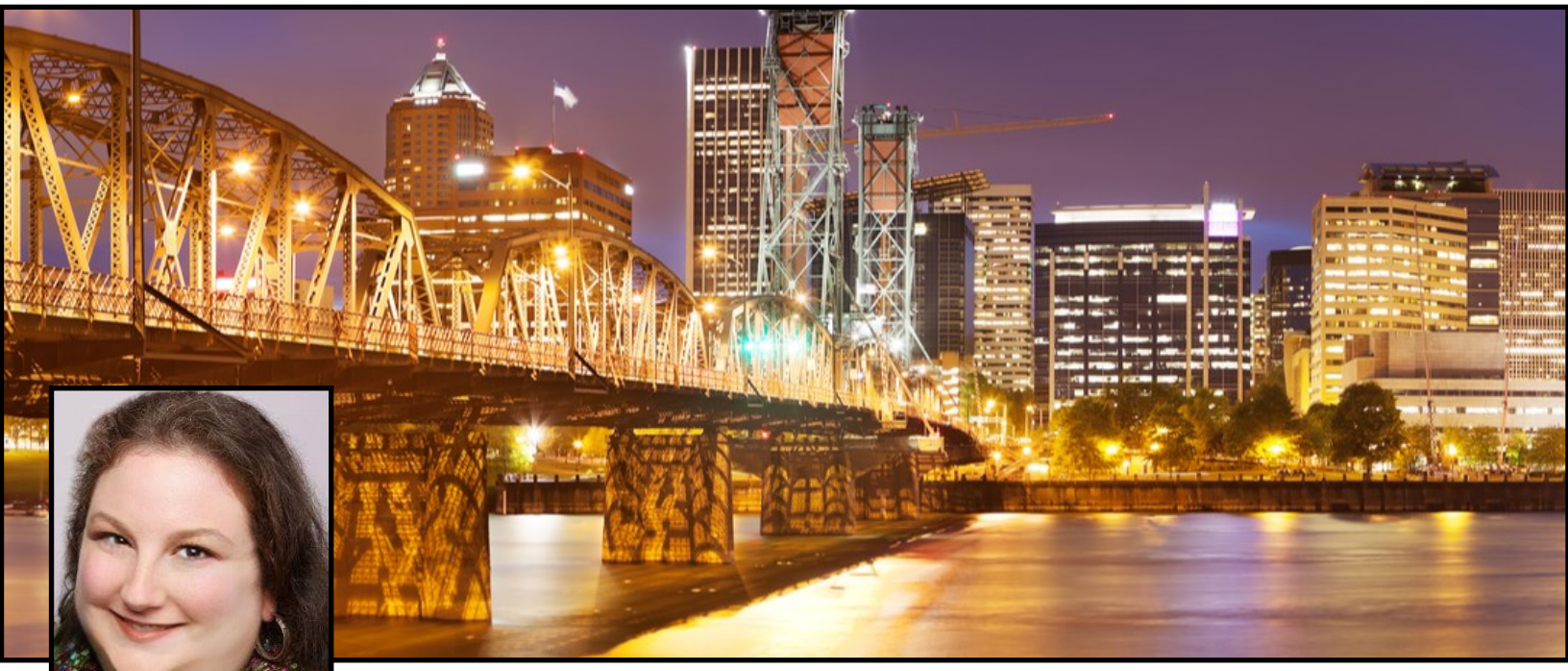
THE ULTIMATE HOME BUYERS' GUIDE

WHAT YOU CAN EXPECT

FROM START TO FINISH!



Christy Walton

503.793.3345 GoodnightChristy@gmail.com

www.GoodnightChristy.com

Christy Walton

RE/MAX SELECT

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1. First Things First

Let me be the first to congratulate you on the decision to purchase a home! I'd also like to thank you for considering me for the opportunity to help you find your home. I welcome the chance to serve as your advisor through the process as we seek the perfect home for you/

As I'm sure you're hoping and expecting, home shopping is exciting and a lot of fun! But it can also be stressful and aggravating at times.

Which is why I'm giving you this…

If you're like most buyers, you probably want to just get out there and see homes, right!? (And, of course, we will!)

But please give this a quick read and refer back to it throughout the process of buying your home.

Buying a home is a big decision. A home is the single most expensive asset most people acquire in their lifetime. The more prepared you are at the beginning, the less overwhelming and chaotic the buying process will be.

My focus is to make the process as efficient and seamless as possible. It is our job to support you in finding the right home with the best possible terms, and to assist you through the entire buying process.

We have prepared this package for you, to help explain the process of buying a home. This material will help to familiarize you with the various activities, documents and procedures that you will experience while purchasing your home.

While this guide won't get into *every* little detail about the process (I'll be taking care of a lot of things behind the scenes which you'll never need to worry about)...

...it does get into some things you *should* know about, which will save you time, effort, money, and heartache.

Again, I'm looking forward to working with you, and thanks for choosing to work with me!

I'm looking forward to getting to know you and helping you find that perfect home!

2. Mission Possible!

As a real estate agent, sometimes I'm representing a buyer and at other times a seller.

Obviously, my "mission" is different for both of those types of clients.

But, since I'm representing you as a *buyer*, my mission is pretty simple:

My goal is to help you find the best home for your wants and needs and successfully get it at the best price possible!

3. You Don't Have To Pay Me A Dime

Have you ever wondered if *you* need to pay your real estate agent when you buy a home? If so, you're not alone. Lots of people aren't sure how it all works.

Here's the short answer: **When you buy a house with me as your agent, you don't have to pay me a dime.** At least not in the sense of you writing out a check to me or my company. However, I will get paid.

It's kind of confusing, right? If *you're* not paying me…then who is?

It comes from the seller.

So the question becomes: Why would I work with you, for you, and with your best interests in mind, if you aren't paying me?

Because that's my responsibility...my fiduciary duty. Simple as that!

It wasn't always that way, though. It used to be that all agents were essentially working for the seller, trying to get the highest price they could for the house.

That's changed...actually quite a while back. But the way agents get paid has not.

The seller still pays the commissions, even though the buyer's agent is representing the buyer's interest, not theirs.

See, the compensation I earn comes from the equity in the seller's house.

In order to sell a house, the owner needs to have equity. In other words, they have enough money to sell the house for a certain price, pay off any existing loans and other costs (like real estate commissions), and still walk away with money in their pocket.

(Yes, they can sell even without equity, but we're not getting into that here. Those are short sales. And, yes, even then the buyer's agent gets paid by the seller, even though there's no equity.)

Bottom line?

You don't have to pay me a dime to represent you.

4. Let's "Shake" on It

Wanna hear some good news / bad news?

The good news is you don't have to pay me until (and unless) you find and buy a home!

The bad news…

I don't get paid until and unless you find and buy a home.

Hmm, sounds more like good news / good news...for *you*! Not so much for me.

Pretty lopsided, huh? But that's how it works in this business. You get my time, thoughts, advice, and skills with no risk to you, but all risk on me.

That probably doesn't sound so bad to you, right? But here's the deal…

It *does* hurt many real estate buyers because they end up not trusting the advice and motives of the agent they've hired to protect their interests.

Think about it...would *you* trust an agent putting in so much time, effort, thought and skills for you for free?

Of course, they want (and need) to get paid. Otherwise, a client always wonders whether the advice their agent is giving them is good, right, and true...or just an attempt to get paid, paid more, or paid more quickly.

I take a lot of pride in the time, thought, and advice I give to my clients, and the last thing I want you (or any other client) to do is to question my motives. Which is why I like to look at the relationship with my clients as: we are "partners" in this together.

We actually aren't partners, though. I technically and legally work for you. It's called having a fiduciary duty to you. Fiduciary means faithful servant, and an agent is a fiduciary of the client. I have a legal duty to work for you to get you the most house for the least amount of money. That relationship is described in more detail at the end of this book, in the document labeled "A Document the Government Requires that I Give You."

Because I take my responsibility to you seriously and I respect my clients so much, I don't use the form called the Buyer Service Agreement which says that you will pay me, even if your contract falls through. I trust you to continue working with me! I don't believe in using that document because I want to find you the perfect home!

I'll take on the burden of not getting paid until you successfully close on a home, then, I get paid by the seller, not you.

All you have to do is be serious and committed to buying a home and committed and loyal to me as your agent!

5. The Current Market Conditions

Now that you're in the market to buy a home, you're going to notice every little thing you hear about the housing market.

It could be on the TV, a headline or article online, friends, family, co-workers...everyone has an opinion on how the real estate market is doing. Some agents even distribute quarterly market updates that are just too broad and general.

The problem is, most of what you hear is based on national data, trends, and statistics. Even if it's "local" insight, it's often still too broad and general.

Real estate markets are very localized. They even vary between towns, cities, and even neighborhoods, from one price range to the next.

This is why I don't like to paint it with too broad of a brush.

But, to put it simply, in *our* area, it is a still a fairly strong seller's market, since there is relatively low inventory and lots of buyer activity. Homes are rarely on the market for more than a few days, and magazine perfect homes often get over asking price quite often. That's what's happening as of the writing of this book (Q1 2018). It could totally change tomorrow.

But even *that* is a fairly broad, general way of looking at the market conditions. You and I will speak more in-depth about the current market conditions specific to the price range and area(s) you're focusing on.

Bottom line: Don't base your mindset or decisions on what you casually hear from day to day.

6. Get Pre-Approved for a Mortgage

If you haven't already done so, you need to get pre-approved for a mortgage. This topic is a good example of why it's important for us to be working as "partners" on the same page…

As lending guidelines have become stricter, a strong pre-approval is more important than ever. Take the time to complete this step-in advance of making an offer. When it comes time to make an offer, we want you to be as strong a buyer as possible. Below is a list of lenders with whom I have done business in the past. Should you use someone not on the list, please give me their contact information so I can check in before we write any offers.

Many buyers feel like agents are pushy when they suggest getting pre-approved. They take offense. They resist. They make excuses. They look at it as the agent being nosy, looking to see how much money a buyer has in the bank, or looking to make sure the buyer can afford a home.

Well, it's *exactly* that! And there's nothing wrong with an agent asking them to do it either.

Unfortunately, agents who are not entirely confident (or perhaps just desperate for business) let it slide. Then they show their client homes that, it turns out, they could never afford...or it turns out they couldn't afford a home at all. And that hurts both the agent and the client in different ways.

Beyond just knowing that you can get a mortgage, and for how much, getting pre-approved will do a couple of other things for you:

- You'll need it when you want to submit an offer on a home. And in those moments, time can be of the essence. If you need to rush to get pre-approved, you may lose the home if you can't get it in time.
- Starting to talk with lenders now will give you time to choose which lender you want to work with, shop rates and products, and get the best overall loan for your situation. (NOTE: Once you're under contract, you won't have much time to shop around for rates and your preferred lender.)

You can certainly ask any lender you already have a relationship with, but if you want any recommendations, the following are the ones I trust and recommend:

- Lloyd White, Summit Mortgage, 360.901.3210
- Ella Gurfinkle, Fairway Mortgage, 503.974.7866
- Fatemeh Carter Finance of America Mortgage, 619.246.8983

Once you've selected one, send me the info so I can have it ready to go when we submit offers!

(**NOTE:** If you're planning on paying cash, please gather and send me your "proof of funds" so we'll be ready when you find a home you want to make an offer on.)

7. Don't Spend a Penny

...without consulting me or your mortgage advisor!

Once you are preapproved, please, do not do anything that will change your debt to income ratio.

When you're in the process of buying a home, it's important not to accrue any new debts. This can (and likely will) affect whether you will actually get the loan you were approved for.

Now, this doesn't mean you can't go out to eat, buy groceries, get gas, or spend any other daily, weekly, and monthly expenditures you normally have.

It means…

- Don't buy a new car (or lease one)…
- Don't go and book a vacation on the credit card (or drain your checking account)…
- Don't even necessarily pay off a large credit card bill!
- Don't buy new appliances for your new home until after you close.

There are plenty of other examples I could give, but the bottom line is this…

Before you spend or commit to any debts between now and when you close on your new home, check with me and your mortgage advisor before doing so.

Some purchases may be necessary. Some may not even affect a thing but it's better to be safe than sorry. Too many buyers aren't advised of this and don't think twice about spending money. Unfortunately, they find out the hard way.

My Ten Commandments of Buying a Home:

I. Thou shalt not change jobs, become self-employed, or quit your job.

II. Thou shalt not buy a car, truck, or van (or you may be living in it!).

III. Thou shalt not use credit cards excessively or let current accounts fall behind.

IV. Thou shalt not spend money you have set aside for closing.

V. Thou shalt not omit debts or liabilities from your loan application.

VI. Thou shalt not buy furniture on credit.

VII. Thou shalt not originate any inquiries into your credit.

VIII. Thou shalt not make large deposits without checking with your loan officer.

IX. Thou shalt not change bank accounts.

X. Thou shalt not co-sign a loan for anyone.

8. What Are You Looking For?

OK, now that you're pre-approved, we know what you can afford.

That doesn't mean you need to buy a home for as much as you're approved for. In fact, it'd be great if we can find you a great home for less than you can afford, right? Well, as long as it fits your wants and needs, of course…

What do you need in the home you buy?

Now we can look at all of the homes that meet your criteria and are within your approved budget.

If you haven't already gone over this with me, give me a list of your "must haves" and your "wish list."

Amid all the excitement involved in buying a house, a home buying wish list will help to organize your thoughts. It's helpful to think of your requirements in three columns – needs, wants and wishes. Needs are features that are must-haves. Wants are amenities that may not be must-haves, but are key factors in your decision-making process. Your wish column will help define the gap between the home of your dreams and the home you can afford.

This is the first rule of real estate. Location is the most important yet the most often overlooked rule. If you have to choose between a home with all of the amenities you want in a bad location or a home in a good location with only some of the amenities, choose the home with the good location. You can always add amenities, but you cannot change a bad location

Rather than picking a specific age of home, try choosing a range of years. If you do not want a newer home, you can ask your agent to limit your search to homes built prior to a certain year. Bear in mind that if your cutoff is homes built before 1970, you will not receive a home listing for a home built in 1971.

Home buyers often desire certain features in 4 areas of the home: the kitchen, master, baths, and dining room. In addition, I sometimes hear buyers state preferences for home energy features, including disability features. Although some of these can be added after purchase as a home improvement project, sometimes the cost to do so is prohibitive

Most lenders require a house be in a minimum condition in order for them to lend on it. The less down payment you have, the pickier lenders are about the condition of the property. I am very familiar with these issues and will do my best to identify conditions that may prevent a lender from offering a loan on a particular property. Sometimes we can get the seller to address such conditions, but these days sellers often have very little equity with which to fund repairs. There are many houses on the market in such bad condition they can only be purchased with cash. Unless you have all cash, we won't be looking at those.

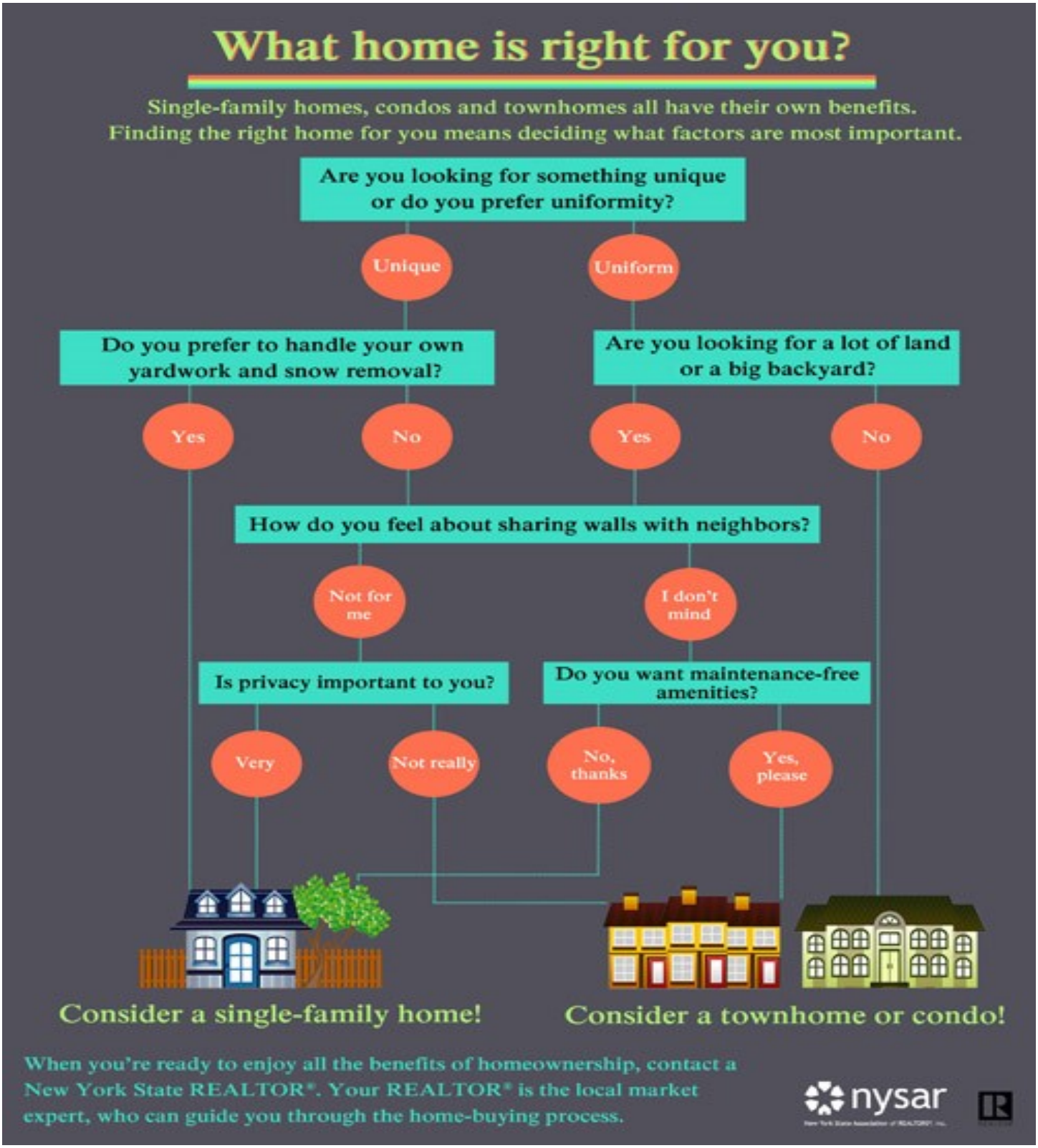
Do feel free to ask me to provide market information regarding a specific house you may be interested in. I may be able to provide data regarding similar houses in the area that have sold recently.

During our time together looking at houses we will have LOTS to talk about. Some topics we'll cover will be Short Sales, Foreclosures, Radon, Underground Oil Tanks and more. What fun!

Please do look at http://www.PortlandMaps.com and http://www.aocweb.org/aoc/AboutOregonCounties/CountyLinks/tabid/79/Default.aspx for neighborhood information that I'm not legally allowed to give you.

Pro tip: I may suggest looking at homes that don't have everything on your lists. Buyers don't always buy what they think they want. I may show you some houses that seem to be outside your parameters. Don't be mad at me, I'm just trying to expose you to different parts of the market. Be open to looking at homes that don't meet the criteria you put on your list. You'd be surprised at how many of my clients found their dream home by only looking at homes I suggested—homes that didn't have everything they thought they wanted. In general, I will not show you properties above the price range you have identified, unless you so request

8. What Are You Looking For?



9. A Few Quick Questions

- What part of town do you want to live in?
- What price range would you consider?
- Are schools a factor and, if so, what do you need to take into consideration (e.g., want specific school system, want kids to be able to walk to school, etc.)?
- Do you want an older home or a newer home? How old or new?
- What architectural style of houses are you willing to see or not?
- How much renovation would you be willing to do?
- How many bedrooms must you have? would you like to have?
- How many bathrooms do you want?
- How big would you like your house to be (square feet)? How big is too big?
- What features do you want to have in your house?
- Do you want a house or condo? Acreage?
- Do you want to live in an area with a Homeowners/Community Association?
- Do you have any physical needs that must be met, such as wheelchair access?
- Do you have any animals that will require special facilities?
- Are there any other special features or needs that you must consider when you're looking for a home?

10. Home Wishlist

Neighborhood Amenities

- Close to work
- Close to school
- Close to hospital
- Close to supermarket
- Close to parks
- Close to restaurants
- Close to Freeways
- Close to public transportation

Types of Locations

- View of Rivers, City, Hills, or Mountains
- Waterfront -- River, Ocean, Lakefront
- Raised Elevation or Mountains
- Cul De Sac
- Dead End Street
- Greenbelt
- Golf Course
- Suburban
- City
- Gated Community

Construction, Exterior, Style, Roof and Yard Amenities and Features

Home Construction

- Brick
- Concrete Block
- Log
- Metal
- Stone
- Wood

Home Exterior

- Brick
- Cement Siding
- Lap Siding
- Stone
- Veneer
- Wood
- Metal Siding
- Vinyl Siding
- Shingle

What style house appeals to you most

- Bungalow
- Colonial
- Contemporary
- Cottage
- A-Frame
- Log
- Mediterranean
- Ranch
- Tudor
- Victorian
- Condominium complex
- High rise building
- Townhouse

Roof

- Composition Shingle
- Concrete Tile
- Metal
- Rock
- Tile
- Wood
- Solar
- Shake
- Slate
- Tar

10. Home Wishlist

Home Energy Amenities and Features

- Attic Fans
- Ceiling Fans
- Dual or Triple Pane Windows
- Programmable Thermostats
- Single Flush Toilets
- Water efficient fixtures
- Window Shutters
- Solar Heat
- Solar Plumbing
- Sun Screens
- Heating efficiency requirements
- HVAC -- Central Heating & Air Conditioning
- Heating Energy Type - electric, oil, propane, gravity
- Tankless Water Heater
- Skylights or Sky Tubes
- Whole House Fan
- Storm Windows
- Solar pool heat
- Baseboard heat
- Window or Wall AC unit
- Radiant heat
- Forced air heat
- Wood stove
- Fireplaces
- Generator
- Storm Windows

Home Electronics

- Security System
- Home automation
- Fiber Optics
- Satallite Dish
- Cable
- Automated Thermostat

Condominium Specific

- In-Unit laundry
- On Site laundry
- On-Site Storage
- Fitness facility
- Club Room
- Concierge
- Doorman
- Pet Rules
- HOA amount
- Included in HOA
- Floor number
- On-Site management
- Age of building
- Social Events
- Rooftop garden

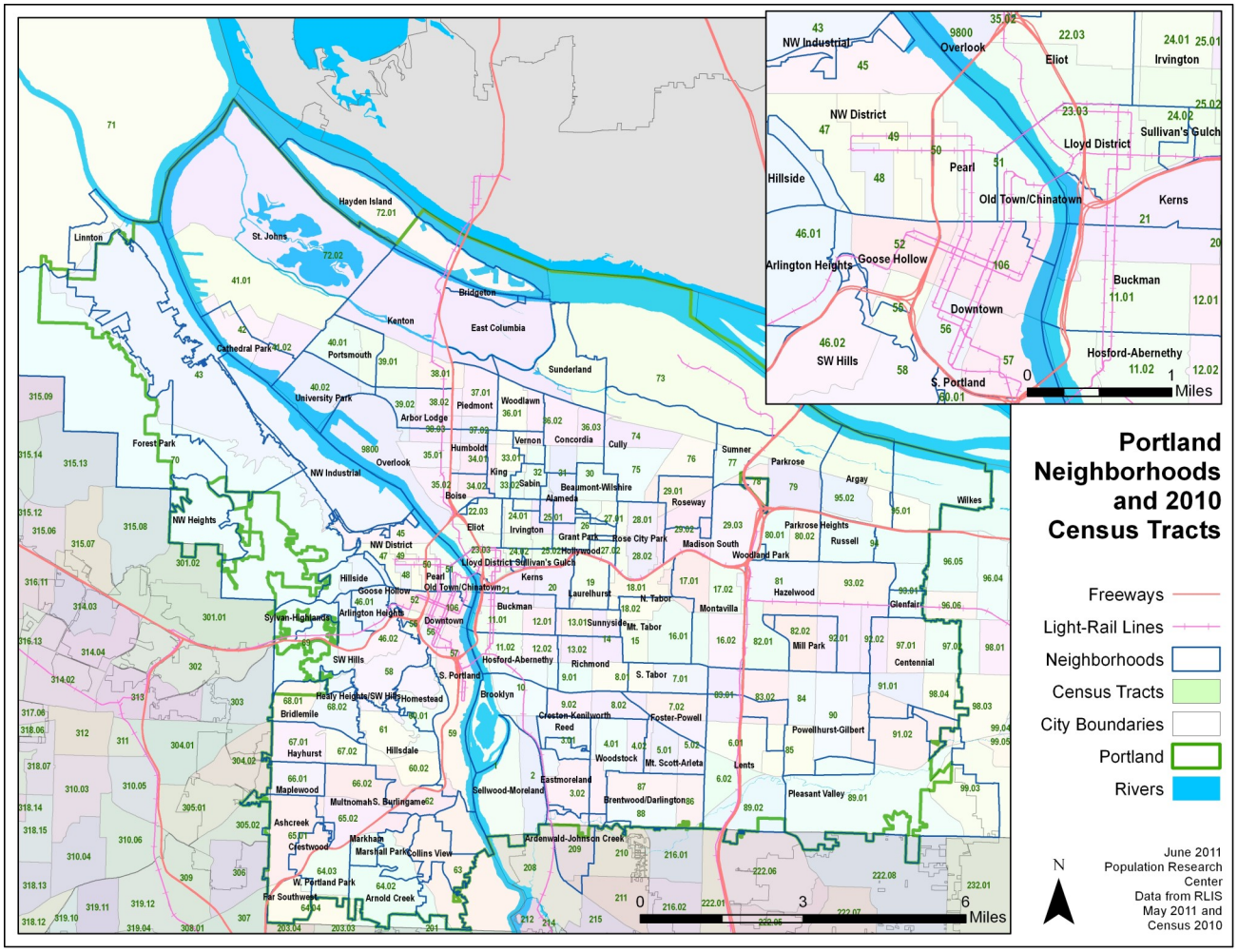
10. Home Wishlist

Disability Features

- Extra-Wide Doorways
- Ramps
- Grab Bars
- Lower Counter Heights
- Walk-in Tubs and Showers

What else do you want in your community?

- Community pool
- Golf course
- Basketball court
- Tennis courts
- Gated community
- Clubhouse/activities



10. Home Wishlist

Yard

Size of Lot	Courtyard	Lawn
Swimming Pool	Patio -- Covered	Automatic Sprinklers / Drip / Misting System
Outdoor Spa	Patio - Uncovered	Fenced yard
Outdoor Sauna	Tennis Courts	Special View
Fireplace or fire pit	Trees and Landscaping	Outbuildings (shed, barn, etc)
Built-in BBQ	Gardens	Deck
Outdoor Kitchen		

Basic Home Amenities, Types of Rooms and Flooring

Single Family -- Attached or Detached -- Duplex, Condo, Townhome

Age of Home / Year Built	Parking / Garage
Number of Stories or Levels	RV Parking or Boat Storage
Orientation (direction home faces)	In-law apartment
Utilities -- Gas / Electric	

Types of Rooms

Number of Masters / Junior Masters / en Suites		Downstairs Bedroom
Loft	Media Room	Basement - Finished/Unfinished
Den/Library	Family Room	Guest Quarters
Bonus Room	Gym / Workout Room	Wine Storage
Great Room	Library	Separate laundry room
Home Office Area	Butler's Pantry	Mud Room
Home Theater	Sun Room/Lanai	

Flooring

Carpeting	Cork	Waterproof Vinyl Planks
Concrete	Tile	Vinyl / Linoleum
Bamboo	Laminate	Manufactured Wood
Stone	Marble	Wood

10. Home Wishlist

Specific Home Amenities and Features

Kitchen Features and Amenities

- Appliances -- Built-in or Free Standing -- Stainless / Colored / Cabinetry Match
- Counters -- Granite, Marble, Ceramic, Stone, Wood, Laminate or Synthetic
- Islands and Wet Bars
- Dining Bars
- Under Cabinet Lighting / Recessed Lighting / Pendants
- Farmstyle Sinks, Dual or Triple Sinks, Metal, Steel, Cast Iron
- Warming drawers, Wine Refrigerators, Trash Compactor
- Copper plumbing
- Remodeled / Updated

Dining Features

- Eat-in Kitchen / Breakfast Nook
- Dining / Family Combination
- Dining / Living Combination
- Formal Dining Room
- Outdoor Kitchen

Master Suite Amenities and Features

- Master on Main
- Large vs. comparable with other rooms
- Balcony
- Outside Access
- Private Patio
- Remote Area or Sitting Room / Office
- Ground Floor vs. Second Floor
- Surround Sound
- Fireplace
- Wet Bar
- Walk-in Closets

Bath Features

- Dual / Triple Sinks
- Built-in Dressing Vanities
- Vanity Shelves & Mirrors in Showers / Tubs
- Jetted or Sunken Tubs
- Two- person bath or shower
- Separate Shower
- Rain shower heads
- Stone / Tile Surfaces
- Outside Access
- Skylights
- Heated Floors
- Windows
- Remodeled / Updated

11. When You're "Seeking" A Home

The Internet has changed how buyers find homes. Not too many years ago, the only way to even know all of the homes that were for sale was through a real estate agent.

Nowadays, almost every single home on the market can be found on the Internet.

(In fact, it's almost impossible to *miss* a home that's on the market.)

It's become easier to "find" the home of your dreams.

And the chances are, you're going to be addicted to looking for homes online at all hours...even at work. (Just make sure to minimize your screen when the boss walks by!)

Now, this is some deep stuff most agents don't even realize or think to address with their clients…

See, back in the day, agents had to "find" the perfect home for their client...and that expectation still exists. Buyers often "find" the home they want before their agent specifically brings it up to them.

So, some buyers get aggravated that their agent "must not be doing a good job" if they aren't sending the client the listing before they find it themselves.

This may be true with some agents, but mostly it's a matter of agents just being busy, out on the road, in a meeting, or whatever. The client just happens to be constantly looking for their own home while an agent has many other people and homes to deal with on any given day.

Regardless, "finding" the home is not a single moment. It's a process. It's about seeing many homes (online and in person) and gradually understanding the market, so you make the best decision.

Remember that we are looking for your home and generally a long-term investment, so you should provide honest and candid feedback (about the homes, the process, anything). Don't worry about offending me or the sellers. My end goal is that you have no regrets at the closing table. If I don't know what you dislike, there's a good chance you'll see that same feature again.

I strongly recommend that every buyer have a friend or family member that tags along for the house hunt. Having the opinion of someone who knows you very well and can keep you focused in invaluable. Looking for a home is an exciting and stressful process, and my role as a REALTOR(R) is to give you all of the information you ned to make the best decision, and to that end, I may provide insight that limits your excitement. Sometimes my job brings you "crashing back to earth". I will definitely share in the emotion and excitement when we've found The One.

And beyond that, "finding" the home isn't even the most important part of the agent's job. The real skills come in once you've found a home, make an offer, and start going through the process to close on it.

I always bring this up because it's a silly perception that I've seen cause issues between agents and their buyers, and it can cause friction that gets in the way of the agent doing the more important things, as well as they could moving forward.

By the way, when we fill out the form that gets those house leads to you at all hours, that is how we are helping you find your prospective home. We're still doing it; it just has an aspect of automation now.

For you 4 A.M. shoppers, though, just email me. I promise to get back to you A.S.A.P.!

Tips: House hunting tends to lose its appeal after a few houses so remember it does take time and we will find it. Wear comfortable clothing and shoes; also be prepared to remove your shoes in many homes.

12. Finding A FSBO

OK, not every home is “on the market.” Some are what we call “FSBOs.” (Pronounced “fizzbo.”)

These are homes that are For Sale By Owner.

And lots of buyers think that these are going to be the steal of a century since they aren’t on the open market. (Although nowadays, many *are* on the MLS as well, by hiring limited service agents to input it, but the owners represent themselves.)

Anyhow, these are *rarely* a deal. The owners may very well be trying to “cut out the middleman,” but they’re rarely willing to pass those savings along to the buyer. (In fact, most FSBOs are way overpriced, even above what they should be on the open market.)

Does that mean we should not look at FSBOs? Not at all. We can certainly look at FSBOs.

So, if you or I come across one that meets your wants, needs, and budget, we’ll certainly approach the owner.

Here’s the thing…

Let me call them first. I’ve .been trained on how to deal with them. I know what to say and what not to say. And how to say it. This will increase our chances of actually getting a deal on a FSBO.

So, if you see a FSBO sign, just take down the contact info and address, and let me do the rest.

13. One Thing You Shouldn't Do

Just like with FSBOs, you also shouldn't call listing agents directly.

Buyers often feel like there's no harm in just giving the listing agent a quick call to ask a few questions. Or, they see a homeowner standing outside and strike up a conversation.

This probably sounds harmless enough. However, I've seen too many buyers say too much—or say the wrong thing—and it ended up costing them a home or led to them paying more than they might have otherwise.

Everything you say, and everything a listing agent or seller knows about you, can come back to haunt you.

Look at it like this…

If you were about to go to court, would you think it makes sense to have a casual chat with the other side? Probably not.

The same thing applies here.

Let me do the talking with the other side. Not just once we're in a deal, but also until we find a home and are under contract. I know what to say, and what not to say, to make sure we protect your best interests.

14. Foreclosures, Short Sales, and REOs

Speaking of getting a deal…

Lots of people think that going after foreclosures is a good way of getting a good deal. It can be. But it can also be a risky purchase and tough even to buy one.

What is a Short Sale?

A short sale occurs when a homeowner needs to sell their home, but they owe more on their loan than they will receive from the sale of the home. In other words, they will be "short" on the amount of funds required to pay off the outstanding loan. A short sale requires the lender to agree to the sale of the home at a price lower than the remaining balance on the outstanding loan. In a short sale, the lender becomes a party to the transaction.

What is the difference between a Short Sale and an REO?

An REO (Real Estate Owned property) is a home that has already gone through the foreclosure process and is owned by the lender or bank. The lender is highly motivated to sell the property as quickly as possible.

A Short Sale, on the other hand, is much more difficult to complete because the lender does not yet have control of the property. Rather than sell the property, the lender often tries to negotiate the loans and terms to keep from having to foreclose or incur a large loss through a short sale. Lenders may refuse to talk to REALTORS® until they are fully convinced that the homeowner's only option is to sell. Usually, the homeowner has to stop making payments for the lender to realize that they are serious about selling. Short sales, because of all of the intricacies involved, can take months to close. If you are in a hurry to get into a home, a short sale is probably not for you.

Going after a foreclosure before it hits the open market (at an auction or sheriff sale) requires that you take on all risk. Frequently you can't even see inside the home before you make an offer. Plus, you have a very short period to come up with proceeds if you successfully win the bid.

The better way to go after foreclosures is to focus on those that the bank (or other lenders) bought back and put on the open market. We can certainly consider those. At least we'll be able to get inside and see the home. However, they will likely not do any repairs or credits for anything wrong with the home.

This applies to "short sales" as well. These can also be a way of getting a good deal, but you will likely have to accept the property as-is. However, an offer on a short sale can also take quite some time to be approved, if at all. So you need to be patient if you decide to go after one.

With all of that said, just because something is a foreclosure or a short sale doesn't mean it's necessarily a "good deal." It depends on how much you can get it for and how much work and risk you have to take on.

So if you're interested in a "distressed" property (the industry term for foreclosures and short sales), we can certainly throw them into the mix. Just make sure you approach it with eyes wide open and know what you're getting into...and only as long as the deal is good enough to make it worth your time, effort, and financial risk.

15. Don't Trust Everything You See Online

Piggybacking off of the last section…

One of the things I often hear from buyers is that they came across a great deal on Zillow or some other online site.

They see a home that looks like it's for sale and at a ridiculous price. It usually turns out that it is a "pre-foreclosure," and the site is indicating how much is owed.

More often than not, these homes are a long way from actually being foreclosed. Many never will be foreclosed. And even if they are foreclosed, the bank will not likely let someone else scoop it up for such a sweetheart deal. Instead, they'll buy it back and then put it on the market for a reasonable market price.

So don't get too excited when you see that sort of thing online.

In fact, don't be surprised if you find many homes on these sites that aren't actually for sale at all. Many times they show homes that were sold and closed some time ago because many real estate companies and agents don't automatically update their listings on sites like Zillow and Zillow has been banned from our RMLS so can't update itself. (By the way, all RE/MAX listings are automatically updated the same day.)

On another level, also don't put too much stock in any website's online estimate of value. Do not base your perception of market values on any of these. They are typically highly inaccurate because those numbers are derived by a computer algorithm that can only see public records, not a human being that has been to the site.

So, when it comes time to decide on how much to offer for a home you like, don't rely on any online estimate of value.

16. New Construction Homes

There are benefits to working with a REALTOR® on a new home transaction. If you are considering buying a new home, there are a few things you need to know:

New homes are more expensive to purchase than resale homes.
Resale homes depreciate in value each year. The actual cost of a home goes down each year because it is getting older. The *property the house is on* appreciates. In contrast, a new home is built at the current market rate for materials, which is always increasing.

New homes are more expensive to move into.
The model home you visit is shown with many upgrades. When you purchase a new home, if often does *not* include many of these extras. Purchasing a washer, dryer, refrigerator, window coverings and landscaping are added expenses you will incur. These items are included with many resale homes.

For new homes, a buyer must use a seller's preselected Title Company.
Under normal circumstances, the buyer and buyers' REALTOR® choose the Title Company used in a transaction. Many REALTORs® prefer to have this choice, as it means they will work with title officers they know and trust.

New home builders want you to be pre-qualified with their lender, even if you are already pre-qualified with another lender.
You have to fill out additional paperwork, and take another "hit" on your credit rating. New home builders want control over their buyers. Many builders make deals with specific lenders ahead of time to ensure there are no financing surprises and to get better rates on their construction loans. You may be able to use your own lender, but don't plan on it.

New home builders have very specific rules about you using a Realtor.
Most homebuilders will pay a Realtor a commission only if the Realtor follows their strict rules from the very first visit to the model homes. If you don't follow the rules, you will be on your own, and will not benefit in *any* way by having representation.

The benefits of using a REALTOR® to buy a new home are as follows:

You have someone representing you.
When you buy direct from the builder, you encounter "Dual Agency." The builder's agent represents both you and the builder. You will not have someone looking out for *your* interests in particular. As your REALTOR® representative, we attend sales appointments with you, any subsequent meetings, the final walkthrough, and the signing at the Title Company.

We can refer a licensed contractor to do a walkthrough with you.
During the walkthrough, the contractor will identify issues of concern that might need attention. Typically, these are issues the builder would otherwise not point out to you. Once these items have been identified, the builder corrects them, and then you can sign the final occupancy release.

You must do the following to qualify for our help with a new home purchase:

Your REALTOR® must go with you when you visit a new home development.
Failure to have your REALTOR® with you on that first visit means that you will likely *not* be able to have our representation.

If you want to visit the models, but your REALTOR® is not with you, *do not sign anything*, including the guest book!
Sometimes, you can visit the showrooms without signing in. However, the developers want you to sign in to receive brochures, discuss the development or get pricing information. This is information that we can also provide for you. If the office personnel insist that you sign in, tell them you have a REALTOR®, and share your agent's business card. If they tell you that you no longer qualify to have REALTOR® representation because your agent is not with you, do not sign anything, and simply leave. We will come back with you and will help you sign up properly.

17. Open Houses

When looking for a home, it is important to visit Open Houses. We are happy to accompany you. However, you may also visit Open Houses without me. But if you do, there are a few things that you should be aware of:

- Most REALTORs® don't hold Open Houses to sell houses.
- REALTORs® hold Open Houses to attract potential clients.
- Some buyers visit Open Houses to try to get a deal.

Some buyers believe that if they remove their REALTOR® from the equation, and deal directly with the listing REALTOR®, they can save money on the sale price of the house or on closing costs. While this may initially seem like a good idea, it has a serious potential downfall. That REALTOR® would be representing parties on *both* sides of the contract. You need an objective person that will be *your* advocate and look out *only* for *your* best interests.

To avoid potential issues at an Open House:

- Carry your agent's business card with you.

  When you enter an Open House, the first person you will typically encounter will be the Listing REALTOR® or another REALTOR® from the same office. Simply give the REALTOR® your agent's business card which lets them know that you have representation.

- Do not sign anything while visiting an Open House.

  Most Realtors want you to sign an Open House guest book. Some will even state that the homeowner has specifically requested that everyone entering the home "sign in." You may simply decline. If they insist, give your name only. Do not give a phone number, address, email address or any other contact information because that agent will attempt to "steal" you.

18. Home Hunt Checklists

RE/MAX SELECT
1233 NW Lovejoy, Portland, Oregon 97209
O: 503.477.9745 C: 503.793.3345
GoodnightChristy@gmail.com www.GoodnightChristy.com
Each office individually owned and operated.
Licensed in the state of Oregon.

Property Address _____

_____

_____

Price _____

# of Bedrooms_____ # of Bathrooms_____

Total Sq. Ft._____

NMLS# _____

First Impression: DISLIKE • LIKE • LOVE

THE HOME	👎	👍	👍👍
Exterior Condition	☐	☐	☐
Floorplan	☐	☐	☐
Kitchen	☐	☐	☐
Family Area	☐	☐	☐
Dining Area	☐	☐	☐
Laundry Room	☐	☐	☐
Master Bedroom	☐	☐	☐
Master Bathroom	☐	☐	☐
Extra Bedrooms(s)	☐	☐	☐
Extra Bathroom(s)	☐	☐	☐
Garage Size	☐	☐	☐
Lot	☐	☐	☐

THE FEATURES	👎	👍	👍👍
Kitchen Appliances	☐	☐	☐
Laundry Appliances	☐	☐	☐
Fireplace	☐	☐	☐
Patio/Balcony	☐	☐	☐
Pool	☐	☐	☐
A/C & Heating System	☐	☐	☐
Security	☐	☐	☐

Does this house make the short list? ☐ YES ☐ NO ☐ MAYBE

ADDITIONAL NOTES_____

_____

_____

_____

NOTES ABOUT THE NEIGHBORHOOD

Appearance _____

Traffic _____

Security/Safety _____

Nearby Schools _____

Close to: ☐ WORK ☐ SCHOOLS ☐ TRANSPORTATION ☐ MARKETS ☐ RECREATION/PARKS ☐ RESTAURANTS

This house **won't** work because _____

_____

OVERALL RATING 1 2 3 4 5

18. Home Hunt Checklists

SMART HOMEBUYER CHECKLIST

EPS
EnergyPerformanceScore

USE EPS TO FIND A HOME THAT SAVES

EPS,™ brought to you by Energy Trust of Oregon, is an energy performance score that gives you an inside look at the true energy impact of a newly built home and how much it costs to operate. The following questions will help you talk about EPS and home efficiency with your builder or real estate professional.

Home energy performance

- ☐ What is the EPS of this home?

  _____

- ☐ What are the estimated monthly and annual energy costs for this home?

  _____

- ☐ How much better is this home's energy score than similar-sized homes in Oregon?

  _____

- ☐ Has this home received any energy-efficiency certifications?

  _____

Built-in energy savings

Which of the following high-efficiency features are built-in?

- ☐ Energy-efficient water heater
- ☐ Energy-efficient heating system
- ☐ Advanced framing techniques
- ☐ Above-code insulation
- ☐ High-performance windows
- ☐ Sealed duct system
- ☐ High-efficiency appliances
- ☐ Energy-efficient lighting

Learn about EPS at **www.energytrust.org/smarthomebuyer** or call **1.866.368.7878**.

Serving customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas.

EnergyTrust of Oregon

19. Don't Hesitate

One of the most common mistakes buyers make is letting a great home slip away.

They see the perfect home and think, "Maybe we should wait. What if a better one comes on the market?"

The key word in that last sentence is "if"...*if* a better one comes on the market. The reality is, if you *do* let a home slip away, another one will eventually come on the market that you'll probably want just as much. But then the keyword becomes "*when*"…

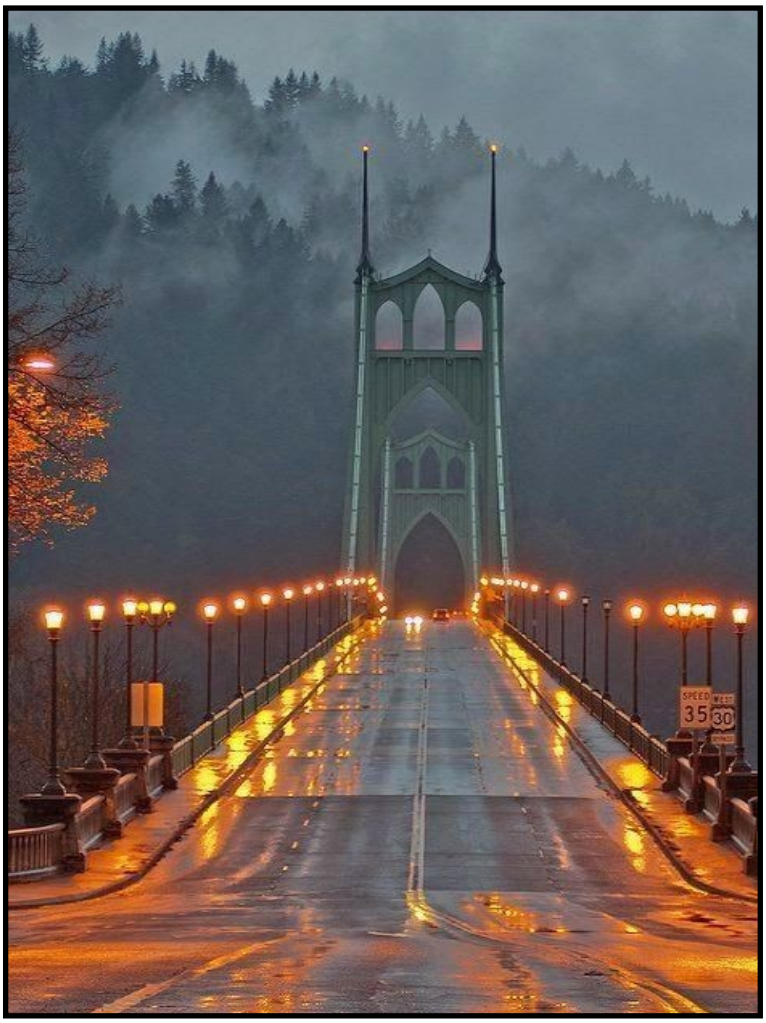
Great homes aren't a dime a dozen. And when you find one you like, the best thing to do is make an offer.

Obviously, you don't want to make a hasty decision and regret it. But I'll be here to keep you in check if you are.

So, if you ever feel like you'll regret not making an offer if a home went under contract to another buyer the next day, you're better off making an offer and not hesitating.

Just remember, there's an old saying in the real estate profession that goes like this:

"The home you looked at today and wanted to think about until tomorrow may be the same home someone looked at yesterday and will buy today."



20. Deciding On How Much To Offer

So, how *do* you decide how much to offer on a home you like?!

That's a tough one to answer because it depends on a lot of factors:

- Are there other offers coming in?
- How long has the home been on the market?
- What is the owner's situation?
- What terms (besides money) can you offer the seller?
- What is the overall market like?

Those are just a *few* of the factors we'll consider.

But regardless of "factors," we'll also look at the sales data in the MLS to determine how much the home is truly worth by looking at how much other similar homes have recently sold for.

Ultimately, it's your choice how much you want to offer initially and how much you're willing to go up to, to get the home.

In tighter "sellers' market," it is always wise to present your highest and best offer. I'm not saying that because the more you pay for your house, the more I get paid (which is true) but because without offering your highest and best, someone else can win the house in a multiple offer situation.

"Market value" is mainly driven by what a ready, willing, and able buyer is willing to pay for a home. But it's also dependent upon how much a ready, willing, and able seller is willing to accept.

I'll do everything I can to help you understand the market and value of the homes you're considering. I'll give you my perspective and advice as your agent, which should put you in an excellent position to get a home for as low as possible, while still submitting an offer a seller will consider and hopefully accept. Because coming in with too low of an offer, at least without justification, can hurt your chances of getting a home at all, let alone at a good price.

21. Crafting Your Offer

I alluded to this in the last section—a great offer isn't just about how *much* you offer (although that *does* matter!). It's also about other terms you can offer.

Here are some typical terms and conditions sellers may be interested in:

- Are you flexible on your closing date? (They may want time to look for another home, for instance.)
- How much of a down payment do you have?
- How much earnest money do you have?
- Are you paying cash? (This is less risk and less time for sellers to wait, thus making a stronger offer.)
- Will you waive contingencies, like for a home inspection? (Not necessarily advisable, but it can be useful in the right circumstance.)

Again, those are just a few. But those are also not things every buyer can accommodate.

So, what I *always* recommend to *every* buyer is this…

Let's have everything in order when we submit an offer:

- Let's make sure all the contracts are filled out thoroughly and properly.
- Let's have your pre-approval ready and attached to the offer. (ideally from a reputable lender that no agent or owner will question.)
- Let's be ready and responsive during negotiations. (Too often, buyers take too long responding, which can create a lousy tone).

That sort of stuff we can control, and we should.

Many times, the agent who's the most organized and reliable, along with their clients who also appear organized and reliable, have their offer accepted merely because a seller or their agent trusts that the deal will be smooth and close on time. I've seen this pay off even if it isn't as much money as someone else in multiple offers may offer them.

Your offer will look fabulous if you submit a cover letter to the seller stating how much you love the property, a little bit about you and your family, and why the seller should accept your offer. Please do not include a photo of your family, though.

So, when it comes time to make an offer, let's make sure we put our best foot forward, even beyond the amount you're offering. It can truly pay off in the end.

22. The Questions I Need Answers To

When you find The One, we'll write an offer. I write all offers on the computer, for legibility and because my office likes me to. I'll email it when it's done. You may either sign the documents online via Docusign, which is legal in the state of Oregon or you can print out, and scan all of the documents. If you are particularly keen on getting your offer in quickly, I suggest Docusign because there are a LOT of papers to sign.

I have a LOT of questions that only you can answer when we write that offer. Here's a list of most of them:

What I need from you:

1 Buyers' names, addresses, emails and phone numbers.

1. Buyer 1 full name, as it should appear on title
2. Buyer 1 current address
3. Buyer 1 email
4. Buyer 1 home telephone number
5. Buyer 1 cell number
6. Buyer 2 full name, as it should appear on title
7. Buyer 2 current address
8. Buyer 2 email
9. Buyer 2 home telephone number
10. Buyer 2 cell number

2 How much is your offer?

3 How much down?

4 How much earnest money?

5 Is this all cash? yes no I need you to provide proof of funds, please.

6 Lender name and contact information. Do I already have this? yes no

1. Lender name
2. Lender company
3. Lender address
4. Lender phone number
5. Lender email

7 Is this a VA, FHA or conventional loan?

8 Do you want an inspection? (*please say yes*) yes no

9 Do you want to give the seller a chance to rent back to have time to move? yes no

10 How much will the rent be?

11 Do you want the seller to pay some of your closing costs and prepaids? A yes answer means that you bring less to closing and your loan picks it up (and the sales price should reflect the higher amount) and a no answer means you do bring some cash to closing, but it's a cleaner, prettier offer. yes no

How much?

12 Do you want any of their stuff, like the kitchen/laundry appliances, curtains, curtain rods, their dog (no, really, I've seen it happen)? What do you want?

22. The Questions I Need Answers To

13 If there is an alarm system, the sellers need to answer if it's leased or owned. You need to tell them that you do or do not want to continue the lease on it. Do you? yes no

14 Think about what inspections you'd like to have. I suggest at least a home inspection, sewer scope, and radon test. You should pay for all inspections. Do you want any others?

REAL ESTATE AGENTS ARE NOT QUALIFIED LICENSED INSPECTORS AND DO NOT PERFORM THE INSPECTIONS, TESTS AND REPORTS.

	Perform Inspection or test Ordered & paid by					Perform Inspection or test Ordered & paid by			
Professional Home Inspection	Yes	No	Buyer	Seller	Plumbing	Yes	No	Buyer	Seller
Asbestos	Yes	No	Buyer	Seller	Radon	Yes	No	Buyer	Seller
Electrical	Yes	No	Buyer	Seller	Roof	Yes	No	Buyer	Seller
Exterior Siding	Yes	No	Buyer	Seller	Structural	Yes	No	Buyer	Seller
Fireplace/Chimney	Yes	No	Buyer	Seller	Toxic/Hazardous Substances	Yes	No	Buyer	Seller
Heating/Cooling	Yes	No	Buyer	Seller	Underground Sprinklers	Yes	No	Buyer	Seller
Land Survey	Yes	No	Buyer	Seller	Underground Storage Tank	Yes	No	Buyer	Seller
Mold/Mildew	Yes	No	Buyer	Seller	Sewer Scope	Yes	No	Buyer	Seller
Pest/Dry Rot	Yes	No	Buyer	Seller					
Other						Yes	No	Buyer	Seller

15 Do you have an escrow company preference other than the escrow company that the seller would like to use? yes no Who?

16 When do you want possession? 5:00 P.M. on the day of closing is normal and reasonable.

17 Do you want a home warranty on the appliances and systems? Either answer is acceptable, but I always suggest asking the seller for one or purchasing it yourself to protect the appliances that you're purchasing with the home. You can purchase it separately. RE/MAX has a special offer for a warranty through AHS - we can get you a little bit of a better deal than you can get on your own. A "no" answer keeps the offer cleaner and prettier. yes no

18 When do you want to give escrow your earnest money? Three business days is normal. We will write a Promissory Note with the contract to cover the time until the Note is due. Business Days Calendar Days How many?

19 When do you want the offer to expire? Twenty-four hours is reasonable. Twelve is being a tad pushy, but if it's delivered first thing in the morning, it's reasonable.

20 Close date (I suggest 45 days to appease your lender).

23. Earnest Money

In the last section, I mentioned something about how much you're putting down.

There's a difference between how much you're putting down in total (your down payment) for mortgage purposes and how much you're putting down when you make an offer.

When you make an offer on a home, you will also put some money in escrow, called "earnest money" or a "good faith deposit."

This money is held by a third party, not the seller. It doesn't just go into the seller's bank account or pocket. Instead, it's held in an escrow account by the title company.

Some buyers get concerned that this money is at risk if something goes wrong. It isn't. Unless, of course, you do something really bad, like break the terms of the contract. But you and your money are protected in many ways, and if the deal doesn't close, that money will be returned to you.

If the deal does close, that money will be applied to the purchase.

In our area, the most common amount for a buyer to put down as earnest money is about 1% or whatever number you feel most comfortable with above that. But it varies depending on many factors. We can chat about how much you should put down as a good faith deposit once we assess the situation on a home you're making an offer on.

Your earnest money cannot be borrowed or charged and needs to have been in your account for at least ninety days to "season".

24. Tax Refund Used as a Down Payment

Tax Refund Used as a Down Payment to Buy a Home
By Russell Smith of Team Move Mortgage

During tax season, refunds help so many become homeowners!

Down payment is one of the biggest obstacles for prospective first time buyers to purchase a home. But during tax season, many tax payers have more funds than any other time of year. So there is no better time to qualify for a new home! Quite often a tax refund may actually cover the whole down payment on a home purchase. Additionally there are several programs that do not even require a down payment. Even though down payment may not be required, assets help the strength of the borrower. Furthermore, tax refunds may be used as assets or down payment right away.

If I Use a No Money Down Home Loan to Buy, Can I Spend My Tax Refund?
The quick answer is NO! At least that would be the answer for right now. Even if a buyer is using a 100% financing mortgage product like USDA or VA. There are several reasons NOT to spend that tax refund. Here are several reasons.

- Use the tax refund to pay closing costs
- Pay off debts to help qualify (talk to a mortgage broker before paying off a debt or collection)
- Keep the refund in the bank as reserves. More reserves equals better chance of approval
- Pay down credit card balances to raise credit scores
- Have money for furniture, curtains, or an emergency fund as a homeowner

Can I Apply Now for a Mortgage Even Though I Do Not Have my Refund Yet?

It is perfectly fine to apply for a mortgage loan when you don't have your refund yet. At application we can just assume the amount that you will be receiving. As long as we can prove receipt of the funds in your account prior to the final underwriting approval.

Warning! Don't Do This With Your Tax Refund!

Too often borrowers receive a tax refund and then just cash the check. Others will immediately withdraw the funds from their account. Converting the refund into cash causes problems on a purchase. Also if the cash is deposited later, proving the source is very difficult. So it is best to deposit the refund and keep it there. At least keep the funds in the bank account while waiting for correct advice from a mortgage professional.

Most importantly, talk with a mortgage broker before spending or withdrawing the tax refund. Each borrower's scenario is different. Sometimes it is more important to pay off a debt to qualify. Conversely, others may benefit by having a down payment. No down payment loans such as USDA or VA are great options. Believe it or not, these loan payments may even be lower per month than loans which require a down payment. In summary, let's make sure you know all of your options before spending your tax refund. You many not even have to spend it at all!

Mortgage Products Available for First Time Buyers Offering Low to No Down Payment

USDA – No down payment required/100% financing to eligible rural homebuyers.
VA – Usually no down payment required. Depends on entitlement amount, purchase price, and county limit
FHA – 3.5% down payment
Down Payment Assistance. Use to offset down payment or closing costs
Conventional – 3% or more down payment

With a tax refund, is there a better time to buy? This is a great opportunity – low rates, stable job market, and affordable homes.

Why not buy a home now?

February 10, 2016 http://teammovemortgage.com/2016/02/10/tax-refund-home-purchase/

25. Negotiating

I'm sure you've heard that negotiating is an art. And it's true.

The approach we take to negotiate the best deal for your home will depend upon:

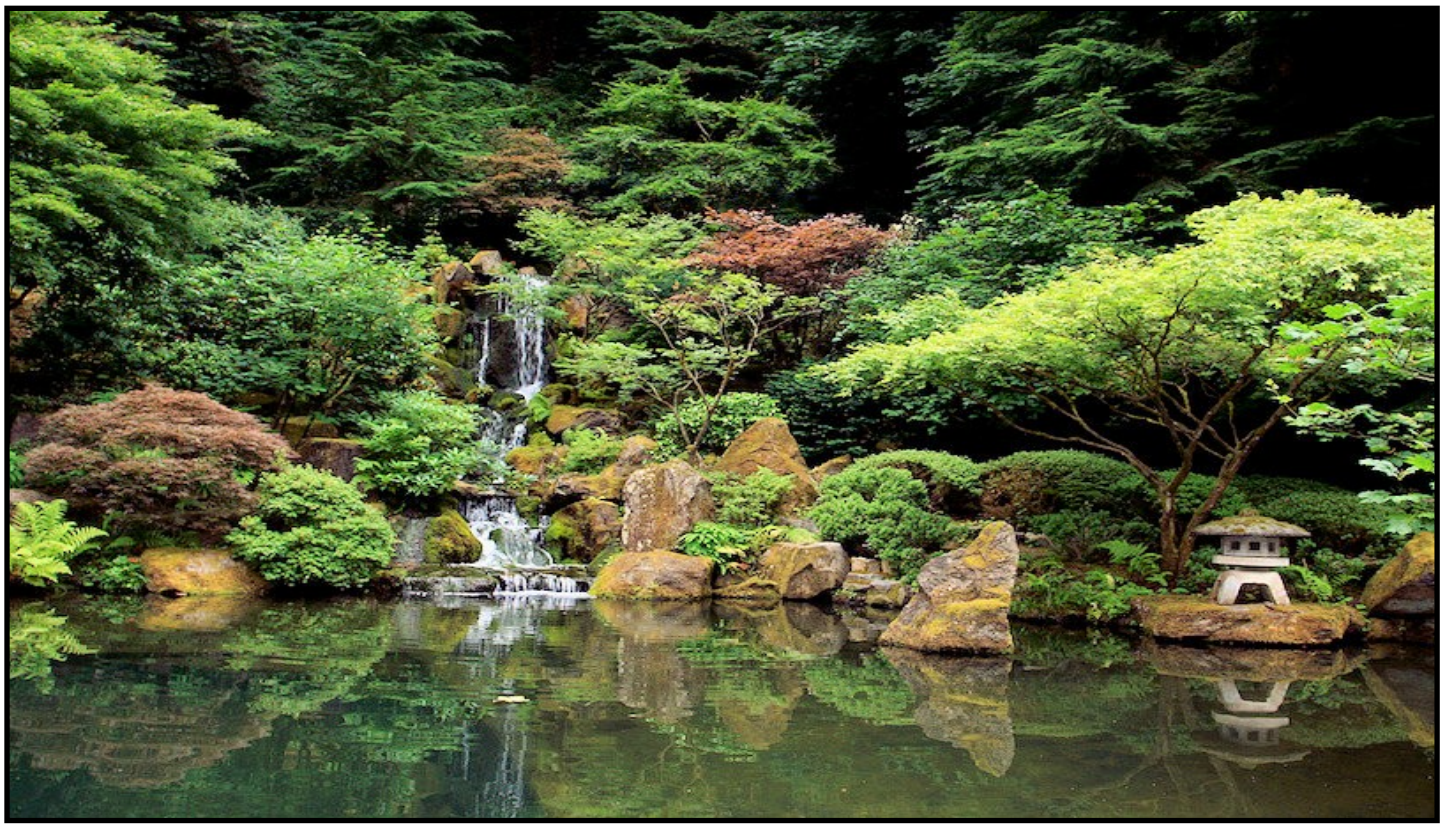
- The seller we're dealing with.
- The agent we're dealing with.
- The overall situation (how many other offers there are, the current pace of sales, etc.).
- Your personal situation. (Are you in a position to "lose" the home and keep looking? Can you take time negotiating the deal? Or, is timing critical?)

There are certainly other factors we'll consider as well.

Many buyers think that to get the best price on a home you need to play "hardball" and perhaps "lowball" the seller with the amount they offer.

Those approaches can backfire fast and hard. Sure, sometimes it makes sense to play hardball. But in a residential home sale, playing hardball can hurt you more than it can help your cause.

That isn't to say we're not going to negotiate the best deal possible. It just might not look or sound like some people imagine from what they see in movies and on TV. In real life, you need to write the right script, at the right time, for the right audience.



26. When You "Lose" A Home

I hope you never go through this (and I'll do everything I can to help you avoid this!), but you might "lose" a home that you love at some point.

Here are the most common ways this happens:

- A buyer waits to make an offer on a home, and another buyer scoops it up. (This one is avoidable.)
- There are multiple offers on a home, and the owner chooses another offer.
- The owner won't accept the highest amount a buyer is willing to offer.

When these things happen, it stings. In a tight market, it might happen a few times, and it stings even more.

This can set some buyers back emotionally. Sometimes they feel like they'll never find as good of a home. Sometimes they just don't want to feel that way again, so they become guarded or give up.

In my experience, the best way to deal with this is ahead of time…

I always advise my clients not to get too attached to any particular home until we are firmly under contract. Sure, be hopeful and excited, but always be aware that until the offer is accepted, and the home is firmly under contract, you could "lose" the home.

Please don't look at it as "losing"...look at it as an opportunity to get a better home, and learn from whatever didn't work the last time around:

- If you hesitated on making an offer last time, don't wait next time.
- If you came in too low the first time, don't "lowball" the next time.

Ideally, we won't have to deal with this. I'll give you my best advice in every situation so you can avoid this ever happening.

27. When You "Win" A Home

OK, this isn't a game show or the lottery…

You won't really win a home. But you'll eventually "win" in the sense of getting an offer accepted.

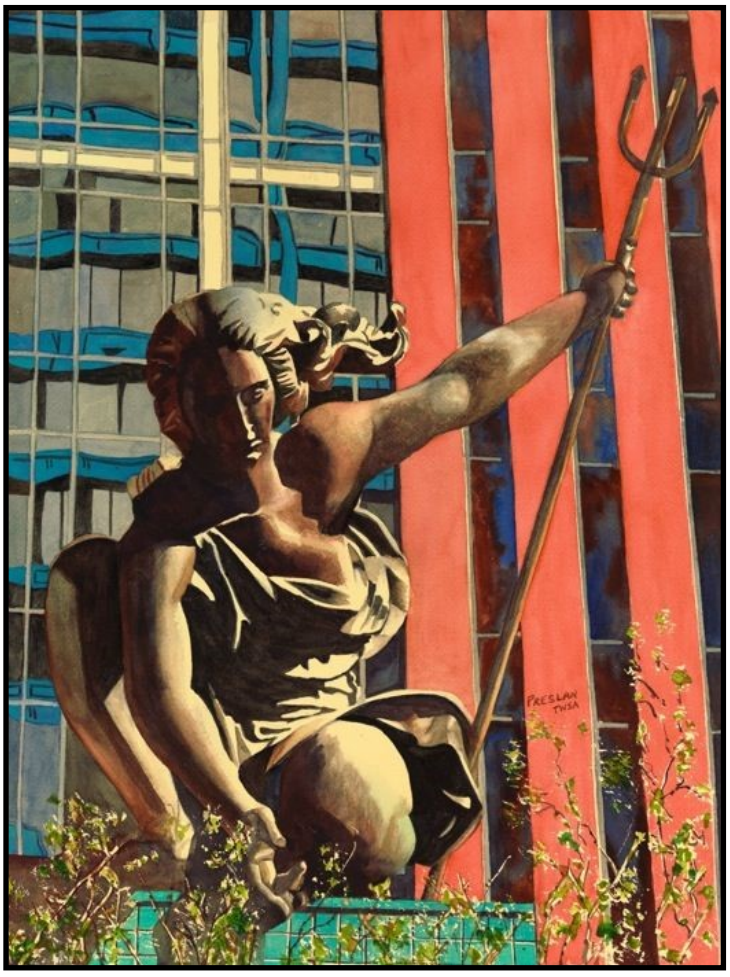
And when that happens, many people go through what's called "buyer's remorse." That happens on almost any purchase someone makes, but even more so when it's a high-ticket item, like a home.

And if a buyer isn't prepared for this feeling, they'll often sabotage even the greatest deal. It's awful to watch happen. They'll make everyone involved miserable and make unreasonable demands, all in an attempt to back out. Sometimes they'll back out without reason and end up losing earnest money, as well as the best home they could've hoped for.

This happens because very few agents think to educate their buyers about this ahead of time. And then, once they're in that moment, anything the agent says comes across as if the agent is trying to push them to move forward. So they get even more defensive, even when the agent is just trying to give them good advice.

I've always felt it's best to just give my clients the heads up that they may feel this way *before* they ever get to that point. That way, if and when you ever feel that way, you'll remember that the feeling is natural.

But please, if you ever do start feeling "buyer's remorse," just let me know, and I'll gladly help you work through what you're feeling and thinking!



28. Get Your Mortgage Started Now

Early on in the process, we discussed getting pre-approved for your mortgage.

While you've already been *pre*-approved...now you need to *be approved*.

This can take some time. You should get all your financial information and required paperwork done with your mortgage company as soon as you're under contract.

It may seem like there's plenty of time between now and closing day, but those days and weeks fly by.

Also, it's not uncommon for lenders to request more documentation from you once they see what you initially send in. This can cause delays and a lot of stress. As a general rule, the better you are about sending over everything promptly, the better off you'll be.

In Oregon, the Buyer is required to submit a completed loan application within three days after the purchase agreement is signed. In Oregon, a "completed loan application" includes the Buyer's name, the Buyer's income, the Buyer's social security number, the property address, an estimate of the value of the property (which is a copy of your offer and the attached addenda), and the loan amount sought.

Federal law require that the buyers sign an agreement to proceed (or not) with the loan within three days of receiving the Lender's Loan Estimate. You should be prepared to be able to notify the Seller of the date of the agreement to proceed

Sellers' agents frequently ask to keep updated on the loan status, and I don't want to disappoint that agent.

So, if you haven't already chosen a lender, do so immediately. Get the ball rolling. Now is not the time to shop lenders, programs, and rates. But if you're going to, you need to get that done now, and then submit your loan application and documentation within the first few days of being under contract.

29. What to Bring to Your Lender Appointment

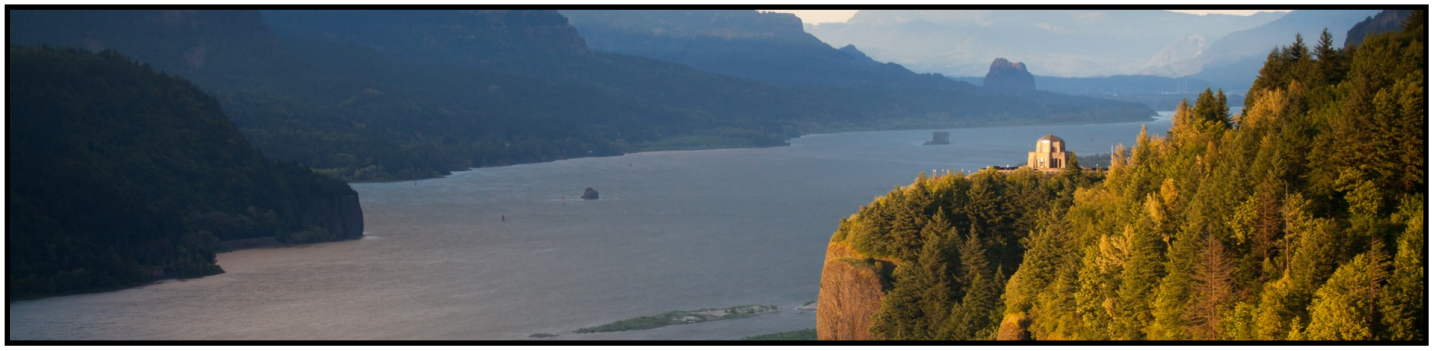
Property Information
- Copy of the purchase contract and property information
- Mailing address and property description
- Contact information for access to the property

Personal Information
- Social security number
- Marital status
- Number and age of dependents
- Current address and telephone numbers
- Addresses for the past seven years (if more than one)
- Current housing expenses (rent, mortgage, insurance, taxes)
- Name and address of landlord/mortgage holder (past two years only)

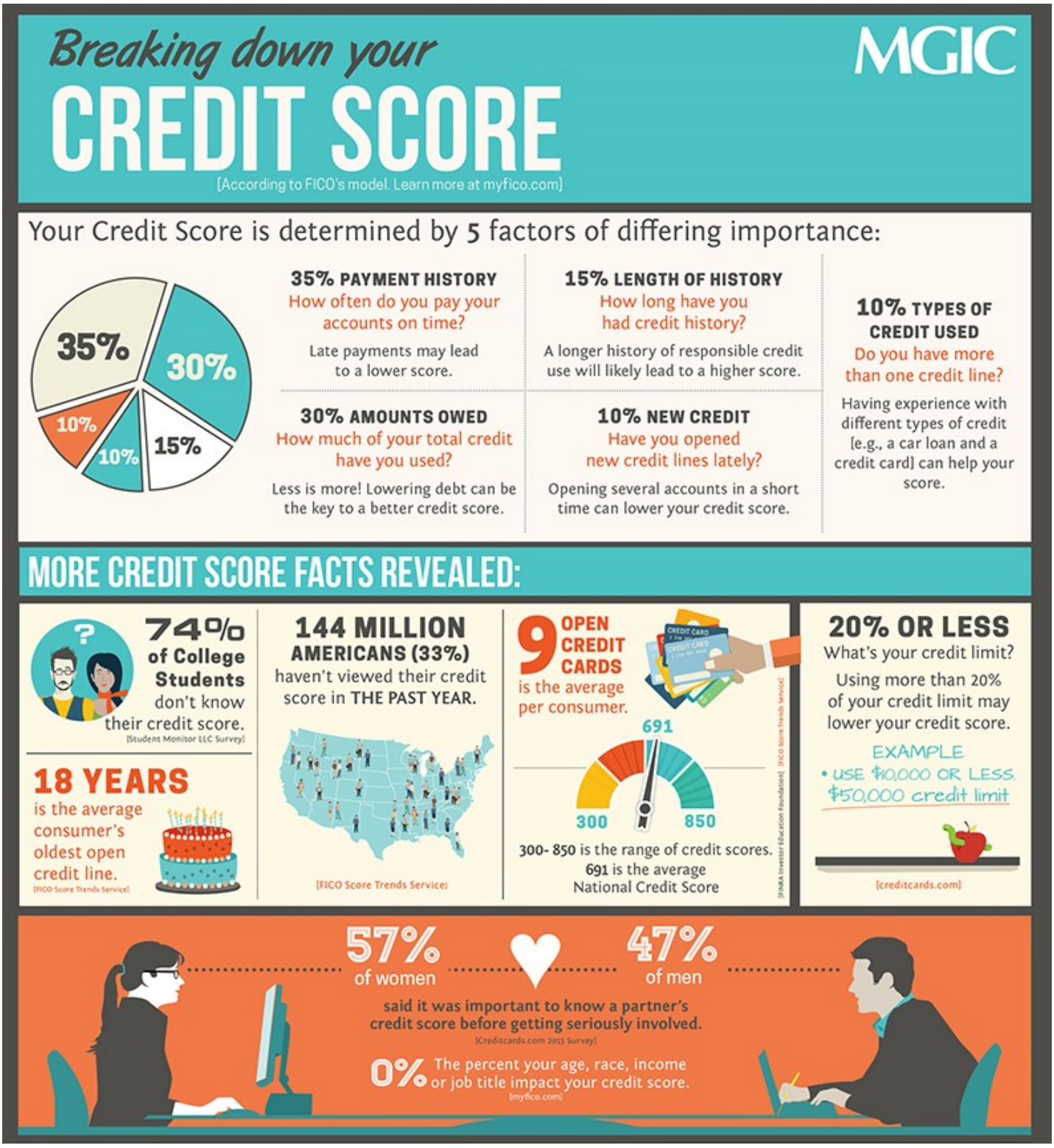
Employment history and income
- Two years of employment history, with complete details of each position
- Recent pay stubs and two years of W-2 forms
- Tax returns and financial statements if self-employed
- Records of dividend and interest received
- Proof of other income

Assets
- Information about all bank and money market accounts
- Two months of bank statements
- Current values of stocks, bonds, mutual funds and other investments
- Vested interest in retirement funds
- Value of life insurance
- Information about any cars you own
- Information about any real estate you own
- Value of any significant property you own

Liabilities and debts
- Itemized list of all current debts: loan and credit cards and other bills
- Written explanation of any past credit problems
- Full details of bankruptcy during the last seven years, if possible



30. Your Credit Score



31. Escrow and Title

The escrow is a legal procedure for handling the details of the transaction from the time the purchase agreement is ratified until the title is transferred and the sale is completed. The escrow is managed by a title company.

The title/escrow company will send you a preliminary title report. This shows what they have found in searching the title of the property you are buying. Back taxes, liens or judgements against the buyer or seller will show up, these will be paid by the seller at closing. If you have a common name, they may ask you to fill out a statement of identity. This will prevent them from attributing others' judgements etc. to your name.

The escrow holder's duties include:

- Serve as the neutral agent and the liaison between all parties
- Prepare the escrow instructions
- Request a Preliminary Title Search to determine the status of the title
- Comply with lender's requirements as specified on instructions to escrow
- Receive and handle purchase funds from the buyer
- Prepare or secure the deed and documents related to the escrow
- Prorate taxes, interest, insurance and rents.
- Secure releases of all contingencies/other documents imposed on escrow
- Request the deed and any other documents
- Close escrow pursuant to instructions supplied by the seller, buyer, and lender, if any.
- Disburse funds as authorized by the instructions, including charges for title insurance, recording fees, real estate commissions and loan payoffs.

Prepare final statements for all parties involved that account for the disposition of all funds held in the escrow account.

The escrow is usually opened by the first business day after mutual acceptance of the purchase agreement, and the buyer's earnest money is deposited into escrow.

Earnest money is a deposit that must accompany an offer when it's presented. A photocopy of the deposit check is submitted with the offer. In addition, it is best to include proof of funds (i.e. bank statements, 401K, etc) along with your offer. Once the offer is accepted and becomes a binding contract, the buyer has three days to place the deposit into escrow. A standard deposit is typically 1% of the total purchase price. This deposit is applied to your down payment at closing.

The escrow officer, a neutral third party in the transaction, must complete specific instructions, received from the buyer's and seller's agents, before title is transferred and funds are disbursed. The buyer's and seller's instructions must match in order for the escrow to move forward.

32. Understanding Closing Costs

Closing costs, fees paid in addition to the loan and down payment amount of a mortgage loan can vary, confusing some homebuyers. Homebuyers without enough cash to pay the closing costs upfront often roll their closing costs into the amount of their loan; provided they qualify for the bigger loan and don't exceed their required loan-to-value (LTV) ratio.

Interest rates can affect closing costs as well. Bankrate.com's 2015 survey of closing costs showed a 7.1% decrease in closing costs for homebuyers in 2015. While average origination fees dropped as rates remained historically low, third party fees increased with inflation. Additional TRID regulatory compliance expenses to lenders and closing settlement agencies may lead to increasing closing costs for borrowers.

Here are examples of some common closing costs to finance a home:

Lender Charges

- Origination, processing and underwriting
- Mortgage discount points used to "buy down" a rate
- Prepaid interest (per diem interest due between closing date and first mortgage payment)

Third-Party Service Provider Charges

- Real estate commissions
- Inspections fees
- Title company fees for title searches, title insurance and endorsements
- Property appraisals
- Survey and elevation certificates
- Homeowners, hazard or flood insurance
- Credit reports (PRM does not charge for these!)
- Attorney fees if applicable
- HOA dues

Government/Municipal Charges

- Property taxes
- Recording charges
- Eligible city or county transfer taxes
- Stamped deeds and mortgage notes

Escrow Funds (amount collected varies with closing date and due dates)

- Property tax reserve accounts
- Homeowner's insurance reserve accounts

Buying a home is a major financial undertaking. Opportunities to help offset closing costs such as lender credits or writing seller credits into a purchase agreement are great ways to help homebuyers achieve their homeownership dreams. I strive to educate my clients and referral partners on all aspects of a home finance.

Christy Walton | RE/MAX Select

503.793.3345 | 503.477.9745

www.GoodnightChristy.com

33. Get A Home Inspection

Avoiding The Money Pit…

Within a week or so after being under contract, you should get a home inspection done.

This needs to be done by a licensed home inspector...not a buddy who happens to be handy or has bought a bunch of homes over the years. When we arrange for the inspection, he will send you a contract to sign and return via email.

If you know a licensed inspector, feel free to hire him or her. If not, here's a list of inspectors I trust and recommend:

- Matt Gill, Discovery Inspections 503-806-5800
- Associate Master Inspectors 503-236-1812
- Paul Daley, Red Dog Inspections 503-516-0272

You will have 10 business days to get the inspection done, and either accept the property, or respond with a rejection of the inspection and termination of the transaction. You should plan to attend the home inspection. You may want to consider additional inspections such as radon, sewer scope and an oil tank search. Most inspectors will place a radon monitor at an additional cost. Once your inspection is scheduled it is best to try and schedule the sewer scope and oil tank search for the same time. For sewer scopes, I suggest McBee Excavating. Call Chris at 503-544-7131. For oil tank searches and radon inspections, I suggest Eco-Tech 503-493-1040.

I can and am always able to help you arrange for inspections. You should go to the inspection, if only to hear the inspector as he works and ask questions. You will also need to pay the inspector at the time of the inspection. Your attendance is not vital, however, and the inspector will answer questions about the inspection later.

All homes have issues, even new construction and you shouldn't expect perfection, especially from a "used" house.

Fair warning: Inspection reports often make a home sound like it should be bulldozed because it has so many problems. Things are rarely as bad as an inspection report makes it sound. So when you read through yours, don't be alarmed.

I'll give you some thoughts and guidance on what you should ask to be repaired—and what you might want to let slide—once we have the report back.

You should go after the safety, structural, and operationally deficient items in most cases. (Of course, this depends on the deal we've negotiated, whether there were multiple offers if there are backup offers, etc.)

The home inspection is *not* meant to be used to ask for every little thing, like a minor drip on the kitchen faucet or a squeaky door, for instance.

The only absolute "musts" for a sale in Oregon are to have working smoke and CO detectors and to have the water heater strapped. Those need to be done before your appraisal.

Any repairs will need to be reinspected once they are completed. Repairs required by the appraiser are reinspected by the appraiser or a "reinspector". The reinspection does cost. Reinspection can take up to a week. You may choose to believe that the work was completed when the seller provides scope of work receipts.

33. Get A Home Inspection

What the home inspector does

- Walk on or examine the roof
- Go into crawl spaces and attics
- Remove panels and give visual examination of furnace and electrical panel
- Check electrical outlets and switches, service drops and terminations
- Open and close windows and doors
- Examine the insides of closets and undersides of stairs
- Check walls, floors and ceilings for defects
- Check water pressure and drain functions in plumbing fixtures
- Flush toilets
- Check chimneys and flues
- Check the exterior for weather damage, decay. and settling
- Examine the soil grade
- Garage door safety
- Appliance operation
- Visible pipe leaks
- Venting and visible ducting
- Check heating system operation
- Water heater function
- Wood destroying insects and mold
- Perform a radon inspection for an extra fee
- Review all items on the report

Home inspectors do not usually report on:

- Inaccessible areas
- Underground systems
- Hazardous Chemicals, Mold, Odors, Rodents, Non-wood destroying insects
- Minor Wood Decay and Cosmetic Flaw
- EIFS siding
- Smoke and CO alarms
- Pool inspections
- Detailed Foundation inspection
- Full roof inspection and roof life certification

34. The Appraisal

In order to meet the close date, we'll need to order the appraisal sooner than later. The appraiser establishes a value for the property based on the sales of similar properties in the area, and sets out any requirements for repairs.

By definition, you and the seller have determined the fair market value of the home you are purchasing...which is: the amount a ready, willing, and able buyer is willing to pay and that a seller is willing to accept.

However, the mortgage lender wants and needs to make sure that the amount they are lending is justified and protected. They assess this by having an appraisal done.

While appraisals aren't always an issue, they can be.

Sometimes appraisers simply can't find suitable "comparables" to evaluate the property.

Other times, an appraiser just doesn't do a very good job.

Either way, if an appraisal "comes back low," we'll need to address it.

If we look at the appraisal and feel the appraiser made a valid point, we can go to the seller and request that they reduce the sales price to the amount that the appraisal says.

But many times, a low appraisal is just incorrect, and we may have to contest it. Contesting a low appraisal can be difficult, and the appraiser may not agree to adjust the opinion much, or at all.

If that happens, you can ask for another appraisal to be done, though you will need to pay for it. Or, you might see if the seller will agree to lower the price a bit, and you come up a bit.

Hopefully, your appraisal will come back with no issues. But if it does, don't worry; we'll deal with it.

(Oh, and don't be surprised if the appraisal comes back at almost exactly the amount you paid for it. The appraiser is just looking to justify the amount spent, not come up with an entirely objective assessment of value. So, even if you got the best deal in the world, the appraisal may just say the offer price is right around how much you are buying it for.)

35. Get Homeowners Insurance

Many people wait until the last minute to get their homeowners (and other) insurances lined up.
I recommend taking care of this at least a few weeks ahead of the closing date.

That way you can make sure you get the best coverage, at the best rates, for your needs.

If you wait until the last minute, you might miss some discounts that you may be eligible for, simply because you're in a rush. And you might also pay a higher premium because you weren't able to shop around a bit.

It's pretty common for your insurance company to require you to pay for one year up front. But this will likely be paid at closing, in your closing costs. Usually, your insurance will be paid for out of escrowed funds from your mortgage after the first year.

> NOTE: This is all the more reason to pay close attention to the coverage you purchase now. You might not think much about it as the years pass, although you should probably make a note to revisit it on a yearly basis to ensure you have the best coverage.

If you already have an insurance company you work with, great. If not, here are a few insurance providers I trust and recommend:

- Mariko Locke - State Farm, (503) 232-2444
- Gregory Robinson - ISU Affinity Insurance Group (971) 221-8913
- Leah Malley - Farmers (503) 477-8676

Once you have your insurance lined up, please forward a copy of the insurance "binder" to me.

36. Transfer Utilities In Your Name

While it'd be nice if the previous owner continued paying for the utilities, it's highly unlikely. In fact, they'll be notifying the utility companies that they'll be moving. And if you don't call the appropriate utility companies for the home you're buying, you'll probably be moving into a home without electricity and everything else you need.

So, about a week before the closing, you'll want to notify all of the utility companies that service the home and let them know you're buying it. They'll transfer the bills into your name, starting on the day you'll close on the home.

Once we get closer to the closing date, I'll give you the names and contact info for all of the utilities you'll need to contact.

37. The Signing

You're closing on your new home! You'll need to sign your loan and purchase documents a few days before closing. The title officer will go over all of the timelines for your closing as well as all of the documents. I'll just be there for decoration.

There will be lots of documents to review and sign, and this isn't meant to give you a blow-by-blow description of all of that. The closing agent will review and discuss all of these at length.

But here are a few things you should do before you head to the closing table:

- Make sure you have a cashier's check, a certified check, or cash in the amount the closing agent calculated to be due at closing. (This will be for the remaining amount after your down payment, and closing costs are figured in.)
- Bring proper identification. Usually a photo I.D. (like your license), social security card, and/or birth certificate.
- A rested wrist! (You'll be signing a lot of documents!)
- A big smile...because you're about to own and move into your new home!

38. The Walk-Through

Before you head to the closing table, we're going to do what's called a "walk-through". This is usually done the morning of the closing or the evening before.

We're going to make sure that the home is in the same condition it was when you agreed to purchase it (minus minor wear and tear, of course).

We'll be looking to make sure that:

- There was no major damage done since you first agreed to purchase it.
- The owner has entirely moved out and hasn't left anything behind that you don't want. (Like bags and bags of trash!)
- The home is in "broom clean" condition.
- That everything the owner contractually agreed to leave behind is still there.
- That all of the major appliances are in working order.

> TIP: Sellers are often in a rush to get out of the home right up to the closing day. Sometimes they don't leave the home quite as spotless as a buyer may have hoped. Unless it's in atrocious condition, it is probably better to just expect the home to not be as clean as you hoped...and if it is, look at it as a happy surprise.

If there's anything wrong with the home, or they've left junk behind, or the home is disgustingly dirty, we can bring it up to the owner (through their representatives) before the closing. They can remedy it by taking care of whatever issue you might have, although that could delay closing. Or they may offer a credit of some sort. (However, do not look at the walk-through as a way of negotiating a few bucks off the sale price.)

With all that said...*don't worry*! Most homeowners are conscientious, and the walk-through is a quick visit. In most cases, everything will look and work just fine.

39. Closing Day!

Congratulations!

After the closing, there will still be a lot going on behind the scenes. Your mortgage, the deed, and other legal documents will all be recorded. Once it's complete, the final documents will be mailed to you.

My goal is to not only find you the home that fits your needs but to provide extraordinary service to you! Of course, I will always be available if you have any questions or concerns, even after the closing. Never hesitate to reach out to me!

And I hope we stay in touch on a personal level too! Thanks so much for choosing me as your agent, and I look forward to helping you with all of your real estate needs in the future...as well as any of your friends or family you refer to me. I want to be your REALTOR® and real estate resource for life!

40. Not Your Typical REALTOR® Bio

You loathe typical real estate agent bios. Don't worry, I do too. They're like cardboard -- stiff, bland, and identical to every other bio out there. If you're hungry for one, there is a "typical" bio on the next page (I doubt you'll read it, I don't think I have since I wrote it.) Instead of boasting ad nauseum about awards and accomplishments you're not interested in, I'm taking the novel approach of actually giving you what you want -- real answers to questions you're probably wondering right now.

Will you return my calls and emails?

Yes. Without question. I realize this is one of the major frustrations the general public has with dealing with agents. I get dozens of calls and emails daily, and I work hard to reply as quickly as possible. I even answer Facebook messages quickly.

I've met many Realtors who are jerks. Are you?

Depends on who you ask. If you ask certain agents who have stood between my clients and their real estate goals, they'll probably say "yes". A handful of people think I leave golden footprints in the sand. Those are the two extremes, and most people's opinion falls somewhere in the middle.

Here's what I can tell you: I'm honest and candid. I take pride in being approachable and friendly. And if you need a quick real estate brain, or a strong dose of honesty, you're in the right place. Loyalty to family, clients, and friends is one of my core values. Want to really find out if I'm a jerk? Mess with one of those people.

Do you have experience doing exactly what I need?

Until you tell me what you need, there is no way of knowing.

These are "strong suits" of mine:

- All that nasty paperwork
- Relocations, both local and distant
- First time homebuyers
- Listings

If your goal or situation isn't represented on that list, don't worry. Contact me anyway. If I can't help, I can get you referred to another agent who can.

What kind of work are you really good at?

On a personal level, I'm pretty good at cooking (I make a mean lasagna!), and I'm not too shabby at gardening (I can make orchids rebloom). On a professional level, here are the skill-sets that I've developed over the years:

- Listening. Unfortunately, it's a lost art these days.
- Marketing
- Negotiations

40. Not Your Typical REALTOR®

Christy has heard every "The Waltons" joke ever written and knows all about "Goodnight, John Boy" and "Goodnight, Christy"!

She's also moved a lot, living in 18 different houses so she knows all about looking for the perfect home. Though Christy has lived in Oregon since 2005, she's lived in the San Francisco area; Los Angeles; and Atlanta, Georgia. Christy has also lived in Milan, Italy; and Manila, The Philippines.

Before starting in her career in the real estate world in 2002, Christy worked managing a fabric and craft store and spent close to 15 years in theater – most of that as a stage manager. She also is an artist, making carnival masks, jewelry, and art glass for wearing and wall. You can see those at GoddessMasks.com.

Christy is a casual, knowledgeable, professional, non-intimidating real estate broker (in fact, she'll probably be wearing jeans). Her job is to find out what you want and need in a home and neighborhood and then work hard to make you happy! She specializes in that annoying, scary paperwork and is always here to explain it so you understand it, too.

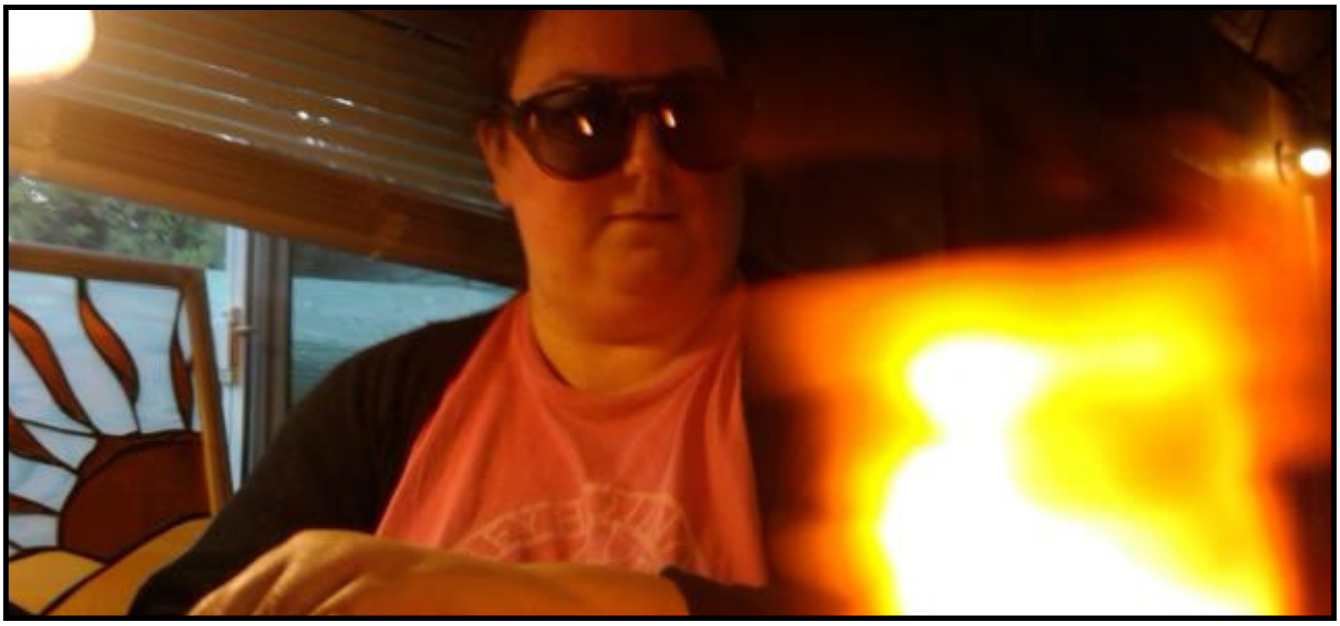
Real estate transactions often bring stress and hassle and can be among the biggest financial decisions that people make. Christy's goal is to provide a relaxed, pleasant, positive, and stress-free experience for her clients. Christy works tirelessly with her clients to find the best ways to fulfill their real estate goals! She works with a skilled, experienced team consisting of fellow agents, mortgage brokers, title and escrow officers and home inspectors to ensure her clients' real estate needs are filled.

Christy understands that buying or selling a home is more than just a transaction: it's a life-changing experience. That's why her team of highly-seasoned real estate professionals is dedicated to providing exceptional, personalized service for all of her clients. She takes great pride in the relationships she builds and always works relentlessly on the client's behalf to help them achieve their real estate goals.

Her team of experts represents the best and brightest in the industry, and she's always striving to lead the field in research, innovation, and consumer education. Today's buyers and sellers need a trusted resource that can guide them through the complex world of real estate. With Christy's extensive knowledge and commitment to providing only the best and most timely information to her clients, she is your go-to source for real estate industry insight and advice.

When she's not out with buyers or sellers or making masks, Christy reads voraciously, volunteers with the local greyhound adoption group, and enjoys spending time with her small zoo, husband, Clark, and playing with her two children, Chiara and the beastie, Cooper.

Let Christy find the perfect home for your, "Goodnight."



41. Real Estate Glossary

80-10-10: A type of blended mortgage loan which avoids private mortgage insurance (PMI). It consists of an 80% - 30 year first lien at market rates, a 10% - 15 year second lien at a slightly higher interest rate, and a 10% down payment. Instead of having to come up with a 20% down payment, a buyer is able to avoid PMI with only 10% down. While the interest rate on the second note is a bit higher, the total monthly payment is usually lower than a 90% mortgage with PMI. In addition, the extra interest paid for the second lien is tax deductible, whereas PMI is not. It is also possible to payoff just the second lien, thereby lowering the future monthly payments. Some lenders also offer 75-15-10 and 80-15-5 programs. This type of mortgage also gives the consumer the option of having a non-escrowing loan without a 20% down payment.

Abandonment: Failure to occupy and use property; may result in loss of rights.

Abatement of Nuisance: The act of ending or terminating a nuisance; a type of legal action brought to end a nuisance.

Absentee Owner: A property holder who does not reside on the property and who usually relies on a property manager to supervise the investment.

Abstract of Title: A summary of the instruments affecting title to a parcel of real property as shown by the public records.

Abstraction: A method of valuing land. The indicated value of the improvement is deducted from the sale price.

Abstraction Method: Method of appraising vacant land; allocation of the appraised total value or sale price of the property between land and building either on a ratio basis or by subtracting a figure representing building value or price from the total appraised value or price of the property. Also called Allocation Method.

Abutting; The joining, reaching, or touching of adjoining land. Abutting pieces of land have a common boundary.

Accelerate: To make a note all due and payable at one time.

Acre: A measure of land equal to 43,560 square feet.

Ad Valorem Designates: an assessment of taxes against property. Literally, according to value.

Additional principal payment: A payment by a borrower of more than the scheduled principal amount due in order to reduce the remaining balance on the loan.

Adjustable Rate Mortgage (ARM): A mortgage loan whose interest rate fluctuates according to the movements of an assigned index or a designated market indicator--such as the weekly average of one-year U.S. Treasury Bills--over the life of the loan. To avoid constant and drastic fluctuations, ARMs typically limit how often and by how much the interest rate can vary.

Adjusted Basis: The original cost of a property plus the value of any capital expenditures for improvements to the property minus any depreciation taken.

Adjustment Date: The date on which the interest rate changes for an adjustable-rate mortgage (ARM).

Adjustment Period: The period that elapses between the adjustment dates for an adjustable-rate mortgage (ARM).

Adjustments: Money that the buyer and sellers credit each other at the time of closing. Often includes taxes and down payment.

Adverse Possession: The right of an occupant of land to acquire title against the real owner, where possession has been actual, continuous, hostile, visible, and distinct for the statutory period. The requirements for adversely possessing property vary between states, but usually include continuous and open use for a period of five or more years and paying taxes on the property in question.

Affidavit: Written statement signed and sworn to before some person authorized to take an oath.

Agency: The legal relationship between a principal and an agent. In real estate transactions, usually the seller is the principal, and the broker is the agent: however, a buyer represented by a broker (i.e., buyer as principal is a growing trend. In an agency relationship, the principal delegates to the agent the right to act on his or her behalf in business transactions and to exercise some discretion while so acting. The agent has a fiduciary relationship with the principal and owes to that principle the duties of accounting, care, loyalty, and obedience.

41. Real Estate Glossary

Amenities: Non monetary benefits and satisfactions derived from property ownership, such as a pleasant view, pride in home ownership, etc.

Amendment: A modification to an existing contract, mutually agreed to by all parties. Examples might include a change in the purchase price due to a low appraisal, or a change in the closing date. Usually by addendum.

Amortization: The operation of paying off indebtedness, such as a mortgage, by installments. The conventional amortization periods are15 or 30 years.

Annual Percentage Rate (APR): The cost of a loan or other financing as an annual rate. The APR includes the interest rate, points, broker fees and certain other credit charges a borrower is required to pay

Appraisal: A written opinion of market value based upon a factual analysis of relevant local market information.

Appreciation: An increase in the market value of a home due to changing market conditions and/or home improvements.

Appurtenance: Anything so annexed to land or used with it that it will pass with the conveyance of the land.

ARM: Adjustable Rate Mortgage.

Assessment: The imposition of a tax, charge or levy, usually according to established rates.

Assessor: A public official who evaluates property for the purpose of taxation.

Assignor: One who makes an assignment. For example, the assignor of a mortgage or contract.

Balloon Mortgage: A mortgage that is amortized over a specific period of years, but requires a lump-sum payment in full at an earlier date.

Breach of Contract: Failure, without legal excuse, of one of the parties to a contract to perform according to the contract.

Brokerage: For a commission or fee, bringing together parties interested in buying, selling, exchanging, or leasing real property

Bundle of Rights: Ownership in real property implies a group of rights, such as the right of occupancy, use and enjoyment, the right to sell in whole or in part, the right to control the use, the right to bequeath, the right to lease any or all of the rights, the right to the benefits derived by occupancy and use of the property, etc.

Buy Down: A cash payment, usually measured in points, to a lender in order to reduce the interest rate a borrower must pay.

Cap: The maximum allowable increase, for either payment or interest rate, for a specified amount of time on an adjustable rate mortgage.

Capital Gains: The profit on the sale of a capital asset, such as stock or real estate. If you sell your primary residence, you can exclude $250,000 in profit from capital gains tax. A couple can exclude $500,000.

CC&R's: Covenants, Conditions, & Restrictions The restrictions governing the use of real estate, usually enforced by a homeowners' association and passed on to the new owners of property. For example, CC&Rs may tell you how big your house can be, how you must landscape your yard or whether you can have pets. If property is subject to CC&Rs, buyers must be notified before the sale takes place.

Ceiling: The maximum allowable interest rate over the life of the loan of an adjustable rate mortgage.

Certificate of Eligibility: The document given to qualified veterans which entitles them to VA guaranteed loans for homes, business, and mobile homes. Certificates of eligibility may be obtained by sending DD-214 (Separation Paper) to the local VA office with VA form 1880 (request for Certificate of Eligibility). chain of title A history of conveyances and encumbrances of a property from some starting point, whereby the present owner derives title.

41. Real Estate Glossary

Changed Circumstance: In accordance with the TRID Rule, events which allow a creditor to revise a Loan Estimate or a Closing Disclosure include: (i) an extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction; (ii) information specific to the consumer or transaction that the creditor relied upon when providing the Loan Estimate and that was inaccurate or changed after the disclosures were provided; (iii) new information specific to the consumer or transaction that the creditor did not rely on when providing the Loan Estimate; (iv) revisions requested by the consumer; (v) when the Loan Estimate expires; or (vi) on the day of the rate lock.

Chain of Title: A term applied to the past series of transactions and documents affecting the title to a particular parcel of land.

Cloud on Title: An irregularity, possible claim, or encumbrance which, if valid, would affect or impair the title.

Closing: Also known as "escrow" or "settlement." The process of executing legally binding documents, such as deeds and mortgages, most commonly associated with the purchase of real estate and the borrowing of money to assist in the purchase.

Closing Costs: Expenses for services incidental to a sale of real estate, such as sales commissions, loan fees, title fees, appraisal fees, points, credit report fee, document preparation fee, mortgage insurance premium, inspections, prepayments for property taxes, deed recording fee, and homeowners insurance. Closing costs can vary considerably from one financial institution to another

Closing Disclosure: The five-page Closing Disclosure, also referred to as CD, must be provided to the consumer three business days before they close on the loan. The Closing Disclosure details all of the costs associated with the mortgage transaction.

Closing Statement: A summation, in the form of a balance sheet, made at a closing showing the amounts of debits and credits to which each party to a real estate transaction is entitled.

Clouded Title: An encumbered title. Coinsurance: A form of insurance underwritten by two or more title insurers sharing a single risk under separate title insurance policies in proportional amounts.

Common Interest Community (CIC): Ownership characterized by mutual ownership of common areas, either jointly or through membership in an association, e.g., condominiums, planned unit developments and townhomes.

Comparables: Properties which are similar to a particular property and are used to compare and establish a value for that property.

Compound Interest: Interest which is computed on the principal and any unpaid accumulated interest. Contrast with simple interest.

Condemnation: Taking private property for public use through court proceedings. *Also see "Eminent Domain."*

Condominium: A system of individual fee ownership of units in a multi unit structure, combined with joint ownership of common areas of the structure and land.

Consummation: Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes legally obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction.

Consumer's Intent to Proceed: Unless a particular manner of communication is required by the creditor, a consumer indicates intent to proceed with the transaction when the consumer communicates, in any manner, that the consumer chooses to proceed after the Loan Estimate has been delivered. This may include (i) oral communication in person immediately upon delivery of the Loan Estimate; or (ii) oral communication over the phone, written communication via email, or signing a preprinted form after receipt of the Loan Estimate. A consumer's silence is not indicative of intent to proceed.

Contingency: A provision in a contract stating that some or all of the terms of the contract will be altered or voided by the occurrence of a specific event. A common example is a Buyer who enters into the purchase of another home before his current home is sold. The Buyer will usually ask for the Seller to make the sale contingent upon the sale of the Buyer's current home. If the Seller receives another offer for the property, the first Buyer must either agree to buy the home without any contingency, or step aside and let someone else purchase the home.

Convey: The act of deeding or transferring title to another.

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Conveyance: An instrument by which title is transferred, e.g., a deed. Also the act of transferring title.

Co-Tenants: Two or more tenants who rent the same property under the same lease or rental agreement. Each co-tenant is 100% responsible for carrying out the rental agreement, which includes paying the entire rent if the other tenant skips town and paying for damage caused by the other tenant.

Credit Score: In the mortgage lending world, credit scores either make or break you when it comes to obtaining a home mortgage or getting the best rate you can. There are three different scores available to a mortgage lender each being generated by the three different credit agencies. The most popular, known as a Fico score is from Experian (formerly TRW), then there is a Beacon score from Equifax, and finally a Emperica score from Trans Union. This is the "mortgage scoring" system used to get a conventional mortgage. Simply, credit scores are numbers calculated based upon your credit history. The better your credit, the higher your number or score will be - the worse your credit, the lower the score.

Cul-de-Sac: The terminus of a street or alley. Usually laid out by modern engineers to provide a circular turnaround for vehicles.

Debt-Service Ratio: The measurement of debt payments to gross household income which may include, in addition to the main wage earner's salary, salaries of other wage earners, commissions, bonuses, overtime, etc.

Deed: A written document by which the ownership of land is transferred from one person to another.

Deed in Lieu (of foreclosure): A means of escaping an overly burdensome mortgage. If a homeowner can't make the mortgage payments and can't find a buyer for the house, many lenders will accept ownership of the property in place of the money owed on the mortgage. Even if the lender won't agree to accept the property, the homeowner can prepare a quitclaim deed that unilaterally transfers the homeowner's property rights to the lender.

Disclosure: The making known of a fact that had previously been hidden; a revelation. You must disclose physical defects in a house you are selling, such as a leaky roof or previous floods.

Discount Points (or points): The amount paid either to maintain or lower the interest rate charged. Each point is equal to one percent (1%) of the loan amount (i.e., two points on a $100,000 mortgage would equal $2,000).

Dominant Tenement: Property that carries a right to use a portion of a neighboring property. For example, property that benefits from a beach access trail across another property is the dominant tenement.

Down Payment: An amount of money the buyer pays which is the difference between the purchase price and the mortgage amount.

Dual Agency: Representing the buyer and the seller in the same transaction by the same agent. TRELA requires that all parties to a dual agency have full knowledge and consent (Disclosed Dual Agency).

Due-on-Sale Clause: Provision in a mortgage or deed of trust which requires loan to be paid in full if property is sold or transferred.

Earnest Money: Advance payment of part of the purchase price to bind a contract for property.

Easement: An interest in land owned by another that entitles its holder to a specific limited use, such as laying a sewer, putting up electric power lines or crossing the property.

Easement by Prescription: A right to use property, acquired by a long tradition of open and obvious use. For example, if hikers have been using a trail through your backyard for ten years and you've never complained, they probably have an easement by prescription through your yard to the trail.

Egress: An exit. The right to leave a tract of land.

Emblements: Annual crops produced by cultivation. They are deemed to be personal property.

Eminent Domain: The power of the state to take private property for public use upon payment of just compensation.

Encroachment: A trespass or intrusion onto another's property, usually by a structure, wall or fence.

41. Real Estate Glossary

Encumbrance: A lien, liability or charge upon a parcel of land, e.g. a mortgage or easement.

Equity: The difference in dollars between a house's value and the mortgage amount.

Escalator Clause: The clause in a contract permitting adjustments of the payments.

Escrow: A procedure whereby a disinterested third party handles legal documents and funds on behalf of a seller and buyer, and delivers them upon performance by the parties.

Escrow Account: (i) A third party account that holds money safely while a sale is in progress. (ii) An account used to save monies required for the payment of an eventual debt. Often used by lenders to save for property taxes, hazard insurance, homeowner's dues, etc. Escrow accounts are typically non-interest bearing for the contributors, but may pay interest to the entity holding the account (lenders, title companies, lawyers, etc.).

Et Ux: Abbreviation for "et uxor," meaning "and wife".

Examination of Title: The investigation and interpretation of the record title to real property based on the title search or abstract.

Exception: In legal descriptions, that portion of land to be deleted or excluded. The term often is used in a different sense to mean an encumbrance on title, excluded from coverage in a title insurance policy.

Exclusive Agency (EA): A listing agreement which gives the listing agent the right to sell the property for a specified time. The owner reserves the right to sell the property himself without paying a commission to the agent. Brokers run the risk of investing their time, effort, and money in a listing that, even if sold through their marketing efforts, does not produce a commission. Contrast with Exclusive Right to Sell.

Exclusive Right to Sell (ERS): A listing agreement which gives the listing agent the right to sell the property for a specified time, with the right to collect a commission if the property is sold by anyone, including the owner, during the listing period. Contrast with Exclusive Agency.

Fair Housing Act & Fair Housing Amendments Act: Federal laws that prohibit housing discrimination on the basis of race or color, national origin, religion, sex, familial status or disability. The federal Acts apply to all aspects of the landlord/tenant relationship, from refusing to rent to members of certain groups to providing different services during tenancy.

Fair Housing Laws: Federal, state, and local laws, particularly Title VIII of the 1968 Civil Rights Act, Title VI of the Civil Rights Act of 1964, and the Civil Rights Act of 1866, which forbid discrimination because of race, sex, color, religion, or national origin, in the selling or renting of homes or apartments, and in other specified transactions. These laws have been recently been expanded to include familial status (having children) and disabilities (Americans with Disabilities Act).

Fannie Mae: Federal National Mortgage Association (also FNMA) is a private corporation, federally chartered to provide financial products and services that increase the availability and affordability of housing by purchasing mortgage loans.

Federal Housing Administration: The Federal Housing Administration (FHA), a wholly owned government corporation, was established under the National Housing Act of 1934 to improve housing standards and conditions; to provide an adequate home financing system through insurance of mortgages; and to stabilize the mortgage market. FHA was consolidated into the newly established Department of Housing and Urban Development (HUD) in 1965. Since 1934, FHA has been extremely successful in achieving these goals. FHA loans require special a appraisal/inspection that determine if a property meet the agency's minimum property standards. While somewhat more expensive that a conventional loan in terms of interest rates and insurance fees, FHA loans offer slightly more liberal qualifying criteria

Fee Simple Estate: The greatest possible estate in land where the title is held completely and without any limitations or conditions. Sometimes designated simply as "Fee."

Fiduciary: The relationship of trust, honesty and confidence between agent and principal; the faithful relationship owed by an agent to the principal. .

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Fixed Rate Mortgage: A mortgage on which the same rate of interest is charged for the life of the mortgage.

Fixtures: Any item of property so attached to real property that it becomes a part of the real property.

Flood Certification: A common term for a Federal Emergency Management Agency (FEMA) Standard Flood Hazard Determination Form (SFHDF). This determines whether land or a building is located within a Special Flood Hazard Area for purposes of flood insurance requirements under the National Flood Insurance Program.

Flood insurance: A special and separate type of homeowner's insurance the provides coverage for damages resulting from flooding. Flood insurance is required by most lenders only if the property is located within a designated flood plain. The cost of the policy is related to the associated flooding risk. If a property has a small section of land located within a flood plain, but away from the residential improvements (house), the lender will still require a policy, but its cost will be much lower. Likewise, flood insurance policies for properties not located within any floodplain, are fairly inexpensive. Most flood insurance is underwritten by the federal government through FEMA and the National Flood Insurance Program in cooperation with private insurance agencies.

Flood plains: are by definition subject to periodic flooding. They are generally characterized by relatively flat topography and soil types that were laid down during past inundations by flood waters. If your property is in the 100-year flood plain, there is a 1-in-100 chance in any given year that your property will flood. If it is in the 25-year flood plain, there is a 1-in-25 chance in any given year that your property will flood. The statistical chance of flooding is not changed by any one flooding event; but repeated flooding may result in the flood plain being recalculated. A 100-year flood plain is always wider than a 25-year flood plain, and the 25-year flood plain is contained within the 100-year flood plain. The flood prone areas of the United States cover approximately 150,000 square miles or 94 million acres of land, an area roughly the size of the State of Montana. People living in flood plains are 26 times more likely to experience a flooding disaster than they are a fire disaster during the life of the 30-year mortgage on their homes. The changes in flood plain maps reflect changes in land use (such as increased building activity), changes in the waterways, and flood control improvements (such as detention ponds or other flood control measures). As more lots are covered with more buildings and parking lots, the amount of water that flows into creeks and lakes increases because there is less vegetation to absorb the water when it rains. This is one reason why buildings that were not originally built in a flood plain are now in the 25-year or 100-year flood plain.

Forfeiture of Title: Provision in a deed creating a condition which will cause title to be passed to another, should certain circumstances occur.

Freddie Mac: Federal Home Loan Mortgage Corporation (also FHLMC) is a stockholder-owned corporation chartered by Congress that purchases mortgage loans.

Front Foot: One linear foot (12 inches) along the street side of a lot.

General Warranty Deed: A deed in which the grantor fully warrants good and clear title to the property. A general warranty deed offers the most protection of any deed.

Ginnie Mae: Government National Mortgage Association (also GNMA) is a wholly owned United States corporation that guarantees privately issued securities backed by pools of mortgages insured by FHA (Federal Housing Administration), FMHA (Farmers Home Administration) or VA (Veterans Administration).

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

Government Survey Method: A system of land description in some states that uses meridians (north and south lines) and base lines (east and west lines). Areas include quadrangles (24 miles on each side), townships (6 miles on each side), and sections (1 mile on each side). Also known as the Rectangular Survey Method. Contrast with metes and bounds, and recorded plat (Lot and Block Number) method.

Grace Period: A period of time during which a loan payment may be paid after its due date but not incur a late penalty. Such late payments may be reported on your credit report.

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Graduated Payment Mortgage: A loan in which monthly payments are relatively small in the beginning and gradually increase in dollar amount over the life of the mortgage.

Grantee: A person who acquires an interest in land by deed, grant or other written instrument.

Grant Deed A deed containing an implied promise that the person transferring the property actually owns the title and that it is not encumbered in any way, except as described in the deed. This is the most commonly used type of deed.

Grantor: A person, who, by a written instrument, transfers to another an interest in land.

Habendum Clause: The "to have and hold" clause which defines or limits the quantity of the estate granted in the premises of the deed.

Highest and Best Use: The particular use of a real property which will produce the greatest financial return. The optimum use of a site as used in appraisal. This is often determined by location, neighboring properties, deed restrictions and local zoning regulations. A home built on a busy street, surrounded by commercial property, and not restricted from other development, is not fulfilling its highest and best use. Once the property is redeveloped into commercial property, it can meet it economic potential.

Home Equity Conversion Mortgage: A reverse or reverse annuity mortgage in which HUD, through FHA, guarantees that the borrower will receive monthly payments from the insurer (FHA), in the event the lender is unable to make payments to the borrower.

Home Equity Line of Credit (HELOC): A loan in which the lender agrees to lend a maximum amount within an agreed period (called a term), where the collateral is the borrower's equity in his/her house.

Home Warranty: A service contract that covers a major housing system--for example, plumbing or electrical wiring-for a set period of time from the date a house is sold. The warranty guarantees repairs to the covered system and is renewable.

Homeowners' Association (HOA) An organization comprising neighbors concerned with managing the common areas of a subdivision or condominium complex. These associations take on issues such as maintaining common land and recreation areas, and collecting dues from residents. The homeowners' association is also responsible for enforcing any covenants, conditions & restrictions that apply to the property. Payment of dues and participation in the homeowner's association may be either voluntary or mandatory, depending on the neighborhood.

Homeowners Insurance: Insurance protection paying benefits for damage to improved real property or possessions in the home. Also provides liability coverage against accidents in the home or on the property.

Homestead: (i) The house in which a family lives, plus any adjoining land and other buildings on that land. (ii) Land, and the improvements thereon, designated by the owner as his homestead and, therefore, protected by state law from forced sale by certain creditors of the owner. Homestead protection will not stop foreclosures for delinquent mortgages, taxes or mandatory homeowner's association dues. (iii) Land acquired out of the public lands of the United States. The term "homesteaders" refers to people who got their land by settling it and making it productive, rather than purchasing it outright.

Housing and Urban Development, Department of (HUD): The U.S. Department of Housing and Urban Development. This is the agency responsible for enforcing the federal Fair Housing Act.

HUD-1: The HUD-1 is a type of settlement statement which, prior to the TILA-RESPA Integrated Disclosure (TRID) Rule, was required for use with all federally related mortgage loans. It has been supplanted by the "Closing Disclosure" as a required form, but the HUD-1 will continue to be used for reverse mortgage and HELOC transactions. In addition, it may remain in use for some transactions that do not involve federally related mortgage loans since it functions well as a balance sheet of the settlement.

Improvements: Those additions to raw land tending to increase value, such as buildings, streets, sewer, etc.

Index: A number, usually a percentage, upon which future interest rates for adjustable rate mortgages are based.

Ingress: The right to enter a tract of land. Entrance.

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Joint Tenancy: An estate where two or more persons hold real estate jointly for life, the survivors to take the entire interest on the death of one of the joint tenants.

Latent Defect: Hidden structural defects and flaws.

Lease: A grant of the use of land for a term of years in consideration of the payment of a monthly or annual rental.

Lease Option: A contract in which an owner leases his house (usually for one to five years) to a tenant for a specific monthly rent, and which gives the tenant the right to buy the house at the end of the lease period for a price established in advance. This allows a potential home buyer move into a house he may wish to eventually buy without having to come up with a down payment or financing at that time.

Legal Description: A description of a specific parcel of real estate which is acceptable to the courts in that state, and which will allows an independent surveyor to locate and identify it. Usually it uses one of the following methods; government survey, metes and bounds, or recorded plat (lot and block number).

Lender's Policy: A form of title insurance policy which ensures the validity, enforceability and priority of a lender's lien. This policy does not provide protection for the owner.

Lien: A hold, claim or charge allowed a creditor upon the land of a debtor. Some examples are mortgage liens, judgment liens and mechanics' liens.

Life Estate: A grant or reservation of the right of use, occupancy and ownership for the life of an individual.

Lis Pendens: A notice recorded in the official records of a county to indicate that a suit is pending affecting title to the land in the jurisdiction where the notice is recorded.

Listing Agreement: The legal agreement between the listing agent/broker and the vendor, setting out the services to be rendered, describing the property for sale, and stating the terms of payment

Loan Estimate: A three-page Loan Estimate (also called LE) must be provided to the consumer no later than three business days after they submit a loan application for most mortgages. The Loan Estimate provides information about key features, costs and risks of the mortgage loan for which the consumer is applying.

Loan-To-Value Ratio (LTV): The ratio of the amount being loaned in respect to the appraised value of the property, usually expressed as a percentage. If a buyer was putting down $20,000, and borrowing a first lien of $180,000, on a $200,000 property, then the loan would have a 90% LTV. Loan-to-value ratios can affect interest rates, loan qualifying criteria, and lender requirements for PMI and escrow accounts.

Lock or Lock In: A commitment you obtain from a lender assuring you a particular interest rate or feature or a definite time period. Provides protection should interest rates rise between the time you apply for a loan, acquire loan approval, and, subsequently, close the loan and receive the funds you have borrowed.

Loss Payable Clause: A clause in a contract of insurance which says any loss will be paid to two or more parties as their interest may appear. Usually the owner and the mortgage lender.

Lot: A part of a subdivision or block having fixed boundaries ascertainable by reference to a plat or survey.

Manufactured Home: A structure built in a factory, that is later shipped to, and placed on, the homesite. The term can apply to both mobile homes and pre-fab homes.

Margin: An amount, usually a percentage, which is added to the index to determine the interest rate for adjustable rate mortgages.

Marketable Title: A good title about which there is not fair or reasonable doubt.

Mechanic's Lien: A lien allowed by statute to contractors, laborers and material suppliers on buildings or other structures upon which work has been performed or materials supplied.

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Metes and Bounds: A system of land description using distance (metes) and angles/compass directions (bounds), beginning and ending at the same point.

Mineral Rights: An ownership interest in the minerals contained in a particular parcel of land, with or without ownership of the surface of the land. The owner of mineral rights is usually entitled to either take the minerals from the land himself or receive a royalty from the party that actually extracts the minerals

Minimum Payment: The minimum amount that you must pay, usually monthly, on a home equity loan or line of credit. In some plans, the minimum payment may be "interest only," (simple interest). In other plans, the minimum payment may include principal and interest (amortized).

Mortgage: An instrument used to encumber land as security for a debt.

Mortgage Banker: A specialized lending institution that lends money solely with respect to real estate and secures its loans with mortgages on the real estate.

Mortgage Broker: A person or company that buys and sells mortgages for another on commission or who arranges for and negotiates mortgage contracts.

Mortgage Insurance: Insurance protecting against the nonpayment of, or default on, an individual mortgage or loan involved in a residential mortgage transaction. It protects the mortgage lender against loss incurred by a reason of nonpayment or mortgage default.

Multiple Listing Service (MLS): A system by which a number of real estate firms share information about homes that are for sale. Membership usually provides a monthly book and/or computer service that provides Realtors® with detailed listings of most homes currently on the market.

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

Notary: One authorized to take acknowledgments.

Note: The instrument evidencing the indebtedness. A note is usually secured by a security instrument such as a mortgage or deed of trust.

Nuisance: Something that interferes with the use of property by being irritating, offensive, obstructive or dangerous. Nuisances include a wide range of conditions, everything from a chemical plant's noxious odors to a neighbor's dog barking. The former would be a "public nuisance," one affecting many people, while the other would be a "private nuisance," limited to making your life difficult, unless the dog was bothering others. Lawsuits may be brought to abate (remove or reduce) a nuisance

Offer: A proposal to enter into an agreement with another person. An offer must express the intent of the person making the offer to form a contract, must contain some essential terms--including the price and subject matter of the contract--and must be communicated by the person making the offer. A legally valid acceptance of the offer will create a binding contract.

Open House: An opportunity for prospective buyers to view a house in a low pressure environment.

Origination Fee: The administrative fee charged by the lender to prepare loan documents, run credit checks, inspect and sometimes appraise a property, usually computed as a percentage of the face value of the loan.

Owner's Policy: A policy of title insurance, which insures a named owner against loss by reason of defects, liens and encumbrances not accepted to in the policy or unmarketability of the title. The company also agrees to defend covered claims made against the title.

Ownership: The right to possess and use property to the exclusion of others.

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Party Wall: Wall erected on line between adjoining properties for the use of both properties.

Patent: A document or grant by which the federal or state government originally transferred title to public land to an individual. The first in the series of transfers by which title comes down to present owners.

Personal Property: Property which is tangible, movable, and not fixed to the land. Also called chattel and personalty. Contrast with real property.

Physical Deterioration: The loss of value to real property from all causes due to the action of the elements and old age. Physical deterioration can be either curable or incurable.

PITI: Principal, Interest, Taxes and Insurance.

Planned Unit Development (PUD): In a PUD, the planned unit development association owns and maintains property in a real property development project for the benefit of its members, who are owners of individual parcels of real property in the development and are members of the association because of that ownership. The level of services and fees are similar to a condominium complex, but since each owner has title to a specific parcel of land, lenders may treat units as non-condominiums. This allows higher LTV loans and eliminates owner occupancy percentage requirements.

Plat or Plot: A map representing a piece of land subdivided into lots with streets shown thereon.

P.M.I.: Private Mortgage Insurance. An insurance contract which insures that the named lender will recover a specific percentage of the loan amount from the insurer in the event the loan goes bad.

Prepayment Penalty: A clause in a mortgage or loan contract that says if the mortgage is prepaid within a certain time period, a penalty will be assessed. The penalty can be based on percentage of the remaining mortgage balance or some other calculation as described in the clause.

Primary Mortgage Market: Lenders who originate loans and makes funds available directly to the borrowers. Contrast with secondary mortgage market.

Prime Rate: The interest, or discount rate charged by a commercial bank to its largest and strongest customers.

Principal: The amount of money owed to the lender not including interest.

Privacy Rule: The GRAMM-LEACH-BLILEY ACT requires financial institutions (which includes title insurance companies) to give notice to all of their "customers" about their privacy practices. The Privacy Policy is a "clear and conspicuous" written notice describing their privacy policies and practices.

Private Mortgage Insurance (PMI): Default insurance on conventional loans, normally insuring the top 20%-25% of the loan and not the whole loan.

Property Taxes: Taxes that are paid yearly on real property. Property taxes are ad valorem, based on the assessed value of the real property.

Prorate: To allocate between seller and buyer their proportionate share of an obligation paid or due. For example, a proration of real property taxes or fire insurance premiums.

Quiet Title: An action in a proper court to remove record defects or possible claims of other parties named in the action.

Quitclaim Deed: A deed that transfers whatever ownership interest the transferor has in a particular property. The deed does not guarantee anything about what is being transferred, including an actual ownership interest. For example, a divorcing husband may quitclaim his interest in certain real estate to his ex-wife, officially giving up any legal interest in the property. A quit claim deed may also be used to clear up a cloud on the title to the property in cases where there is a question of a possible ownership claim. Compare with grant deed.

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Range: A part of the government survey, being a strip of land six miles in width, and numbered east or west of the principal meridian.

Ready, Willing and Able: A buyer who is prepared to buy on the seller's terms and has the financial capacity to do so.

Real Estate: Refers to land and improvements and the rights to own or use them. "A leasehold, as well as any other interest or estate in land, whether corporeal, incorporeal, freehold, or non-freehold, and whether the real estate is situated in this state or elsewhere." {TRELA, Section 2(1)} In popular usage, Real Estate is used interchangeably with real property and realty.

Real Property: Land, together with fixtures, improvements and appurtenances.

REALTOR®: A federally registered collective membership mark which identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Recorded Plat: A subdivision map filed with the county recorder's office that shows the location and boundaries (lot and block number) of individual parcels of land. Contrast with government survey method and metes and bounds.

Recording: The act of entering in the public records, the written record of title to real property, thereby giving constructive notice to the public.

Redisclosure: For covered transaction under the TILA-RESPA Integrated Disclosure (TRID) Rule and under very specific circumstances, the Loan Estimate and/or the Closing Disclosure may be revised and delivered to the consumer.

Regulation 'Z': Truth in lending law developed by the Federal Reserve System which requires lenders to provide full disclosure of the terms of the loan, including interest rates expressed as an annual percentage rate (APR).

Release: To relinquish an interest or claim to a piece of property.

Reserves: Amounts of money set aside by a mortgage company or an HOA to assure payment of property taxes, homeowners' association dues, and insurance premiums. The money is kept in an escrow account

RESPA: Real Estate Settlement Procedures Act is a federal law which deals with the procedures to be followed in a real estate closing, and is intended to make borrowers more knowledgeable about possible costs and charges.

Reverse or Reverse Annuity Mortgage: A mortgage for which the borrower pledges home equity in return for regular (monthly) payments, rather than a lump sum distribution of loan proceeds. Repayment is usually not required until the home is sold or the borrower's estate is settled, provided the borrower continues to live in the home and keeps current all taxes and insurance. *Also see "Home Equity Conversion Mortgage."*

Right of Survivorship The right of a surviving joint tenant to take ownership of a deceased joint tenant's share of the property. *See "Joint Tenancy."*

Right of Way: The right which one has to pass across the land of another. An easement.

Riparian: Rights to use of waterways in adjoining lakes or rivers.

Running With the Land: A phrase used in property law to describe a right or duty that remains with a piece of property no matter who owns it. For example, the duty to allow a public beach access path across waterfront property would most likely pass from one owner of the property to the next.

Sales Contract: A written agreement stating the terms of the sale agreed to by both buyer and seller. *See "Earnest Money Agreement."*

Second Mortgage: A second loan on real estate that already has a mortgage. It is subordinate to the first mortgage.

Section or Section of Land: A parcel of land comprising approximately one square mile or 640 acres.

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Self Amortized Loan: A loan which will retire the debt by systematic payments of principal and interest, so that at the end of the loan period, the balance will be zero.

Servicing a Loan: The ongoing process of collecting your monthly mortgage payment, including accounting for and payment of your yearly tax and/or homeowners insurance bills.

Set Back Lines: Those lines which delineate the required distances for the location of structures in relation to the perimeter of the property.

Short Sale (of house): A sale of a house in which the proceeds fall short of what the owner still owes on the mortgage. Many lenders will agree to accept the proceeds of a short sale and forgive the rest of what is owed on the mortgage when the owner cannot make the mortgage payments. By accepting a short sale, the lender can avoid a lengthy and costly foreclosure, and the owner is able to pay off the loan for less than what he or she owes.

Simple Interest: Interest computed only on the principal balance. Contrast with compound interest.

Single-Family Home: A free-standing, residential structure, designed to accommodate one family.

Special Warranty Deed: A warranty deed which, instead of warranting the title from sovereignty of the soil to the last grantee, merely warrants the title against every person whomsoever lawfully claiming or to claim the same, or any part thereof, by, through or under the grantor.

Statutory Year: A year composed of twelve months, each with thirty (30) days, for a total of 360 days in a statutory year. Also known as a banker's year. Contrast with calendar year.

Substitution, Principle of: The principle which states that a buyer will pay no more for a property than the cost of an equally desirable alternative property.

Sub-Surface Right: The right of ownership to things lying beneath the physical surface of the property.

Survey: The process of measuring land to determine its size, location and physical description, and the resulting drawing or map.

Tax Lien: A lien for real property taxes. Attaches only to the property upon which the taxes are due in most jurisdictions. It may be foreclosed for nonpayment.

Tenancy by the Entirety: Ownership by married persons. Each owns the entire estate, with the survivor taking the whole upon the other's death.

Tenancy in Common: An estate or interest in land held by two or more persons, each having equal rights of possession and enjoyment, but without any right of succession by survivorship between the owners.

Tenant: Any person occupying real property with the owner's permission.

Term: The actual life of a mortgage, at the end of which the mortgage becomes due and payable unless the lender renews the mortgage.

Time is of the Essence: A clause, which if included in a contract, makes failure to perform by a specified date a material breach or violation of the contract.

Three-Day Review Period: For covered transactions under the TILARESPA Integrated Disclosure (TRID) Rule the creditor is generally required to ensure that the consumer (borrower) receives the Closing Disclosure no later than three business days prior to the consummation of the loan.

Title: (i) ownership of real property, which stands against the right of anyone else to claim the property; (ii) the evidence of right which a person has to the ownership and possession of land.

Title Defect: Any legal right held by others to claim property or to make demands upon the owner.

41. Real Estate Glossary

Title Commitment: A report issued by a title insurance company or its agent, committing the title insurance company to issue the form of policy designated in the commitment upon compliance with and satisfaction of requirements set forth in the commitment.

Title Insurance Underwriter: An insurance company that issues insurance policies either to the public or to another insurer.

Title Insurance: An agreement to indemnify the insured against loss arising from a covered defect in title to a particular parcel of real property, which is typically issued to both the buyer to protect their property rights (through an owner's title insurance policy), and the lender to protect its lien rights (through a lender's title insurance policy).

Title Plant: The total facilities: records, equipment, fixtures, and personnel: required to function as a title insurance operation in some parts of the country. Technically, the organization of official records affecting real property into a system, which allows quick and efficient recovery of title information.

Title Search: An examination of public records, laws and court decisions to disclose the current facts regarding ownership of real estate.

Total Interest Percentage (TIP): The total amount of interest that the consumer will pay over the life of the loan as a percentage of the principal of the loan, assuming the consumer makes each monthly payment in full and on time and does not make any overpayments.

Total Loan Costs: Fees the lender charges to make the loan, as well as fees paid to providers selected by the lender and fees paid to providers chosen by the borrower. Total Loan Costs are found under Section D of the Loan Estimate.

Townhouse: A dwelling unit usually with two, three or four floors, and shared structural walls. It can be individually owned, a condominium, a cooperative, a planned unit development or a rental property.

Township: A division of territory approximately six miles square, containing approximately 36 sections or 36 square miles.

Tract: A particular parcel of land.

Underwriting: The process of verifying data and approving a loan.

VA: The Veterans Administration, a federal agency which guarantees loans made to qualified veterans on approved property.

Variable Rate Mortgage: A loan in which the interest rate fluctuates with the cost of funds or some other index.

Variances: The comparison made between fees and/or charges listed on the Loan Estimate (or Good Faith Estimate) and those listed on the final Closing Disclosure (or HUD-1). Not all fees are exposed to such scrutiny but for those that are the creditor/lender is held accountable for the excessive charges. There are two levels of tolerance based on the type of fee. Variance may also be referred to as Tolerance.

Vest: To pass to a person an immediate right or interest. Title may be said to vest in John Smith.

Voidable: A contract which appears valid and enforceable on the surface, but may be declared invalid by one of the parties, such as a contract entered into by a minor.

Walk Through: Depending on the terms of the contract of sale or based on local custom, a walk-through or pre-settlement inspection may be scheduled prior to settlement or closing of the transaction. The primary purpose of this type of inspection is to make certain the property is in the agreed-upon condition, repairs (if any) from the home inspection are complete, and to confirm that nothing has gone wrong with the property since the buyer's last viewing.

Warranty: A limited promise by the grantor of real property that he or she is the owner and will be responsible to the buyer if title is other than as represented.

Zero Lot Line: A term generally used to describe the positioning of a structure on a lot so that one side rests directly on the lot's boundary line (no set back).

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RENT VS BUY

A HOUSING ANALYSIS

HOMEOWNERSHIP ADVANTAGES

TAX SAVINGS

Deduct the cost of your mortgage loan interest from your state and federal income taxes. Additionally, you may deduct a portion of your property taxes.

APPRECIATION POTENTIAL

Real estate is a good long-term investment. Over the last ten years, appreciation in the Portland Metropolitan area averaged 4%. Additionally, as you pay down your mortgage loan, your equity (wealth you have in your home) increases.

STABILITY

A fixed mortgage payment will not increase for 15 to 30 years, whereas Portland area rents increased an average of 5% this year.

ANNUAL COSTS*

	Home-owner	Renter
Annual Monthly Payments (includes insurance)	$14,467	$13,212
Real Estate Taxes	$2,987	$0
Tax Deductions/Equity Builders:		
Mortgage Interest Deduction	- $2,853	$0
Deduction for Property Taxes	- $896	$0
Mortgage Principal Accumulation (Equity)	- $4,702	$0
Total Annual Costs Less Equity Gains	**$9,003**	**$13,212**
Appreciation on investment after 10 years:	**$10,600**	**$0**

**Costs based on median home price in Portland area, 3.5% downpayment, 30-year fixed with 3.75% interest, and average rent. Mortgage payment and tax deductions are an estimate only and may vary depending on your personal finances/tax bracket. Consult your financial advisor for details.*

Homeowners don't move as frequently as renters, tend to volunteer in the community more, and enjoy a net worth 34 times as much as a renter.

FOR MORE INFO GO TO:

HOWNW.COM: HOMEOWNERSHIP RESOURCE

Home Buying Process
Loan Programs
Avoiding Foreclosure Scams
Military Financial/Renovation/
Homeownership Resources
Forever Home/Aging in Place

Consult your local Realtor® for an in-depth analysis and more information.

PMAR
PORTLAND METROPOLITAN ASSOCIATION OF REALTORS®

www.pmar.org

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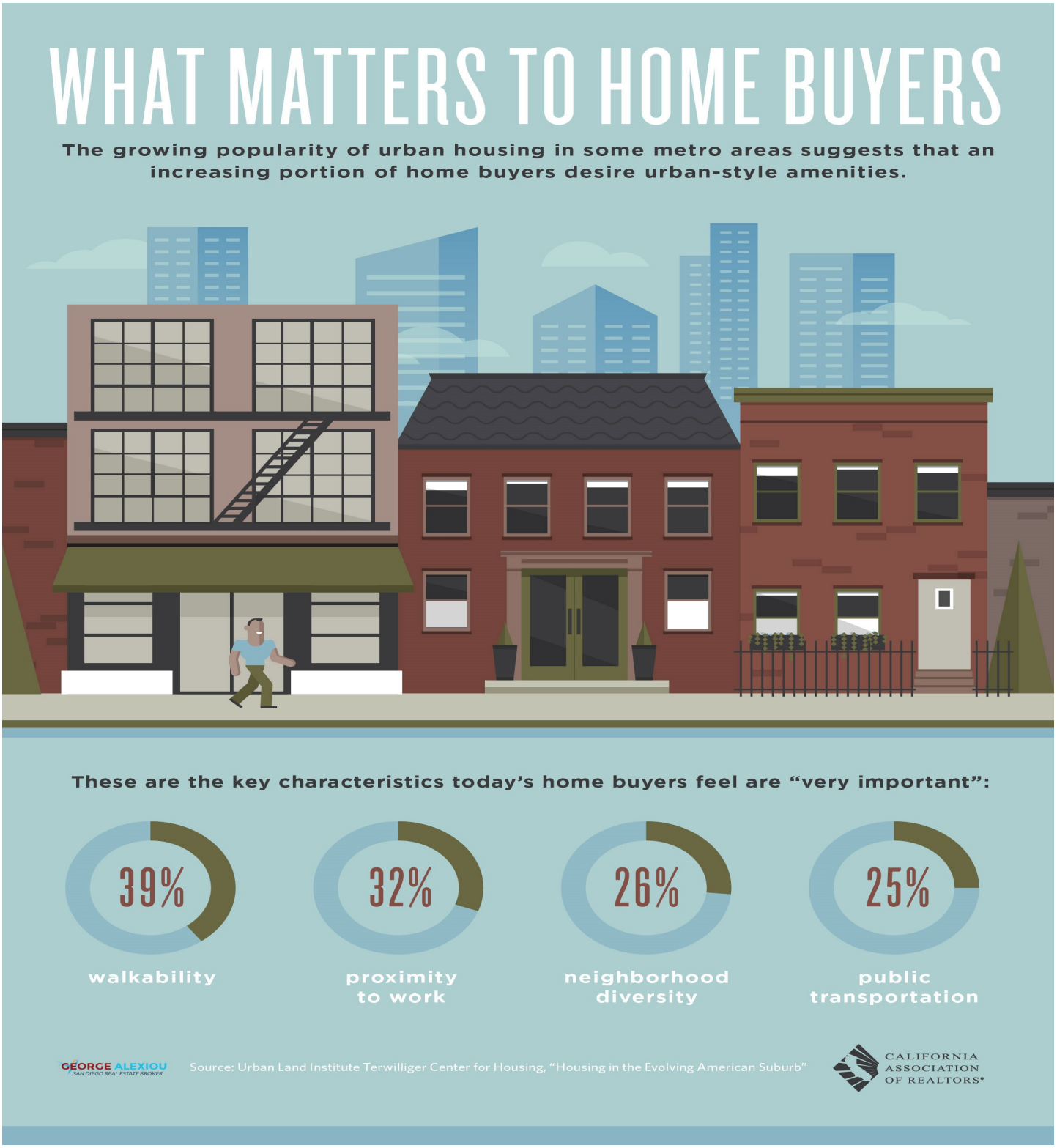

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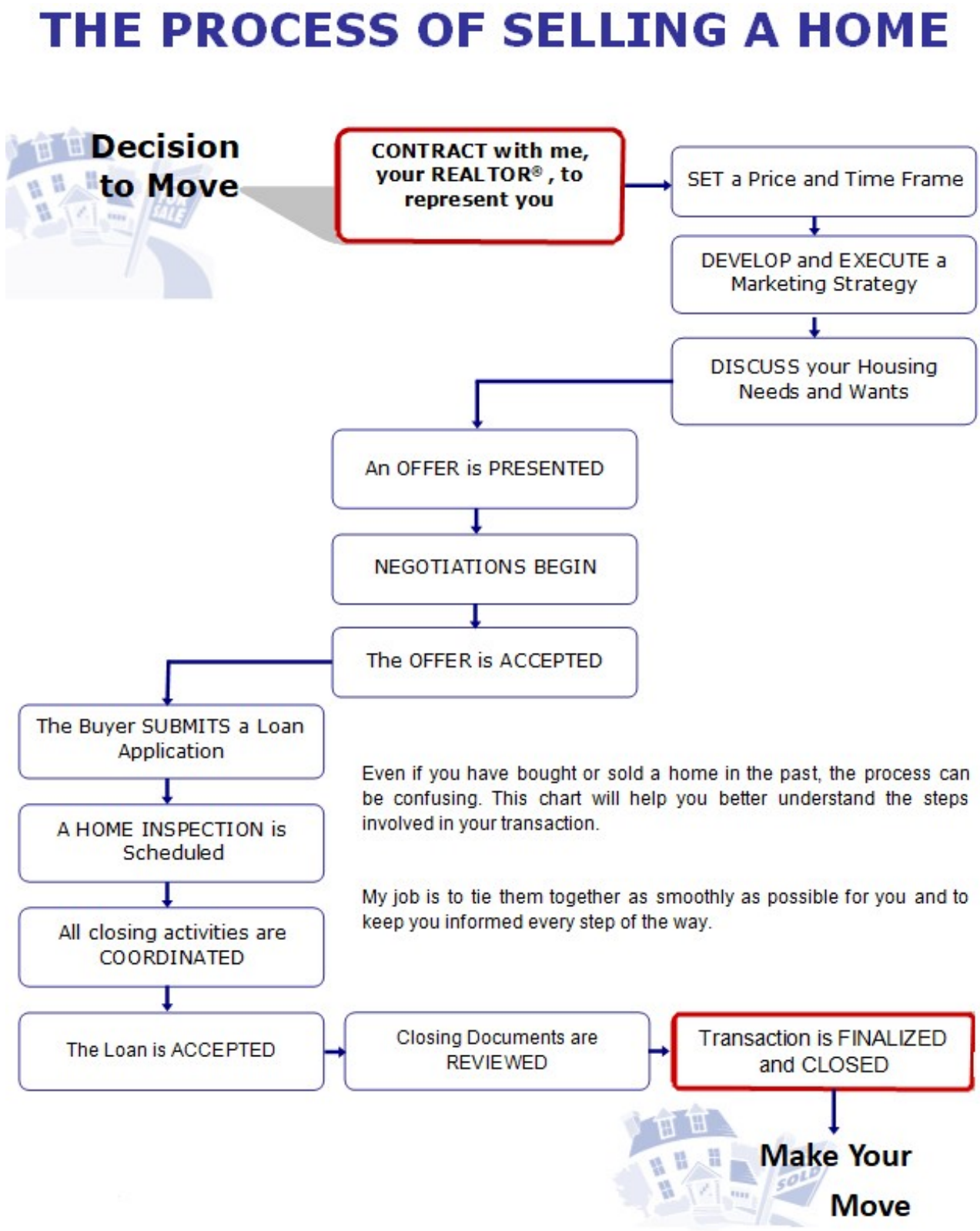

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43. RE/MAX Information

43. RE/MAX Information

WHY RE/MAX?

Power...

- The power of the brand
- The power of a global network
- The power of results
- The power of advertising that reaches and attracts buyers
- The power of maximum internet exposure
- The power of quality service

Experience, Knowledge and Trust...

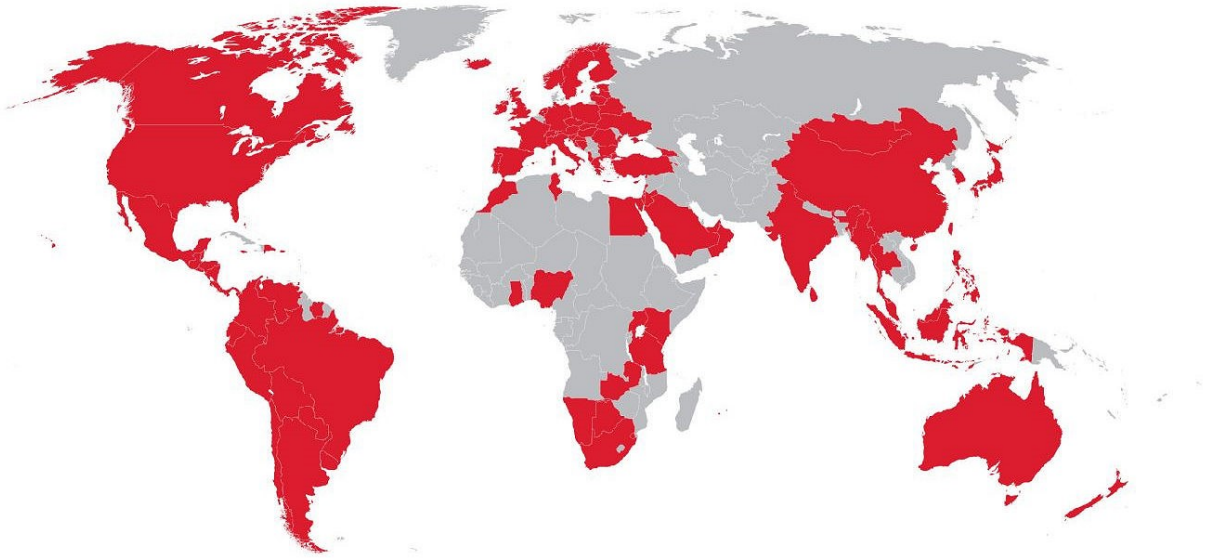
- RE/MAX associates average more real estate experience than other agents and lead the real estate industry in advanced education and production.
- Globally, RE/MAX associates hold a higher number of professional designations—which denote specialized training and education—than any other real estate organization.
- RE/MAX has raised more than $100 million for the Children's Miracle Network, and is also a National Sponsor of the Susan G. Komen Breast Cancer Foundation.

That experience and education means RE/MAX associates like me are better qualified to help you with all of your needs during your real estate transaction, and you will also be affiliated with a company that chooses to consistently give back to our communities.

Outstanding Agents
Outstanding Results.
sm

43. RE/MAX Information

Global Reach



You never know where your next buyer will come from. RE/MAX is in more than 95 countries.
Through RE/MAX, your listings are displayed in 41 languages and 48 currencies.

global.remax.com

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43. RE/MAX Information

A Winning Edge

	TRANSACTION SIDES PER AGENT LARGE BROKERAGES ONLY[1]	U.S. RESIDENTIAL TRANSACTION SIDES[2]	BRAND AWARENESS (UNAIDED)[3]	COUNTRIES & TERRITORIES	OFFICES WORLDWIDE	AGENTS WORLDWIDE
RE/MAX	**17.2**	**1 million+**	**27.6%**	**100+**	**7,343**	**111,915**
Realty Executives	11.0	Not released	0.5%	11	500	8,000
Berkshire Hathaway HomeServices	9.2	Not released	4.3%	1	1,240	42,747
Coldwell Banker	8.4	727,415	14.2%	49	3,000	88,400
Century 21	8.2	420,184	19.7%	77	7,300	110,800
ERA Real Estate	8.2	128,812	1.1%	31	2,300	37,900
Better Homes and Gardens Real Estate	6.9	70,980	0.6%	3	300	10,900
kw Keller Williams	6.8	977,603	7.3%	16	800	154,979
Sotheby's International Realty	6.5	111,950	2.1%	66	850	20,300

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43. RE/MAX Information

A RE/MAX AGENT
CLOSES A DEAL
EVERY :30 SECONDS

Now's the time.

You've been mulling it over: Should you sell? Could you sell? Will you sell?

Now's the time to commit.

As your local agent, I'm here to help. Give me a call and let's see what's possible.

OREGON REAL ESTATE INITIAL AGENCY DISCLOSURE PAMPHLET

OAR 863-015-215 (4)

This pamphlet describes the legal obligations of real estate agents in Oregon. Real estate agents and Principal Brokers are required to provide this information to you when they first meet you.
This pamphlet is informational only. Neither the pamphlet nor its delivery to you may be interpreted as evidence of intent to create an agency relationship between you and an agent or Principal Broker.

Real Estate Agency Relationships

An "agency" relationship is a voluntary legal relationship in which a licensed real estate agent or Principal Broker agrees to act on behalf of a buyer or a seller (the "client") in a real estate transaction.

Oregon law provides for three types of agency relationships between real estate agents and their clients:

Seller's Agent - Represents the seller only;
Buyer's Agent - Represents the buyer only;
Disclosed Limited Agent - Represents both the buyer and seller, or multiple buyers who want to purchase the same property. This can be done only with the written permission of both clients.

The actual agency relationships between the seller, buyer and their agents in a real estate transaction must be acknowledged at the time an offer to purchase is made. Please read this pamphlet carefully before entering into an agency relationship with a real estate agent.

Definition of "Confidential Information"

Generally, agents must maintain confidential information about their clients. "Confidential information" is information communicated to the agent or the agent's Principal Broker by the buyer or seller of one to four residential units regarding the real property transaction, including but not limited to price, terms, financial qualifications or motivation to buy or sell. "Confidential information" does not mean information that:

a. The buyer instructs the agent or the agent's Principal Broker to disclose about the buyer to the seller, or the seller instructs the agent or the agent's Principal Broker to disclose about the seller to the buyer; and
b. The agent or the agent's Principal Broker knows or should know failure to disclose would constitute fraudulent representation.

Duties and Responsibilities of Seller's Agent

Under a written listing agreement to sell property, an agent represents only the seller unless the seller agrees in writing to allow the agent to also represent the buyer. An agent who represents only the seller owes the following affirmative duties to the seller, the other parties and the other parties' agents involved in a real estate transaction:

1. To deal honestly and in good faith;
2. To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
3. To disclose material facts known by the agent and not apparent or readily ascertainable to a party;

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RE/MAX Select, 1233 NW Lovejoy Portland, OR 97209 Phone: **(503)793-3345** Fax: **(503)284-1618**
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A Seller's Agent owes the seller the following affirmative duties;

1. To exercise reasonable care and diligence;
2. To account in a timely manner for money and property received from or on behalf of the seller;
3. To be loyal to the seller by not taking action that is adverse or detrimental to the seller's interest in a transaction;
4. To disclose in a timely manner to the seller any conflict of interest, existing or contemplated;
5. To advise the seller to seek expert advice on matters related to the transactions that are beyond the agent's expertise;
6. To maintain confidential information from or about the seller except under subpoena or court order, even after termination of the agency relationship; and
7. Unless agreed otherwise in writing, to make a continuous, good faith effort to find a buyer for the property, except that a Seller's Agent is not required to seek additional offers to purchase the property while the property is subject to a contract for sale.

None of the above affirmative duties of an agent may be waived, except #7. The affirmative duty listed in #7 can only be waived by written agreement between seller and agent.

Under Oregon law, a Seller's Agent may show properties owned by another seller to a prospective buyer and may list competing properties for sale without breaching any affirmative duty to the seller.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of property, the legal status of the title or the seller's past conformance with law.

Duties and Responsibilities of Buyer's Agent

An agent, other than the Seller's Agent, may agree to act as the Buyer's Agent only. The Buyer's Agent is not representing the seller, even if the Buyer's Agent is receiving compensation for services rendered, either in full or in part, from the seller or through the Seller's Agent.
An agent who represents only the buyer owes the following affirmative duties to the buyer, the other parties and the other parties' agents involved in a real estate transaction:

1. To deal honestly and in good faith;
2. To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
3. To disclose material facts known by the agent and not apparent or readily ascertainable to a party.

A Buyer's Agent owes the buyer the following affirmative duties:

1. To exercise reasonable care and diligence;
2. To account in a timely manner for money and property received from or on behalf of the buyer;
3. To be loyal to the buyer by not taking action that is adverse or detrimental to the buyer's interest in a transaction;
4. To disclose in a timely manner to the buyer any conflict of interest, existing or contemplated;
5. To advise the buyer to seek expert advice on matters related to the transaction that are beyond the agent's expertise;
6. To maintain confidential information from or about the buyer except under subpoena or court order, even after termination of the agency relationship; and
7. Unless agreed otherwise in writing, to make a continuous, good faith effort to find property for the buyer, except that a buyer's agent is not required to seek additional properties for the buyer while the buyer is subject to a contract for purchase.

None of these affirmative duties of an agent may be waived, except #7. The affirmative duty listed in #7 can only be waived by written agreement between buyer and agent.

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Under Oregon law, a Buyer's Agent may show properties in which the buyer is interested to other prospective buyers without breaching an affirmative duty to the buyer.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of property, the legal status of the title or the seller's past conformance with law.

Duties and Responsibilities of an Agent
Who Represents More than One Client in a Transaction

One agent may represent both the seller and the buyer in the same transaction, or multiple buyers who want to purchase the same property, only under a written "Disclosed Limited Agency Agreement" signed by the seller and buyer(s).

Disclosed Limited Agents have the following duties to their clients:

1. To the seller, the duties listed above for a seller's agent; and
2. To the buyer, the duties listed above for a buyer's agent;
3. To both buyer and seller, except with express written permission of the respective person, the duty not to disclose to the other person:
    a. That the seller will accept a price lower or terms less favorable than the listing price or terms;
    b. That the buyer will pay a price greater or terms more favorable than the offering price or terms; or
    c. Confidential information as defined above.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise.

When different agents associated with the same Principal Broker (a real estate agent who supervises other agents) establish agency relationships with different parties to the same transaction, only the Principal Broker will act as a Disclosed Limited Agent for both buyer and seller. If applicable, see Disclosed Limited Agency Agreement for identification of Disclosed Limited Agent. The other agents continue to represent only the party with whom the agents have already established an agency relationship unless all parties agree otherwise in writing. The Principal Broker and agents representing either seller or buyer shall owe the following duties to the seller and buyer:

1. To disclose a conflict of interest in writing to all parties;
2. To take no action that is adverse or detrimental to either party's interest in the transaction; and
3. To obey the lawful instruction of both parties.

No matter whom they represent, an agent must disclose information the agent knows or should know that failure to disclose would constitute fraudulent misrepresentation.

You are encouraged to discuss the above information with the agent delivering this pamphlet to you. If you intend for that agent, or any other Oregon agent, to represent you as a Seller's Agent, Buyer's Agent, or Disclosed Limited Agent, you should have a specific discussion with the agent about the nature and scope of the agency relationship. Whether you are a buyer or seller, you cannot make an agent your agent without the agent's knowledge and consent, and an agent cannot make you their client without your knowledge and consent.

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Author Information

Christy Walton

RE/MAX SELECT

1233 NW Lovejoy, Portland, Oregon 97209

O: 503.477.9745 C: 503.793.3345

GoodnightChristy@gmail.com www.GoodnightChristy.com

Each office individually owned and operated.

Licensed in the state of Oregon.

Christy Walton, Realtor

goodnightchristy@gmail.com

CisMasque

GoodnightChristy

GoodnightChristy

503.793.3345

+ChristyWaltonRealtor

GoodnightChristy

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