homeowners association dues, utilities, and other services provided to the Property after Closing. Except for any loan(s) specifically assumed by Buyer under Section 2.1(c), Seller will cause to be paid off by Closing all mortgages, trust deeds, judgments, mechanic's liens, tax liens and warrants. Seller will cause to be paid current by Closing all assessments and homeowners association dues.

10.2 Condition of Property. Seller warrants that the Property will be in the following condition ON THE DATE SELLER DELIVERS PHYSICAL POSSESSION TO BUYER:(a) the Property shall be broom-clean and free of debris and personal belongings. Any Seller or tenant moving-related damage to the Property shall be repaired at Seller's expense;(b) the heating, cooling, electrical, plumbing and sprinkler systems and fixtures, and the appliances and fireplaces will be in working order and fit for their intended purposes;(c) the roof and foundation shall be free of leaks known to Seller;(d) any private well or septic tank serving the Property shall have applicable permits, and shall be in working order and fit for its intended purpose; and(e) the Property and improvements, including the landscaping, will be in the same general condition as they were on the date

of Acceptance.

10.3 Home Warranty Plan. The "Home Warranty Plan" referenced in this Section 10.3 is separate from the warranties provided by Seller under

Sections 10.1 and 10.2 above. (Check applicable boxes): A one-year Home Warranty Plan WILL WILL NOT be included in this transaction. If

included, the Home Warranty Plan shall be ordered by Buyer Seller and shall be issued by a company selected by Buyer Seller. The cost of the Home Warranty Plan shall not exceed \$ and shall be paid for at Settlement by Buyer Seller.

11. WALK-THROUGH INSPECTION. Before Settlement, Buyer may, upon reasonable notice and at a reasonable time, conduct a "walk-through"

inspection of the Property to determine only that the Property is "as represented,"

meaning that the items referenced in Sections 1.1, 8.4 and 10.2

("the items") are respectively present, repaired/changed as agreed, and in the warranted condition. If the items are not as represented, Seller will, prior

to Settlement, replace, correct or repair the items or, with the consent of Buyer (and Lender if applicable), escrow an amount at Settlement to provide

for the same. The failure to conduct a walk-through inspection, or to claim that an item is not as represented, shall not constitute a waiver by Buyer of the right to receive, on the date of possession, the items as represented.

12. CHANGES DURING TRANSACTION. Seller agrees that from the date of Acceptance until the date of Closing, none of the following shall

occur without the prior written consent of Buyer: (a) no changes in any existing leases shall be made; (b) no new leases shall be entered into; (c) no

substantial alterations or improvements to the Property shall be made or undertaken; and (d) no further financial encumbrances to the Property shall

be made.

13. AUTHORITY OF SIGNERS. If Buyer or Seller is a corporation, partnership, trust, estate, limited liability company, or other entity, the person

executing this Contract on its behalf warrants his or her authority to do so and to bind Buyer and Seller.

14. COMPLETE CONTRACT. This Contract together with its addenda, any attached exhibits, and Seller Disclosures, constitutes the entire Contract

between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings or contracts between the

parties. This Contract cannot be changed except by written agreement of the parties.

15. DISPUTE RESOLUTION. The parties agree that any dispute, arising prior to or after Closing, related to this Contract (check applicable box)

SHALL or MAY AT THE OPTION OF THE PARTIES

first be submitted to mediation. If the parties agree to mediation, the dispute shall be submitted to mediation through a mediation provider mutually

agreed upon by the parties. Each party agrees to bear its own costs of mediation. If mediation fails, the other procedures and remedies available under

this Contract shall apply. Nothing in this Section 15 shall prohibit any party from seeking emergency equitable relief pending mediation.

16. DEFAULT. If Buyer defaults, Seller may elect either to retain the Earnest Money Deposit as liquidated damages, or to return it and sue Buyer to

specifically enforce this Contract or pursue other remedies available at law. If Seller defaults, in addition to return of the Earnest Money Deposit, Buyer may elect either to accept from Seller a sum equal to the Earnest Money Deposit as liquidated damages, or may sue Seller to specifically enforce this Contract or pursue other remedies available at law. If Buyer elects to accept liquidated damages, Seller agrees to pay the liquidated damages to Buyer upon demand. It is agreed that denial of a Loan Application made by the Buyer is not a default and is governed by Section 2.3(b).

17. ATTORNEY FEES AND COSTS. In the event of litigation or binding arbitration to enforce this Contract, the prevailing party shall be entitled to costs and reasonable attorney fees. However, attorney fees shall not be awarded for participation in mediation under Section 15.

18. NOTICES. Except as provided in Section 23, all notices required under this Contract must be: (a) in writing; (b) signed by the party giving notice; and (c) received by the other party or the other party's agent no later than the applicable date referenced in this Contract.

19. ABROGATION. Except for the provisions of Sections 10.1, 10.2, 15 and 17 and express warranties made in this Contract, the provisions of this Contract shall not apply after Closing.

20. RISK OF LOSS. All risk of loss to the Property, including physical damage or destruction to the Property or its improvements due to any cause except ordinary wear and tear and loss caused by a taking in eminent domain, shall be borne by Seller until the transaction is closed.

21. TIME IS OF THE ESSENCE. Time is of the essence regarding the dates set forth in this Contract. Extensions must be agreed to in writing by all parties. Unless otherwise explicitly stated in this Contract: (a) performance under each Section of this Contract which references a date shall absolutely be required by 5:00 PM Mountain Time on the stated date; and (b) the term "days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement (i.e., Acceptance, Notice of Loan Denial, etc.). Performance dates and times referenced herein shall not be binding upon title companies, lenders, appraisers and others not parties to this Contract, except as otherwise agreed to in writing by such non-party.

22. FAX TRANSMISSION AND COUNTERPARTS. Facsimile (fax) transmission of a signed copy of this Contract, any addenda and counteroffers, and the retransmission of any signed fax shall be the same as delivery of an original. This Contract and any addenda and counteroffers may be executed in counterparts.

23. ACCEPTANCE. "Acceptance" occurs when Seller or Buyer, responding to an offer or counteroffer of the other: (a) signs the offer or counteroffer where noted to indicate acceptance; and (b) communicates to the other party or to the other party's agent that the offer or counteroffer has been signed as required.

24. CONTRACT DEADLINES. Buyer and Seller agree that the following deadlines shall apply to this Contract: (a) Loan Application & Fee (Date),

(b) Seller Disclosure Deadline(Date), (c) Evaluations & Inspections Deadline(Date), (d) Loan Denial Deadline (Date), (e) (Date), Appraisal Deadline (f) (Date), Settlement Deadline

25. OFFER AND TIME FOR ACCEPTANCE. Buyer offers to purchase the Property on the above terms and conditions. If Seller does not accept this offer by (Date), this offer shall lapse; and the Brokerage shall return the Earnest Money Deposit to Buyer.

The Buyer's Signature(s) and Offer Date(s) shall be filled in by hand on printed form.

BEHIND THE SCENES

WHAT HAPPENS NEXT?

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

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

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

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

For a one-time charge at closing, title insurance will safeguard you against problems including those event an exhaustive search will not reveal.

CONTRACT CHECKLIST

Order Home Inspection
Notify current Landlord
Order Insurance Policy
Transfer Utilities
Order Telephone Service
Make final walk through
Schedule appointment with movers
Make extra keys/change locks
Order cable TV service
Order new checks
Change driver's license/credit cards

HOME WARRANTY PROTECTION

NEW HOME WARRANTIES —

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home. At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder. If the homebuilder does not offer a warranty, BE SURE TO ASK WHY!

RESALE HOME WARRANTIES —

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by either the Seller, as part of the overall package, or by the Realtor. Even with a warranty, you should have the home carefully inspected before you purchase it. A home warranty program will give you peace of mind, knowing that the major covered components in your home will be repaired if necessary. Ask me for more details about home warrant packages.

Also be aware that if you make an offer on a “short-sale” or “foreclosure” home, many lenders will not offer a home warranty and will sell the house “as is”.

HOME INSPECTION

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

- Appliances
- Plumbing
- Electrical
- Air conditioning and heating
- Ventilation
- Roof and Attic

- Foundation
- General Structure

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well. Your home cannot “pass or fail” an inspection, and your inspector will not tell you whether he/she thinks the home is worth the money you are offering. The inspector’s job is to make you aware of repairs that are recommended or necessary. The seller may be willing to negotiate completion of repairs or a credit for completion of repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites or the presence of radon gas. In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association. We recommend being present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. Most important, you will see the home through the eyes of an objective third party.

WHAT IS A REAL ESTATE CLOSING

WHAT IS A REAL ESTATE “CLOSING”?

A “closing” is where you and I meet with some or all of the following individuals: the Seller, the Seller’s agent, a representative from the lending institution and a representative from the title company, in order to transfer the property title to you. The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur. If financing the property, your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records. At closing, you will be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check. Your agent or escrow officer will notify you of the exact amount at closing.

WHAT IS AN ESCROW ACCOUNT?

An escrow account is a neutral depository held by your lender for funds that will be used to pay expenses incurred by the property, such as taxes, assessments, property insurance, or mortgage insurance premiums which fall due in the future. You will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due the lender pays them from the special account. At closing, it may be necessary to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due.

MOVING

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

Keep detailed records – some moving expenses are tax deductible!

Keep detailed records of all moving expenses if your move is job related. Many expenses, including house-hunting trips, are tax deductible. If your move is 35 miles or more from your home, you can deduct your family's travel expenses, including meals and lodging; the cost of transporting furniture, other household goods and personal belongings; food and hotel bills for up to 30 days in the new city if you have to wait to move into your new home; and the costs associated with selling your old home or leasing your new home.

Note: There is a ceiling on deductions which is outlined in detail in the IRS's Publication 521, "Tax Information on Moving Expenses," available free from the IRS offices.

MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Two months before moving

- Sort through your belongings to reduce the number of things to move. Have a garage sale or donate items you no longer need.
- Decide whether to move yourself or hire professionals. Make reservations with a moving company or truck rental company. Tip: Call three companies for estimates to compare.
- Gather packing supplies: boxes, packing material, tape, felt markers, and scissors. If you're moving a long distance, make travel arrangements with the airline, hotel, and rental car agency. If you're driving to your new home, get maps and plan your travel route. Save all moving receipts. Some moving expenses are tax deductible. Check the current tax code for requirements.
- Place your legal, medical, financial, and insurance records in a safe and accessible place.
- Purchase insurance coverage for valuables to be moved.

One month before moving

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

MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Two weeks before moving

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

One week before moving

- Pick up items from the cleaners, repair shops, or friends.
- Pack a survival kit of clothes, medicines, special foods, etc. to carry you through the day while you unpack.
- Finish packing all boxes minus what you'll need in the final week.
- Inform the post office of your upcoming move.
- *Send change-of-address cards with your new address and phone number to:*
 - Friends and family, banks, insurance companies, credit card companies, and other financial institutions
 - Magazines and newspapers
 - Doctors, lawyers, accountants, realtors, and other service providers
 - State and federal tax authorities and any other government agencies as needed
 - Workplace, schools, and alma maters

The day before

- Set aside moving materials, such as tape measure, pocketknife, and rope.
- Pad corners and stairways of house.
- Lay down old sheets in the entry and hallways to protect floor coverings.
- Remove hanging fixtures.
- If you are moving yourself, pick up the rental truck and a dolly to move heavy boxes.
- If you are driving, check oil, tire pressure, and gas in your car.
- If you are flying, make sure you have tickets, charge cards and other essentials.

MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Moving Day

Carry with you:

- The keys to your new home.
- A map of your new town and directions to your home.
- The telephone number of the moving company.
- Cash or traveler's checks.
- Documentation related to the sale of your home.
- Your insurance policies and agent's phone number.

- Your current address book or personal planner.
- Prescription and non-prescription medicines.
- Enough clothing to get by if the movers are late.
- The telephone number of the moving company.
- Cash or traveler's checks.
- Any items of great personal value to you that are virtually irreplaceable.
- Back-up copies of important computer files.
- Sheets, towels and personal hygiene items for the first night in your new home.

Arrival Day

- Show movers where to place furniture and boxes.
- Check inventory to ensure that everything was delivered before signing delivery papers.
- Note any damages on the inventory sheet.
- Unpack any valuable items, such as silver, art, and jewelry, upon arrival.
- Inform the post office of your upcoming move.

PACKING CHECKLIST

TIPS TO MAKE YOUR MOVE A LITTLE EASIER

Packing Tips

- Gather boxes in all sizes from friends, neighbors, and stores
- Collect cushioning material such as bubble wrap, Styrofoam pellets, furniture pads, old blankets, plastic bags, tissue paper, newspapers, and small towels to use as padding inside boxes.
- Create a "portable packing kit" with marking pens, a tape measure, packing tape, twine, and scissors. Carry it with you as you pack up items around your home.
- Reinforce the bottom of boxes with extra tape for added strength.
- Label each box with the name of the room in your home where it should be placed.
- Number the boxes and keep a list of which boxes goes in which room in your new home.
- Label boxes containing fragile items with large red lettering.
- Place china in plastic bags and stack plates upright on their sides, not flat.
- Pack your TV, stereo, and computer in their original boxes whenever possible.
- Keep boxes to 50 pounds or less.
- Pack heavy items into their own smaller boxes and place lighter items together into larger boxes. (Don't pack all your books into one box!)
- Don't move flammable, combustible, corrosive, or explosive items such as paint, gasoline, and ammunition.
- Pack a bag of personal items you'll need during the move (change of clothes, toiletries, medicine, maps, food, and drinks). Keep it in an easy-to-find place when you pack.

PACKING CHECKLIST

PACKING LIST BY ROOM

Kitchen

Cupboards

Closets

Drawers

Box numbers for kitchen: _____

Dining Room

China cabinet or hutch

Light fixture and lamps

Furniture: table and chairs

Box numbers for dining room: _____

Living Room

Bookcases and contents

Entertainment center and contents: stereo, TV, CDs, videotapes, and so on

Knickknacks and artwork

Lamps

Furniture: couch, chairs, and tables

Box numbers for living room: _____

Family Room

Bookcases and contents

Entertainment center and contents: stereo, TV, CDs, videotapes, and so on

Knickknacks and artwork

Lamps

Furniture: couch, chairs, and tables

Box numbers for family room: _____

PACKING CHECKLIST

PACKING LIST BY ROOM

Master Bedroom

Closets

Dressers and contents

Furniture: bed, dressers, night stands, and desk

Box numbers for master bedroom: _____

Bedroom #1

Closets

Dressers and contents

Furniture: bed, dressers, night stands, and desk

Box numbers for bedroom #1: _____

Bedroom #2

Closets

Dressers and contents

Furniture: bed, dressers, night stands, and desk

Box numbers for bedroom #2: _____

Bedroom #3

Closets

Dressers and contents

Furniture: bed, dressers, night stands, and desk

Box numbers for bedroom #3: _____

PACKING CHECKLIST

PACKING LIST BY ROOM

Study/Office

Computer equipment: CPU, monitor, and printer

Desk and contents

File cabinets and content

Box numbers for study/office: _____

Bathroom

Cupboards and contents

Linens and towels

Knickknacks and wall hangings

Box numbers for bathroom: _____

Attic

Trunks

Boxes

Box numbers for attic: _____

Garage

Yard equipment and garden tools

Home maintenance equipment and tools

Box numbers for garage: _____

Basement

Cupboards and shelves

Box numbers for garage: _____

HELPING CHILDREN COPE WITH THE MOVE

1. Show the children the new home and their new room prior to moving. If this is not possible, pictures or videos will help them visualize where they are going.
2. Assure children that you won't forget their friends.
3. Make a scrapbook of the old home and neighborhood.
4. Throw a good-bye party. At the party have their friends sign a t-shirt.
5. Have your children write good-bye letters and enclose their new address. You may wish to call the other children's parents so that they will encourage return letters.
6. When packing, give your children their own box and let them decorate it.
7. Start a scrapbook for your new home.
8. Visit your children's new school, park, church, etc... Take a camera.
9. Help your children invite new friends over to your new home.
10. Let your children choose a new favorite restaurant. This will help them feel in control of their New World.
11. Encourage them to send letters about their new home to their friends.
12. Involve your children in groups, sports, and activities like the ones they used to participate in.
13. Remember, even if you only lived in a home for a few years, to a young child it is nearly their entire lifetime.

HELPFUL PHONE NUMBERS

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

ELECTRIC COMPANY

Phone:

WATER/SEWER

Phone:

GAS

Phone:

LOCAL PHONE SERVICE

Phone:

LONG DISTANCE SERVICE

Phone:

CABLE T.V.

Phone:

NEW HOME CHECKLIST

Heating System

Check filters every month.

Have annual system maintenance service done one month before the heating season.

Electrical System

To prevent power outages, limit the number of appliances plugged into one circuit.

Air Conditioning

Check filters every month.

Have annual system maintenance service done one month before the air-conditioning season begins.

Keep the condensing unit free of debris.

Microwave

Do not use pans or dishes that are metal or have metallic trim.

Only use mild soap and/or baking soda to clean the interior. Abrasive cleaners or scouring pads can damage the lining.

Refrigerator

Clean the interior shelves, shell and gaskets every three months.

Once a year, clean the coils on the back or underneath.

Range/Oven

To avoid damaging the burners, do not use extra-large/heavy cooking pots and pans.

If you have a self-cleaning oven, do not use any other method to clean it.

Dishwasher

Mineral deposits on the heating elements can be cleaned with vinegar.

Be sure dishes don't block or damage the spray arm.

Garbage disposal

To clean the disposal, push a full tray of ice cubes through it while running cold water. Always remember to run water during use and for at least 2 minutes after you finish. This prevents stoppages.

Washer/Dryer

Clean the lint screen after each load of clothes has been dried and the unit is empty.

Trash Compactor

Replace the deodorant supply regularly to prevent odors.

LOCAL SCHOOL DIRECTORY

SCHOOL NAME

ADDRESS

PHONE NUMBER

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EASEMENT: The right to use the land of another.

ENCUMBRANCE: Anything that burdens (limits) the fee title to property, such as a lien,

easement, or restriction of any kind.

52

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

53

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

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

REALTOR: A member of local and state real estate boards, which are affiliated with the

National Association of Realtors (NAR).

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

SECOND MORTGAGE/SECOND DEED OF TRUST/JUNIOR MORTGAGE OR JUNIOR

LIEN: An additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a “first” mortgage.

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

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

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

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

LET’S ADHERE TO “THE PLAN”

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

TO DO: DATE COMPLETED:

- Loan Application: (Application fee is due at this time).
- Seller’s Disclosure must be signed.
- Set inspection date and time:
- Written notice due – all items from the inspection that you wish to be repaired:
- Negotiation of inspection repair items complete:
- Title Commitment due:
- Insurance: (You are required to arrange for insurance coverage and to inform your mortgage company of your agent’s name and phone number).
- Loan approval:
- Closing Date:

Please note: During the loan and home-buying process, you will be asked to supply documentation, respond to phone calls requesting information, schedule dates into your calendar, etc...

Your Realty Team Roster

The following is a roster of the members of YOUR real estate team. Please keep this book with you throughout the home-buying process. It is also very helpful if you keep it for future reference.

Agent's Name: Lance Hill (435) 862-3303

Email address: StgRealtor@aol.com

Mortgage Company:

Loan Officer:

Phone:

Address:

Insurance Company:

Agent:

Phone:

Address:

Title Company:

Escrow Agent:

Phone:

Address:

Moving Company:

Contact:

Phone: