

YOUR HOME BUYING PACKET

A Complete Guide to the Home-Buying Process

Welcome! You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, We will make your home-buying experience fun and exciting. We can help you find the ideal home with the least amount of hassle; and We are devoted to using my expertise and the full resources of my office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. We are going to make sure that you are well equipped and armed with up-to-date information for your big decision. We are even prepared to guide you through every phase of the home-buying process. This packet gives you helpful information during and after your transaction. Use its reference pages, note pages and agency explanations, as an invaluable guide on your home-buying journey.

Please keep this packet with you during your home-buying process. There are pages that contain important phone numbers and dates and areas for notes to help you stay organized.

So let's take an exciting journey together! We look forward to meeting your real estate needs every step of the way!

Mission of The Virginia Select Homes Realty Group

Through our dedication to excellence, the Virginia Select Homes Realty Group will provide you with professional and courteous service enhanced by our extensive knowledge of real estate. With our team concept, the Virginia Select Homes Realty Group will assist you through the real estate process with thoroughness and efficiency. Our goal is to make this a memorable real estate experience, one you will want to share with others.

WHY YOU NEED A REALTOR?

As a licensed real estate professional We provide much more than the service of helping you find your ideal home. Realtors are experienced in arranging fair deals. We can assist in negotiating an offer, acting as a mediator to head off potential conflicts between you and the seller, and draw up a legally binding contract. We are members of the National Association of Realtors (NAR) and must abide by

a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor is your best resource when buying your home.

LET US BE YOUR GUIDE —

- As a knowledgeable Realtor We can save you endless amounts of time, money, and frustration.
One of the first questions We will ask is, “Why are you moving?” We will also discuss any time constraints you might have, your financial situation, and any future plans.
- As a knowledgeable Realtor I know the housing market inside and out and can help you avoid the “wild goose chase.” We have access to the Multiple Listing Service, which is exclusive to Realtors .
We can help you with *any* home, even if it is listed elsewhere or if it is being sold directly by the owner.
- As a knowledgeable Realtor We know the best lenders in the area and can help you understand the importance of being pre-approved for a mortgage. We have broad and current knowledge of the financing options to home buyers – and there are many of them. At your request, We can assist you in evaluating mortgage options and obtaining financing at the most attractive prevailing rates and terms.
- As a knowledgeable Realtor , We are an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation - - plus tips on home inspections and pricing.
- A knowledgeable Realtor We are experienced at presenting your offer to the listing agent and can help you through the process of negotiating the best terms, including price. We bring objectivity to the buying transaction, and we can point out the advantages and the disadvantages of a particular property.

WHY USE AN AGENT TO PURCHASE A NEW HOME?

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

°Knowledge of the market
°Help in finding the perfect home quickly
°Expertise in contract writing/negotiation
°Closing assistance.

The builder has a professional representative watching out for his/her needs, and you need the same expert representation.

Buying a new home is a little more difficult and time-consuming than buying a resale. We can professionally guide you through this process.

It is very important that your interests be professionally represented when you are entering into a contract for a semi-custom or build-to-suit home. These transactions are complex and the contract details must be exact in order to protect you and to ensure you get exactly the home you want!

The builder has already factored in a broker co-op fee/commission into the price of the home. Many buyers have the misconception that if you do not have an agent representing you, you will be credited the commission. The buyer does NOT receive a credit, rather, that amount goes directly to the builder's profit margin.

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

OUR PHILOSOPHY

**To serve our clients and colleagues
in a professional, courteous and
mutually respectful manner**

**We will professionally assess our buyer's needs,
wants and plans.**

**We will provide all local information and consult
with our buyers as to their best options.**

**We will assist our buyers in obtaining mortgage
pre-approval and funding.**

**We will coordinate a smooth and efficient home
search process.**

**We will provide pricing research and consult with
our buyers on the terms of all offers.**

**We will personally present our buyer's offer, negotiate it to
final agreement and consistently protect their interests.**

We will coordinate the entire closing process.

**We will review final documents and will advise our
buyer about the closing process.**

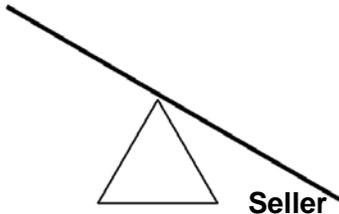
We will coordinate the occupancy of the home.

**We will provide post-closing information, consulting
and related services and will be available to assist
with any future real estate needs.**

UNDERSTANDING AGENCY...

Who Works for Whom?

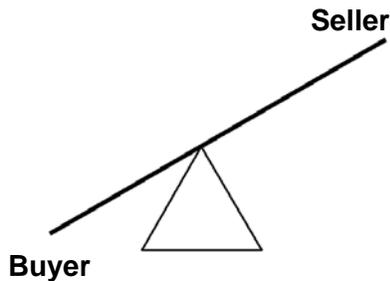
Buyer



SELLER AGENCY (SINGLE AGENCY)

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

Seller



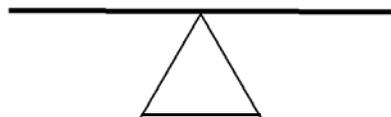
BUYER AGENCY (SINGLE AGENCY)

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

Buyer

TRANSACTION BROKER (DUAL AGENCY)

Buyer



Seller

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

In all relationships, as your Agent We have a duty to act honestly with both the buyer and the seller.

THE ADVANTAGES OF A BUYER AGENCY AGREEMENT

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED —

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

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

YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS —

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

YOU WILL QUICKLY AND CONVENIENTLY GET A GREAT HOME —

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

WHAT IS THE BUYER'S AGENCY AGREEMENT —

Entering into a Buyer's Agency Agreement has countless advantages. When you sign the agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his/her ability. With me, you get a professional agent devoted to protecting your needs and to helping you make one of the most important investment decisions of your life --and you don't even have to pay the fee!

Under Virginia law, without a signed Buyer's Agency Agreement, We must represent the seller!

BEFORE WE BEGIN...

LOAN PRE-APPROVAL

In this market, an offer for property must be accompanied by an approval letter from a credible lender.

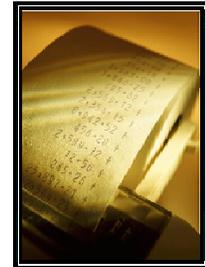
Getting approved for a loan *in advance* will help you in the following ways:

1. Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
2. You won't waste time considering homes you cannot afford.
3. A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
4. You can select the best loan package without being under pressure.

HOW MUCH HOME CAN YOU AFFORD?

There are three key factors to consider:

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



DOWN PAYMENT REQUIREMENTS:

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. However, most lenders have 100% financing options available as well. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of some special fast-track programs.

CLOSING COSTS:

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

QUALIFYING FOR THE MORTGAGE:

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

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

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

HOW MUCH CAN YOU AFFORD?

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

INTEREST RATE FACTORS PER \$1,000					
Interest Rates	Term 15 Years	Term 30 Years	Interest Rate	Term 15 Years	Term 30 Years
4	7.40	4.77	8	9.56	7.34
4 ¼	7.52	4.92	8 ¼	9.70	7.51
4 ½	7.65	5.07	8 ½	9.85	7.69
4 ¾	7.78	5.22	8 ¾	9.99	7.87
5	7.91	5.37	9	10.14	8.05
5 ¼	8.04	5.52	9 ¼	10.29	8.23
5 ½	8.17	5.68	9 ½	10.44	8.41
5 ¾	8.30	5.84	9 ¾	10.59	8.59
6	8.44	6.00	10	10.75	8.77
6 ¼	8.57	6.16	10 ¼	10.90	8.96
6 ½	8.71	6.32	10 ½	11.05	9.15
6 ¾	8.85	6.48	10 ¾	11.21	9.33
7	8.99	6.65	11	11.36	9.52
7 ¼	9.13	6.82	11 ¼	11.52	9.71
7 ½	9.27	6.99	11 ½	11.68	9.90
7 ¾	9.41	7.16	11 ¾	11.84	10.09

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000s.
- 4.

AN EXAMPLE
Interest Rate = 6 ½
Desired term = 15 years
Interest rate factor per \$1,000 = 8.71
Mortgage = \$200,000
Monthly Principal & Interest = \$1,742 (8.71 x 200)

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

I am providing this information as a guide. We strongly recommend that you contact our mortgage specialist.

LOAN APPLICATION CHECKLIST

X General:

- Picture ID with Social Security Number
- Payment to cover application fee.
- Name and complete address of all landlords (past 2 years).

X Income:

- Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).
- Copies of your most recent pay stubs and W-2 form (past 2 years).
- Verification of other income (social security, child support, retirement).
- If you are self-employed: Copies of signed tax returns including all schedules (past 2 years), and a signed profit and loss statement of the current year.
- If you are retired: Tax returns (past 2 years).
- If you have rental property income: Copies of all lease agreements.

X Assets:

- Copies of all bank statements from checking/savings accounts (past 3 months).
- Copies of all stock/bond certificates and/or past statements/retirement accounts.
- Prepare a list of household items and their values.
- Copies of title documents for all automobiles, boats, or motorcycles.
- Face amount, monthly premiums, and cash values of all life insurance policies (Cash value may be used for closing costs or down payments. You need documentation from the carrier indicating cash value).

X Creditors:

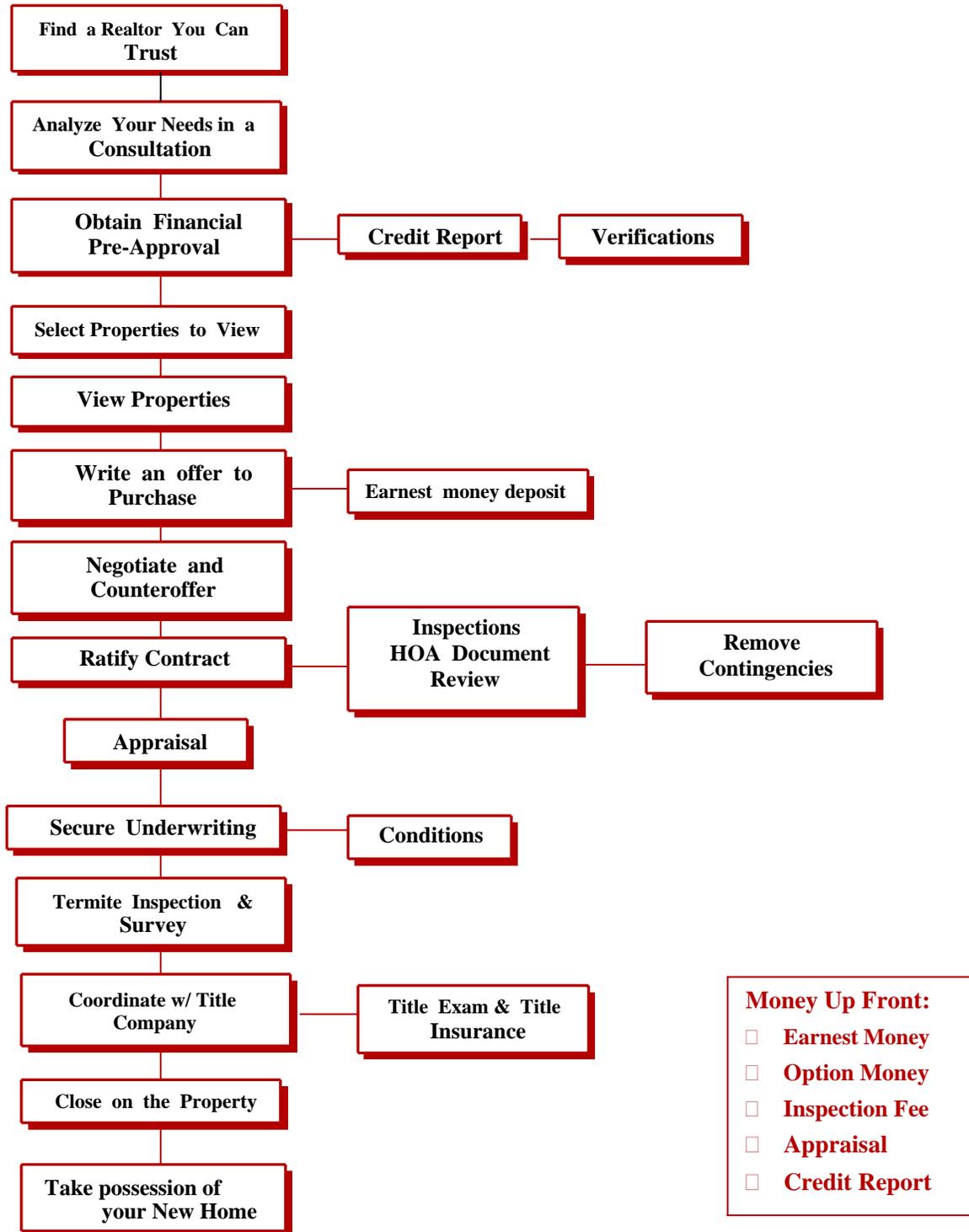
- Credit cards (account numbers, current balances, and monthly payments).
- Installment loans (car, student, etc.) Same details as for credit cards.
- Mortgage loans (property address, lender with address, account numbers monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.
- Childcare expense/support (name, address, phone number).

X Other:

- Bankruptcy – bring discharge and schedule of creditors.
- Adverse credit – bring letters of explanation.
- Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.
- VA only – bring Form DD214 and Certificate of Eligibility.
- Retirees – bring retirement and/or Social Security Award Letter.

THE HOME-BUYING PROCESS

I have designed this packet to assist you with the purchase of your new home. We assure you that it is our goal to provide you with the most professional and informative service available. We are always just a phone call away!

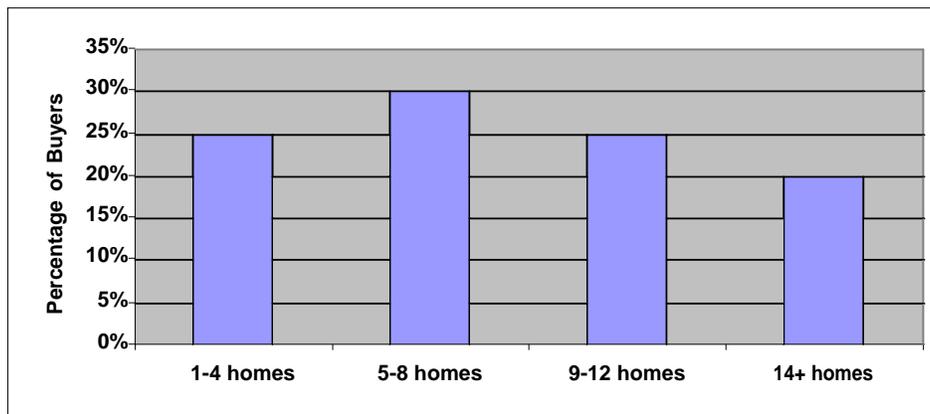


VIEWING PROPERTIES

One of the most exciting aspects of buying a home is looking at different properties in your price range and seeing houses in all sizes, conditions and styles. It's the best real estate education of all.

HOW MANY TO SEE?

How many homes should you plan to view before you make a decision? That's up to you, and will depend on the neighborhood, the market, and your specific requirements. This chart gives you an idea of what most people do. With all the homes on the market at any given time, the key is to focus your efforts on suitable properties. Your realtor will help by eliminating homes that don't meet your criteria – and tracking down those that do.



WHAT TO EXPECT?

Your realtor is happy to show you any house that's on the market. Once you're ready to view a property, here's what you can expect:

BEFORE

Schedule all visits in advance with your realtor. It is customary to give the seller 1 hour notice.

Plan to spend up to 30 minutes seeing each property. Allow for travel time.

Wear shoes that slip off easily as many sellers ask potential buyers to remove shoes before viewing.

DURING

Pay attention to home's curb appeal, floor plan and overall amenities.

Take notes, ask questions and make comments that help your realtor understand your needs and what you like and don't like about the home.

Be considerate of the owners, who may or may not be present during the tour.

MAKING AN OFFER



Once you have found the home you wish to purchase, you will need to determine what offer you are willing to make for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember, Be Realistic. Make offers you want the other party to sign!

To communicate your interest in purchasing a home, we will present the listing agent with a written offer. When the seller accepts an offer it becomes a legal contract. When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property.

After we present your offer to the listing agent it will either be accepted, rejected, or the seller will make a counter offer. This is when we will negotiate terms of the contract if necessary.

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by our local Board of Realtors.

The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer. I have included a copy in this packet.

HOME INSPECTION

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

- **Appliances**
- **Plumbing**
- **Electrical**
- **Air Conditioning and Heating**
- **Ventilation**
- **Roof and Attic**
- **Foundation**
- **General Structure**

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well.

You home cannot “pass or fail” an inspection, and your inspector will not tell you whether he/she thinks the home is worth the money you are offering. The inspector’s job is to make you aware of repairs that are recommended or necessary.

The seller may be willing to negotiate completion of repairs or a credit for completion of repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites or the presence of radon gas.

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

We recommend being present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. Most important, you will see the home through the eyes of an objective third party.

RADON TESTING

Radon is a radioactive gas that comes from the natural decay of uranium in soil, rock and water and gets into the air you breathe. It typically moves up through the ground to the air above and into your home through cracks and other holes in the foundation. Your home traps radon inside, where it can build up. Any home may have a radon problem – this means new or old, well sealed or drafty home, and homes with or without basements. The amount of radon in the air is measured in “picocuries per liter of air,” or pCi/L.

You cannot see, smell or taste radon, but it is estimated to cause thousands of deaths each year. The Surgeon General has warned that radon is the second leading cause of lung cancer in the United States today. In fact, only smoking causes more lung cancer deaths. If you smoke and your home has high radon levels, your risk of lung cancer is especially high.

Nearly one out of every 15 homes in the U.S. is estimated to have an elevated radon level. EPA recommends that you take action to reduce your home’s indoor radon levels if a radon test result is 4.0 pCi/L or higher. A radon test is usually as simple as placing charcoal canisters in the lowest level of a home and leaving them there for 48 hours. The canisters are then sent to a laboratory for analysis.

At the buyer’s discretion and expense, the purchase offer can be made contingent upon a having the property inspected for the presence of radon by a testing firm listed with the National Radon Safety Board (NRSB) or the National Environmental Health Association (NEHA) using an Environment Protection Agency (EPA) approved testing method. The cost of testing ranges between \$100 - \$150. If elevated radon levels are detected, the cost of a radon mitigation system is negotiated between the buyer and seller. The typical cost for a radon mitigation system ranges between \$750 - \$1,200.

For more information, the publication, Home Buyer’s and Seller’s Guide to Radon, can be viewed at <http://www.epa.gov/iaq/radon/pubs/hmbyguid.html> and is available in .pdf format.

BEHIND THE SCENES

WHAT HAPPENS NEXT?

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

Earnest Money – An agreement to convey starts the process once it is received at the Title Company. Once you submit the loan application, it is usually subject to a credit check, an appraisal, and sometimes, a survey of the property.

Tax Check – What taxes are owed on the property? The Title Company contacts the various assessor-collectors.

Title Search– Copies of documents are gathered from various public records: deeds, deeds of trust, various assessments and matters of probate, heirship, divorce, and bankruptcy are addressed.

Examination – Verification of the legal owner and debts owed.

Document Preparation– Appropriate forms are prepared for conveyance and settlement.

Settlement – An Escrow Officer oversees the closing of the transaction: seller signs the deed, you sign a new mortgage, the old loan is paid off and the new loan is established. Seller, Realtors, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.

Title Insurance - There are three types of title insurance:

- Lender's - Coverage that protects the lender for the amount of the mortgage,
- Owner's - Coverage that protects your equity in the property.
- Enhanced – Coverage above and beyond Owner's.

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

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

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

REAL ESTATE CLOSING

WHAT IS A REAL ESTATE “CLOSING”?



A “closing” is where you and We meet with some or all of the following individuals: the Seller, the Seller’s agent, a representative from the lending institution and a representative from the title company, in order to transfer the property title to you. The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur.

If financing the property, your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

At closing, you will be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check. Your agent or escrow officer will notify you of the exact amount at closing.

WHAT IS AN ESCROW ACCOUNT?

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

HOME WARRANTY PROTECTION

NEW HOME WARRANTIES —

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home.

At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder.

If the homebuilder does not offer a warranty, **BE SURE TO ASK WHY!**

RESALE HOME WARRANTIES —

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by either the Seller, as part of the overall package, or by the Realtor. Even with a warranty, you should have the home carefully inspected before you purchase it.

A home warranty program will give you peace of mind, knowing that the major covered components in your home will be repaired if necessary. Ask me for more details about home warranty packages.

WARRANTY INFORMATION

Company Name:

Address:

Policy Number: _____

Coverage:

Contact:

Phone:

Fax:

Policy Value:

Duration:

Understanding the Sales Contract

Listed below are the contract forms used most frequently in real estate transactions. There are many additional forms used for specific purposes such as renting back, changing the settlement date, releasing contingencies, etc. It is advantageous to review these forms in advance as time is often of the essence at the actual contract writing.

Regional Sales Contract

The standard instrument used by realtors in Virginia, Maryland and the District of Columbia to document the agreed upon terms and conditions of sale (10 pages)

Virginia Jurisdictional Addendum

Supplements regional sales contract with disclosures specific to the state of Virginia (5 pages)

NVAR Contingencies/Clauses Addendum to Sales Contract

Contains details of contract contingencies such as Home Inspection, Radon Testing, Sale of Purchaser's Property, Qualification Letter Contingency, etc. (3 pages)

Residential Property Disclaimer Statement

States that the owner makes no representations or warranties as to the condition of the property (2 pages)

Summary of Rights and Obligations of Sellers and Purchasers

Outlines the difference between a Disclosure and a Disclaimer. Summarizes the Virginia Residential Property Disclosure Act.

Disclosure of Brokerage Relationship

Discloses which party (buyer or seller) is represented by broker (The Virginia Select Homes Realty Group) in the particular real estate transaction (1 page)

Disclosure of Dual Representation

Discloses that the broker (The Virginia Select Homes Realty Group) represents BOTH the buyer and seller in the particular real estate transaction (not used when buyer and seller have separate brokerage representation)
(1 page)

Megan's Law Disclosure

Discloses where the buyer can search for registered sex offenders in the state of Virginia.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EASEMENT: The right to use the land of another.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MORTGAGOR: The borrower of money or the giver of the mortgage document. **NOTE:** A written promise to pay a certain amount of money.

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

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

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

REALTOR: A member of local and state real estate boards, which are affiliated with the National Association of Realtors (NAR).

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

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

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

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

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

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

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

BUYER INFORMATION SHEET

Name: _____

Home Address: _____

Telephone Numbers

Home _____

Work#1 _____

Work#2 _____

Cell #1 _____

Cell #2 _____

Fax _____

e-mail address: _____

e-mail address: _____

e-mail address: _____

WHAT ARE YOU LOOKING FOR IN A NEW HOME?

NEEDS: These are requirements that my new home **MUST** have!

WANTS: It would be nice if my new home had these features, but I can live without them.

WISHES: I wish these features were possible and if you could get them I would be amazed!

Do you currently own your own home? If so, where?

Why do you want to move out of your current home?

Have you talked with any other real estate agents or consultants? If so, where? Have you spoken with anyone on the Virginia Select Homes Realty Group before?
