BUYING YOUR HOME

Representing You!

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A quick and easy to read reference guide

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WHY SHOULD I USE A BUYER'S AGENT?

If you don't have a buyer's agent working for you, you are unrepresented!

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SIX STEPS OF THE BUYING PROCESS

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GLOSSARY & HELPFUL ARTICLES

- A quick reference glossary will ensure that you understand all the new, strange terms
- Helpful articles that will make you a more informed home buyer

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"My home...It is my retreat and resting place from wars. I try to keep this corner as a haven, against the tempest outside, as I do another corner of my soul."

Michel Montaigne
1533-1592
French Philosopher

WHY SHOULD I USE A BUYER'S REPRESENTATIVE?

The purchase of a home is the largest single investment most people ever make — one of the most critical decisions in their lives. Why would you want to partner with someone who isn't representing your interests on so important an investment?

The fact is, traditional real estate agents are hired by sellers to represent their best interests in the sale of their property. By law, traditional agents are required to seek the highest price possible for their clients. Worse, they must also inform the seller if they find out that you are able and willing to pay a higher price.

Confusion often arises because many buyers believe that the agent who shows them houses works on their behalf. In buyer representation, a real estate professional is paid to represent the buyer in a real estate transaction. Just as a seller's agent is hired to obtain the price and sale terms sought by the seller, a buyer's representative is hired to get the best possible price and terms for the buyer.

Buyer brokers are licensed real estate agents. They have access to all of the usual resources used to find houses, including the Multiple Listing Service (MLS), as well as sources not usually accessible to traditional agents, such as homes for sale by owner.

However, there is one very big difference between traditional agents and buyer brokers. The buyer broker represents the buyer and is legally bound to get the best deal possible for the buyer.

Buyer representation goes beyond just negotiating prices for homes. Our job is to level the playing field for buyers. A good buyer broker actually turns the tables on the seller and the seller's agent by digging up facts on the house and seller's position that can work to the benefit of the buyer. They always try to find out things like a house's past selling price, time on the market, offers received, how much similar houses are selling for and even how anxious the seller is to make the deal — information that might give a buyer leverage and that most sellers would like to keep hidden.

Buyer brokerage assistance may include helping the buyer obtain third party assistance, such as legal counsel to review proposed contracts, or an inspector to conduct a structural inspection of the property. A buyer's representative is loyal to the buyer's interest. Clearly, the service and expertise provided by a buyer's representative is what the home buying public wants and values.

How do I get paid? There are a number of options. The choice is always yours. The buyer representation agreement sets forth how the buyer's representative will be compensated. Compensation for the buyer's broker is paid by the listing broker, the seller, or by the buyer directly. Most common is exactly the same way traditional real estate brokers are paid: the commission paid by the seller at closing is divided between the listing agent and the buyer's agent.

14 Benefits of working with a Buyer's Representative

1. Locating suitable properties
2. Previewing properties
3. Verifying the property's condition
4. Suggesting necessary inspections by experts
5. Verifying property taxes and utilities
6. Verifying the value of the property
7. Advising clients on structuring an offer
8. Presenting the offer to the seller's representative
9. Negotiating favorable contract terms for the buyer
10. Explaining legal documents needed for closing and helping secure them
11. Assisting in securing financing
12. Assisting buyers and their attorneys in clarifying title, zoning, building codes, and access easement
13. Referring them to qualified vendors
14. Analyzing future resale

Finding A Lender You Can Trust

For most people, finding the right lender and loan product is the most stressful and confusing part of purchasing a new home. Feel free to shop around for the right lender. Look for a lender that you feel comfortable with and trust. When discussing which product is right for you, be specific and honest. Let the lender know of your current financial situation, and more importantly, what you want in a financial product, i.e. length of note, variable vs. fixed rates, down payment amount, etc. **Ask questions!** The more you know about the loan you are obtaining, the more comfortable you will feel with the process. If you have any financial gremlins lurking in the background, be honest with your lender and see how they can help you eliminate them.

Recommended Lenders

The following lender offers a full spectrum of loan products. My clients have worked with her and highly recommend her services based on customer service, reputation, and how much she cares about customer financial well-being. As a note to you, a real estate agent is forbidden by law to receive any compensation from a mortgage broker. Therefore, this lender comes recommended solely from my experience and past client's experience with her services. I can personally say that I have seen her go to great lengths to help her customers!

Down payment vs. Closing costs

There is a widespread misnomer that *down payment* and *closing costs* are the same thing. They are totally different from one another. Your *down payment* is the amount of money put towards the purchase price of the home. Depending on the type of mortgage you choose, the required amount will vary (often a percentage of the purchase price of the house). Your *closing costs*, on the other hand, are the costs incurred to obtain your mortgage. Even if you have 100% loan, you will still have closing costs. *Closing costs* can include, but are not limited to: origination fees, discount points, appraisal fees, credit report fees, underwriting fees, tax service fees, closing fees from the title company, document preparation, title insurance, recording fees, escrow waiver fees, flood certification fees, and courier fees. Generally, a borrower will be required to prepay some interest, taxes, and homeowner's insurance as well. *Closing costs* and *prepaids* are negotiable items when putting together an offer. Depending on the type of loan, there are certain costs that the lender will allow the seller to pay.

Your mortgage lender, based on your current debts, income, and a variety of other variables, will help you determine the price range that you can afford. It is important to have an amount that you feel comfortable with already in mind prior to meeting with the lender. Although you may qualify for a certain mortgage amount, you may not find that to be in your comfort zone on a monthly basis. Once you and your lender have a price range that you are comfortable with, convey that range to your real estate agent so it can be used to begin the home search process.

Choices That Will Affect Your Loan

Mortgage term. Mortgages are generally available at 15, 20, or 30-year terms. The longer the term, the lower the monthly payment if the same amount is borrowed. However, you pay more interest overall if you borrow for a longer term.

Fixed or adjustable interest rates. A fixed rate allows you to lock in a low rate for as long as you hold the mortgage and is usually a good choice if interest rates are low. An adjustable-rate mortgage is designed so that interest rates will rise as interest rates increase; however they usually offer a lower rate in the first years of the mortgage.

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Why Should I Use My Own Agent?

CAN'T I PURCHASE FROM THE LISTING AGENT?

Buyer's Agency has not always existed in Tennessee, or anywhere in the country, for that matter. Since the seller typically pays the commission to both agents in a transaction, it was the practice for both agents to be representing the seller exclusively, leaving the buyer to fend for themselves. This practice seemed one-sided, so buyer's agency laws were created, allowing the buyer to also receive representation and consultation from a real estate professional.

Buyer's Agency Defined

In terms we can all understand: "I represent you exclusively from the signing of the Buyer's Agency Agreement, all the way to closing." In the event you choose to make an offer on one of the numerous listings available, I take on a title called *designated agent*. However, our relationship does not change. I still represent you exclusively--I just have a title. However, there is one exception to the rule. If you choose make an offer on one of my personal listings, then I must become a middleman known as a *facilitator*. I will continue to treat both you and the seller fairly and honestly guiding you both to closing. Other than this one exception, I will represent you exclusively from today until closing.

Advantages to you

While all real estate agents are required to treat you fairly by law, once an agency agreement has been established that agent has special obligations to you:

Care: The agent must exercise a reasonable degree of care while transacting business entrusted by the client.

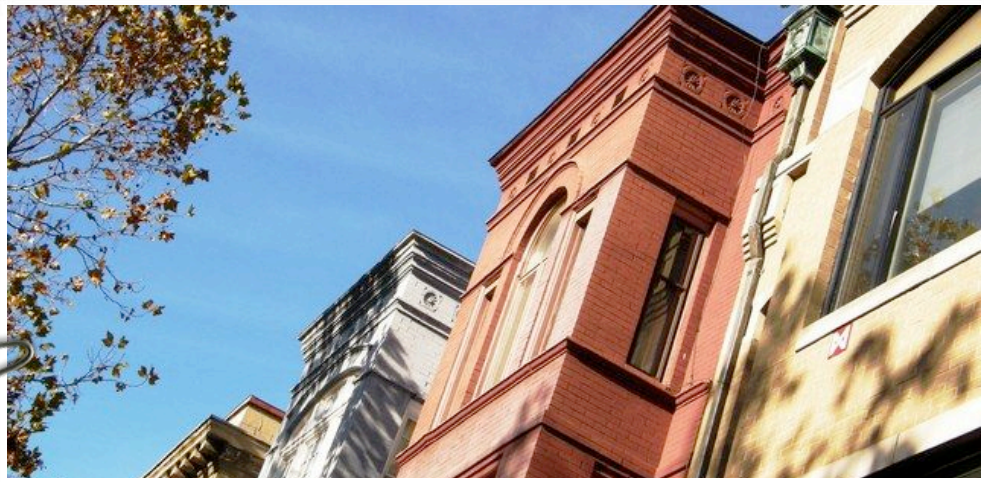
Obedience: The fiduciary relationship obligates the agent to act in good faith at all times, obeying the client's instructions in accordance with the contract and the law.

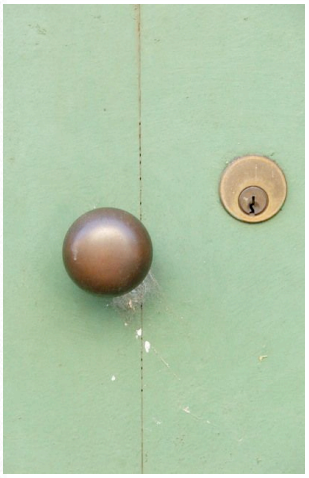
Accounting: The agent must be able at all times to report the status of all funds received from, or on behalf of, the client.

Loyalty: The duty of loyalty requires that the agent place the clients interests above those of all others, including the agent's own self-interest. Confidentiality is a demand of this loyalty.

Disclosure: The agent has the duty to keep the client informed of all facts and information that could affect the transaction. This includes information revealed to him by the seller's agent and/or seller (unless the seller is in an agency agreement with the same real estate consultant.

WHAT UPFRONT MONEY IS REQUIRED?





Most house buying expenses are paid at closing, meaning it does not take out of pocket cash to pay for them during the process.

However, some cash is needed during the process and it's best to know how much you will need up front.

1. **Earnest money** - The amount of earnest money is negotiable, and varies in proportion with the sales price. $500 is a very common amount for a home under $175,000. The good thing about earnest money is that in most cases, it goes towards reducing your closing costs or is returned to you at closing.

2. **Inspections** - The most common and basic inspection is the general "home inspection" and averages about $300. Other inspections available are heat/air, radon gas, roof, lead, and mold. These inspections vary in price and I can help you find specific inspectors if you desire.

3. **Appraisal** - Most mortgage lenders require you pay for the appraisal outside of the closing costs you pay at closing. This typically costs around $350. However, some mortgage lenders, such as Jeannine Dalton at Guaranty Trust, will allow for you to pay for the appraisal at closing (not upfront) as part of your closing costs. This can greatly help out if you are short on cash!

Typical Cash Needed

Earnest Money	$500
Inspections	$300
Appraisal	$350
Total Cash	$1150

Before You Look

ANALYZING YOUR NEEDS WILL SAVE YOU TIME

You have talked to a lender, and chosen your real estate professional. Now it is time to begin the fun part of the process in purchasing your own home. In order for this to remain fun and not become frustrating, there are several questions you will want to put some thought into. So that your time spent looking becomes more about having options, as opposed to settling for a house that only comes close to what you want, it's important to determine and communicate the things you value in a home.

Determine search criteria

As a real estate agent, I am prohibited by federal law to steer clients to or away from areas. It is extremely important that you reach your own level of satisfaction in determining whether an area is good or bad for your needs. Some questions you might want to ponder:

- What part of town would you like to live in?
- If schools are a need, is there a particular school zone you would like to live in?
- How far of a drive to work is acceptable?
- How close to shopping or interstate access would you like to be?

Once you have decided on a particular part of town that you would like to reside in, spend some time thinking about what features are important to you. Make a list of features that are a priority and try to expand upon those to really hone in and what it is you would like in a home. After you have spent some time "dreaming" about your new home, try and determine what special considerations need to be met:

- Do you have any physical needs that need to be met, such as wheel chair access or a house with few or no stairs?
- Is there a specific number of bedrooms and baths needed?
- Do you prefer a "fixer-upper", or a home that needs little to no repairs?
- Would you rather have an older house or newer construction?
- Is there a specific style of house that you want, i.e. ranch, colonial, or contemporary?
- Will the house serve multiple functions, such as an office or studio, etc.?
- Are there any amenities you would like to have in your community or subdivision?

Just as important as knowing what you are looking for in that perfect house, is communicating those desires to your agent. Be specific. The more your agent knows about what you are looking for, the better you will be served, and the least amount of time will be wasted.

Home search resources

The overwhelming majority of homes for sale can be found on our Multiple Listing Service (MLS). Agents have the ability to setup custom searches based on any number of criteria - anywhere from garage capacity to number of days on the market. Once the search criteria has been established, the service can e-mail information to you about listings as they come on the market. You can also search for homes on my website, www.MyAgentSusie.com.

Another great way to find homes that might fit the bill is to simply driving around in the communities that interest you. Note the addresses of any homes that appeal to you, or if it is a home that is *for sale by owner*, jot down the phone number and give it to me. I will call the owner to set an appointment to see the home.

We Found Our Dream Home!

Once you have found the house that is right for you, it is time to make your initial offer. I will find any information about the house's current MLS status. Many residential purchase contracts include standard boilerplate text. Most firms use pre-printed forms which have greatly improved efficiency. It pays to get a copy of the contract that you are likely to use. Read it and feel free to highlight the terms and conditions you would like to modify or remove before making the offer.

Comparative market analysis

Using the information made available, I will look for information about similar houses in the same area that have sold over the past 6 to 12 months. This information will give an accurate average-price-per-square-foot, which will be the basis of your offer. I will also find any pertinent market data, such as any zoning changes or local developments such as new roads or construction that could effect property values or resale ability.

Other decisions that need to be made include time frame of closing, any contingencies that need to be placed on the offer, repair allowances, or seller's assistance to pay for closing costs.

Elements of an offer

Basic Details - This includes the address and legal description of the property, and the names of the vendor, purchaser, and brokers involved.

Price - Price is affected by the general market; location of the home, overall condition of the home, and the supply of buyers. Depending on market conditions and the opinion of your agent, the price you offer may be different from the seller's asking price.

Inclusions and Exclusions - Items within the home that will be included in the purchase price, i.e. appliances, fixtures or decorations such as drapes or mirrors. Don't assume anything will be left behind. If you want it, put it in writing.

Deposit - The earnest money deposit shows your good faith and will be applied against the purchase of the home when the sale closes. A larger deposit can show the seller that you are serious.

Terms - Includes the total price the buyer is offering as well as the financing details. There will also be an expiration date and time after which the offer is no longer valid.

Conditions - These contingencies can include "subject to the buyer obtaining specific financing", "subject to the sale of the buyer's current residence", and "subject to a home inspection". Many different conditions can be incorporated in the purchase offer.

Closing and Possession Date - The closing will generally occur at a local title company. All documents will be signed by both buyer and seller. Possession is usually the day of closing or within a few days after closing.

Earnest money

Most offers to buy a house are accompanied by a check, generally referred to as the "earnest money deposit." The basic reason for the deposit is to impress the seller that the buyer "earnestly" intends to purchase the property. The amount of the deposit can depend on a variety of factors. If a property generates a lot of interest, a buyer may make a larger deposit to convince the seller that their offer is stronger than the others. During "hot" markets, deposits are generally larger than during slow markets. Almost all deals close and the earnest money funds are applied to the buyer's down payment and closing costs. However - there are exceptions to the rule.

Some sellers think that if the deal falls through, the earnest money deposit is automatically forfeited. Some buyers think that if the deal does not close, they automatically get the money back — neither one is true. Even when the failure to close is the buyer's fault, the seller doesn't have a "right" to the deposit as a way to "punish" the buyer. Nor does the buyer automatically get the entire deposit back, even when they are not at fault.

First, there may be a small amount of cancellation fees that must be paid. These fees are collected from the deposit. Second, since the deposit is held in trust, both the buyer and seller must agree on the disposition of the funds. This is law in most states, and the real estate agents and their companies have no control over the situation. If something goes wrong very early in the deal, the seller normally understands and the deposit is usually returned to the buyer without a fuss. When things go awry later in the transaction, both parties usually exercise common sense and negotiate a fair solution. In a few rare occurrences, the buyer and seller find it difficult to agree.

The point is that is always makes sense to reach an agreement. Failure to agree ties the money up for awhile, could possibly lead to further legal action and inconvenience, and it just becomes a frustrating mess for both sides -- more so than you realize at the time.

We're closing in 30 days.

WHAT DO WE DO IN THE MEANTIME?

Negotiations should be complete or nearly complete, and now there is another long list of things to get done in order for the contract to close on time.

Inspections
One of the contingencies typically exercised is the opportunity for a home inspection. A licensed home inspector can be hired to do a thorough inspection of the home. Many aspects of the home are checked and a report is generated telling you of the results of their tests, any defects found, as well as any suggested repairs. The inspections can provide a sound piece of mind for a relatively small expense; typically $150 - $300. Feel free to shop for any home inspector you would like to use. If you wish, I can also order inspections for specific aspects of the home, such as a HVAC inspection or a roof inspection.

I will gladly schedule any inspections and make sure someone is available to open the house for the inspector. I will also make sure that you have a copy of any inspection reports as soon as they are available.

Negotiation of repairs
If stipulated in your offer, you will have an agreed on number of days after the inspection to ask for repairs to be made. A cap is usually placed on the amount that will be spent on the repairs, and that cap amount is agreed to during the negotiation of the offer. The repairs have to be completed prior to closing, or an escrow account can be setup for the seller to pay for the repairs after closing.

Moving arrangements
At this point, it is time to begin preparing yourself for the move. There is plenty that will need to take place prior to closing day, so it is best to get started early with a detailed list of things to be done. Among those things on the list, you may include receiving bids from movers and hiring a mover, changing your address at the post office and forwarding your mail, sending out change of address cards to family and friends as well as places with whom you do business, and getting your utilities turned on.

Final walk-thru
A few days prior to closing, you will have the opportunity to do a final walk-thru. The walk-thru is an important aspect of the home buying process. The point of this inspection is to confirm that all issues that have been agreed to have been performed satisfactorily. You will want to tour the home and inspect it's condition. Once the seller has moved out furniture, you may want to be sure the couch wasn't hiding a torn carpet or hole in the wood floor, the chandelier in the dining room hasn't been replaced with a cheap fixture, or the beautiful window covers are gone completely.

Home Owners Insurance 101

Home owner's insurance
Unless you pay cash for your home, one of the requirements made by your lender is proof of a valid homeowner's insurance policy, secured before closing. This policy will protect both your investment as well as the lender's.

The best advice is to shop around and talk with a trusted insurance agent who is knowledgeable about the options available and can explain them in detail. You will want to find an agent who doesn't just "sell" you on a policy, but asks you questions, as well. A good insurance agent is more than a salesperson. A good insurance agent is a consultant who puts your best interests first.

5 Things to Understand about Homeowners Insurance
1. Look for exclusions to coverage. For example, most insurance policies do not cover flood or earthquake damage as a standard item. These coverages must be bought separately.

2. Look for dollar limitations on claims. Even if you are covered for a risk, there may a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.

3. Understand replacement cost. If your home is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for $150,000 and it costs $180,000 to replace it, you'll only receive $150,000.

4. Understand actual cash value. If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.

5. Understand liability. Generally your homeowners insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.

Ways to Lower Your Homeowners Insurance Costs
1. Raise your deductible. If you can afford to pay more toward a loss that occurs, your premiums will be lower.

2. Buy your homeowners and auto policies from the same company and you'll usually qualify for a discount. But make sure that the savings really yields the lowest price.

3. Make your home less susceptible to damage. Keep roofs and drains in good repair. Retrofit your house to protect against natural disasters common to your area.

4. Keep your home safer. Install smoke detectors, burglar alarms, and dead-bolt locks. All of these will usually qualify for a discount.

5. Be sure you insure your house for the correct amount. Remember, you're covering replacement cost, not market value.

6. Ask about other discounts. For example, retirees who are home more than working people may qualify for a discount on theft insurance.

7. Stay with the same insurer. Especially in today's tight insurance market, your current vendor is more likely to give you a good price.

8. See if you belong to any groups—associations, alumni groups—that offer lower insurance rates.

9. Review your policy limits and the value of your home and possessions annually. Some items depreciate and may not need as much coverage.

10. See if there's a government-backed insurance plan. In some high-risk areas, such as coasts, federal or state government may back plans to lower rates. Ask your agent.

Almost Home!

The scheduled day has finally arrived and the next chapter of your life is about to begin. I will schedule your closing at a title company that you have agreed to and I will let you know what time to arrive.

Settlement statement
In most cases, 24 hours prior to closing you will receive a copy of the HUD 1, or settlement statement. The statement will show all of the costs of both you and the seller. It is a good idea to look over it, so if there are any errors, they can be rectified before you close. The statements can be a little confusing and I will help make sense of it for you, however I can.

Cashier's check & photo ID
First, make sure you bring a photo ID, preferably a driver's license. If you are going to be required to bring money in order to close, you will need to have those funds in the form of a cashier's check from your bank. If you are using funds from the sale of a previous house, you may wish to have the funds wired to the closing company to allow plenty of time for that to happen. It normally takes 2 — 3 hours for this process, however, it can vary depending on how busy the title company is.

At the closing you will sign the necessary documents and receive copies of all the paperwork. Usually, depending on the terms of your sales agreement, you will receive keys, garage door openers, alarm codes, etc.

5 Things to Understand About Title Insurance
1. It protects your ownership right to your home both from fraudulent claims against your ownership and from mistakes made in earlier sales, such a mistake in the spelling of a person's name or an inaccurate description of the property.

2. It's a one-time cost usually based on the price of the property.

3. In most of America, it's usually paid for by the sellers. However, in Rutherford County, TN, it is typically a buyer's expense.

4. There are both lender title policies, which protect the lender, and owner title policies, which protect you. The lender will probably require a lender policy.

5. Discounts on premiums are sometimes available if the home has been bought within only a few years since not as much work is required to check the title. Ask the title company if this discount is available.

Adjustable-Rate Mortgage (ARM) - A mortgage in which the interest rate is adjusted periodically according to a pre-selected index.

Alternative Financing - A home financing program that accommodates borrowers with special qualifying factors, including poor credit histories.

Annual Percentage Rate (APR) - A yearly percentage rate that expresses the total finance charge on a loan over its entire term. The APR includes the interest rate, fees, points, and mortgage insurance, and is therefore a more complete measure of a loan's cost than the interest rate alone. The loan's interest rate, not its APR, is used to calculate the monthly principal and interest payment.

Appraisal- A report made by a qualified person setting forth an opinion or estimate of property value. The term also refers to the process by which this estimate is obtained.

Appreciation/Depreciation - "Appreciation" refers to the increase in a property's value, except for inflation. When a property decreases in value it is called" depreciation."

Assessed Value - The value that a taxing authority places on real or personal property for the purpose of taxation.

Automated Underwriting - A computerized method of reviewing home mortgage applications for loan approval.

Bridge Loan - A form of second deed of trust or mortgage that is collateralized by the borrower's present home (which is usually for sale) in a manner that allows the proceeds to be used for closing on a new house before the present home is sold.

Building Codes - Regulate the design, construction, and materials used to meet standardized guidelines for building safety.

Building Permits - Provide official permission to build from the local municipality.

Buyer's Broker - Most real estate brokers and agents work only for the sellers. A buyer's broker serves the interest of the buyer and has no relationship with the seller.

Capital Gains - Used for tax purposes, this is the capital gain you make when you sell your home. For example, if you purchase a property for $100,000 and sell it some years later for $150,000, your capital gain is $50,000.

Closing - The consummation of a real estate transaction. The closing includes the delivery of a deed, financial adjustments, the signing of notes, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Company - Usually an attorney or title agency representative who oversees the closing and witnesses the signing of the closing documents.

Closing Costs - The costs paid by the mortgage borrower (and sometimes the seller) in addition to the purchase price of the property. These include the origination fee, discount points, appraisal, credit report, title insurance, attorney's fees, survey, and prepaid items such as tax and insurance escrow payments.

Commission - Compensation for negotiating a real estate or loan transaction, often expressed as a percentage of the selling price or loan amount.

Commitment Letter - A formal offer by a lender stating the terms under which it agrees to loan money to a home buyer.

Comparable Market Analysis (CMA) - A written analysis of houses having similar characteristics currently being offered for sale as well as comparable houses sold in the past six months. This enables you to determine if you are paying market value for a home, and to identify whether market prices are rising or falling.

Contingency - A condition that must be met.

Conventional Loan - A mortgage not obtained under a government insured program (such as FHA or VA).

Credit Report - A report detailing an individual's credit history.

Debt-To-Income Ratio - A formula lenders use to determine the loan amount for which you may qualify. Also known as the "back-end ratio." Guidelines may vary, depending on the loan program.

Default - The failure to perform an obligation as agreed in a contract.

Down Payment - Money paid to make up the difference between the purchase price and the mortgage amount.

Drywall- Material used to complete the inside walls of a house.

Environmental Engineer - Consultant on environmental impact issues, including water supply engineering, air pollution control, and wastewater treatment.

Equity - The ownership interest; i.e., portion of a property's value over and above the liens against it.

Escrow - An item of value, money or documents, deposited with a third party, to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves.

Fixed-Rate Mortgage - A mortgage in which the interest rate and payments remain the same for the life of the loan.

FICO Score - A numerical rating developed and maintained by Fair Isaac and Company that indicates a borrower's creditworthiness based on a number of criteria.

Float The Rate - This term is used when a mortgage applicant chooses not to secure a rate lock, but instead allows the note rate pricing to fluctuate until the applicant decides to lock in, usually no later than five days prior to closing.

Foreclosure - A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

Framing - Building the skeleton of the house by erecting the walls, floors, ceiling, and roof structures.
General Contractor- Supervises the building process by managing the construction effort performed by the various contractors.

Good Faith Estimate - A document which tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant.

Government Loan - A mortgage insured by a government agency, such as FHA, VA, Farmers Home Administration or a state bond program. The loans are generally made by private lenders, such as Countrywide Home Loans, Wells Fargo Home Mortgage, etc.

Loan Officer - The representative a home buyer initially consults about a mortgage loan. Sometimes called a loan officer, account executive, or sales representative.

Home Warranty - a kind of insurance that covers the cost of repairs to specific items in the home for a specified period of time.

Homeowners Insurance (also called Hazard Insurance) - A real estate insurance policy required of the buyer protecting the property against loss caused by fire, some natural causes, vandalism, etc. May also include added coverage such as personal liability and theft away from the home.

House Inspection - A thorough evaluation and written report of a home's condition both inside and out. The inspection is valuable in locating any problems in a property and helps you determine the extent of renovation needed. You can use the report to have the seller make repairs or reduce the purchase price. Always use your own inspector, and do not rely solely on the seller's inspection reports.

HUD-l Settlement Statement - A standard form used to disclose costs at closing.

HVAC - Heating, ventilation, and air conditioning systems, including the furnace, heat pumps, ductwork and associated wiring.

Index - A published interest rate, such as the prime rate, LIB OR, T-Bill rate, or the 11th District COFI. Lenders use indexes to establish interest rates charged on mortgages or to compare investment returns. On ARMs, a predetermined margin is added to the index to compute the interest rate adjustment.

Interest Rate - The percentage of an amount of money which is paid for its use for a specified time.

Interim Interest - The interest that accrues, on a per-diem basis, from the day of closing until the end of the month.

Leverage - Using credit or borrowed money to increase the rate of return from an investment. For example, by purchasing a $100,000 home with 10% down, you are using just $10,000 to control the investment.

Lien - A legal claim or attachment against property as security for payment of an obligation.

Loan Conditions - These are terms under which the lender agrees to make the loan. They include the interest rate, length of loan agreement, and any requirements the borrower must meet prior to closing.

Loan Officer - The representative a home buyer initially consults about a mortgage loan. Sometimes called a loan officer, account executive, or sales representative.

Loan Payment Reserves - A requirement of many loan programs that, in addition to funds for the down payment and other purchase-related costs, you have saved enough money to cover one or two months of mortgage payments after your closing.

Loan Settlement - The conclusion of the mortgage transaction. This includes the delivery of a deed, the signing of notes, and the disbursement of funds necessary to the mortgage loan transaction.

Loan-To-Value(LTV) - The ratio between the amount of a given mortgage loan and the lower of sales price or appraised value.

Margin - The set percentage the lender adds to the index rate to determine the interest rate of an ARM.

Modular Home - A factory-assembled residence built in units or sections, transported to a permanent site and erected on a foundation. Excludes mobile homes.

Mortgage - The conveyance of an interest in real property given as security for the payment of a loan.

Mortgagee - The lender on a mortgage transaction.

Mortgage Insurance (MI) - See *Private Mortgage Insurance (PMI)* .

Mortgage Processor - The mortgage employee responsible for collecting the completed application and all supporting documents before the entire loan packet is submitted to underwriting. Also known as a processor.

Mortgagor - The borrower in a mortgage transaction who pledges property as security for a debt.

Multiple Listing Service - A computer-based shared listing service for real estate agents that provides descriptions of most of the houses for sale in an area.

Nonconforming Loan - Conventional home mortgages not eligible for sale and delivery to either FNMA or FHLMC because of various reasons, including loan amount, loan characteristics, or underwriting guidelines.

Note - A general term for any kind of paper or document signed by a borrower that is an acknowledgment of the debt, and is, by inference, a promise to pay. When the note is secured by a mortgage, it is called a mortgage note and the mortgagee (lender) is named as the payee.

Origination Fee - The amount charged for services performed by the company handling the initial application and processing of the loan.

Points - A one-time charge by the lender to increase the yield of the loan; a point is 1% of the amount of the mortgage.

Preapproval- A written commitment from a lender, subject to a property appraisal and other stated conditions, that lets you know exactly how much home you can afford.

Prepaids - Closing costs related to the mortgage loan which are collected at loan closing including per diem prepaid interest and initial deposits of monthly escrows of taxes and insurance.

Principal - The amount borrowed or remaining unpaid; also, that part of the monthly payment that reduces the outstanding balance of a mortgage.

Private Mortgage Insurance (PMI) - Insurance written by a private company protecting the mortgage lender against loss resulting from a mortgage default.

Processing - The preparation of a mortgage loan application and supporting documentation for consideration by a lender or insurer.

Purchase Contract (Agreement/Offer) - An agreement between a buyer and seller of real property, setting forth the price and terms of the sale. Also known as a sales contract.

Rate Cap - The limit of how much the interest rate may change on an ARM at each adjustment and over the life of the loan.

Rate Lock - The borrower and the lender agree to protect the interest rates, points, and term of the loan while it is processed.

Real Estate Agent - A salesperson, usually licensed by the state, and supervised by a broker. Agents work solely on commissions earned by selling properties.

Realtor® - Person licensed to sell or lease real property acting as an agent for others and who is a member of a local real estate board affiliated with the National Association of Realtors.®

Return On Investment - The percentage of capital gain that you make on an investment. For example, say you invest $1,000 into a property, and a year later it is worth $1,500. Your return on investment equals the profit ($500) divided by the initial investment ($1,000) or 50%.

Roughed In - Installing wiring, plumbing, and heating vents before the walls are covered.

Soil Test - A test boring of the soil from where the house will sit to ensure that it can handle the load of the structure.

Structural Engineer - Develops structurally sound solutions that fit with an architect's design and ensure that structures can withstand stresses from earthquakes, wind, ice, and snow.

Survey - The measurement and description of land by a registered surveyor.

Title Insurance - An insurance policy that protects a lender and/or home buyer (only if home buyer purchases a separate policy, called owner's coverage) against any loss resulting from a title error or dispute.

Truth-In-Lending Statement - A Federal law requiring full disclosure of credit terms using a standard format. This is intended to facilitate comparisons between the lending terms and financial institutions.

Underwriting - Analysis of risk, determination of loan eligibility, and setting of an appropriate rate and terms for a mortgage on a given property for given borrowers.

VA Funding Fee - The amount charged on VA mortgages to cover administrative costs.

10 Ways To Take The Stress Out of Home Buying

1. Find a real estate agent that you trust. Home buying is not only a big financial commitment, but also an emotional one. It's critical that the agent you chose is both skilled and a good fit with your personality.

2. Remember, there's no "right" time to buy, any more than there is a right time to sell. If you find a home now, don't try to second-guess the interest rates or the housing market by waiting. Changes don't usually occur fast enough to make that much difference in price, and a good home won't stay on the market long.

3. Don't ask for too many opinions. It's natural to want reassurance for such a big decision, but too many ideas will make it much harder to make a decision.

4. Accept that no house is ever perfect. Focus in on the things that are most important to you and let the minor ones go.

5. Don't try to be a killer negotiator. Negotiation is definitely a part of the real estate process, but trying to "win" by getting an extra-low price may lose you the home you love.

6. Remember your home doesn't exist in a vacuum. Don't get so caught up in the physical aspects of the house itself—room size, kitchen—that you forget such issues as amenities, noise level, etc., that have a big impact on what it's like to live in your new home.

7. Don't wait until you've found a home and made an offer to get approved for a mortgage, investigate insurance availability, and consider a schedule for moving. Presenting an offer contingent on a lot of unresolved issues will make your bid much less attractive to sellers.

8. Factor in maintenance and repair costs in your post-home buying budget. Even if you buy a new home, there will be some costs. Don't leave yourself short and let your home deteriorate.

9. Accept that a little buyer's remorse is inevitable and will probably pass. Buying a home, especially for the first time, is a big commitment, but it also yields big benefits.

10. Choose a home first because you love it; then think about appreciation. While U.S. homes have appreciated an average of 5.4 percent annually from 1998 to 2002, a home's most important role is a comfortable, safe place to live.

88 Types of Turbulence

The Buyer/Borrower:
1. Does not tell the truth on the loan application.
2. Submits incorrect information to the lender.
3. Has recent late payments on credit report.
4. Found out about additional debt after loan application.
5. Borrower loses job.
6. Co-borrower loses job.
7. Income verification lower than what was stated on loan application.
8. Overtime income not allowed by underwriter for qualifying.
9. Applicant makes large purchase on credit before closing.
10. Illness, injury, divorce or other financial setback during escrow.
11. Lacks motivation.
12. Gift donor changes mind.
13. Cannot locate divorce decree.
14. Cannot locate petition or discharge of bankruptcy.
15. Cannot locate tax returns.
16. Cannot locate bank statements.
17. Difficulty in obtaining verification of rent.
18. Interest rate increases and borrower no longer qualifies.
19. Loan program changes with higher rates, points and fees.
20. Child support not disclosed on application.
21. Borrower is a foreign national.
22. Bankruptcy within the last 2 years.
23. Mortgage payment is double the previous housing payment.
24. Borrower/co-borrower does not have steady 2-year employment history.
25. Borrower brings in handwritten pay stubs.
26. Borrower switches to job requiring probation period just before closing.
27. Borrower switches to job from salary to 100% commission income.
28. Borrower/co-borrower/seller dies.
29. Family members or friends do not like the home buyer chooses.
30. Buyer is too picky about property in price range they can afford.
31. Buyer feels the house is misrepresented.
32. Veterans DD214 form not available.
33. Buyer has spent money needed for down payment and closing costs and comes up short at closing.
34. Buyer does not properly "paper trail" additional money that comes from gifts, loans, etc.
35. Does not bring cashier's check to title company for closing costs and down payment.

The Seller:
36. Loses motivation to sell (job transfer does not go through, reconciles marriage, etc.)
37. Cannot find a suitable replacement property.
38. Will not allow appraiser inside home.
39. Will not allow inspectors inside home in a timely manner.
40. Removes property from the premises the buyer believed was included.
41. Is unable to clear up liens against their property – short on cash to close.
42. Did not own 100% of property as previously disclosed.
43. Thought getting partners signatures were "no problem," but they were.
44. Leaves town without giving anyone Power of Attorney.
45. Delays the projected move-out date.
46. Did not complete the repairs agreed to in contract.
47. Seller's home goes into foreclosure during escrow.
48. Misrepresents information about home & neighborhood to the buyer.
49. Does not disclose all hidden or unknown defects and they are subsequently discovered.
50. Builder miscalculates completion date of new home.
51. Builder has too many cost overruns.
52. Final inspection on new home does not pass.
53. Seller does not appear for closing and won't sign papers.

The Realtor(s):
54. Have no client control over buyers or sellers.
55. Delays access to property for inspection and appraisals.
56. Unfamiliar with their client's financial position – do they have enough equity to sell, etc.
57. Does not get completed paperwork to the lender in time.
58. Inexperienced in this type of property transaction.
59. Takes unexpected time off during transaction and can't be reached.
60. Jerks around other parties during the transaction – has huge ego.
61. Does not do sufficient homework on their clients or the property and wastes everyone's time.

The Property:
62. County will not approve septic system or well.
63. Termite report reveals substantial damage and seller is not willing to fix or repair.
64. Home was misrepresented as to size and condition.
65. Home is destroyed prior to closing.
66. Home not structurally sound.
67. Home is uninsurable for homeowner's insurance.
68. Property incorrectly zoned.
69. Portion of home sits on neighbor's property.
70. Unique home and comparable properties for appraisal difficult to find.

The Escrow/Title Company:
71. Fails to notify lender/agents of unsigned or unreturned documents.
72. Fails to obtain information from beneficiaries, lien holders, insurance companies, or lenders in a timely manner.
73. Lets principals leave town without getting all necessary signatures.
74. Loses or incorrectly prepares paperwork.
75. Does not pass on valuable information quickly enough.
76. Does not coordinate well, so that many items can be done simultaneously.
77. Does not bend the rules on small problems.
78. Does not find liens or any title problems until the last minute.

The Appraiser:
79. Is not local and misunderstands the market.
80. Is too busy to complete the appraisal on schedule.
81. No comparable sales are available.
82. Is not on the lender's "approved list."
83. Makes important mistakes on appraisal and brings in value too low.
84. Lender requires a second or "review" appraisal.

Inspectors:
85. Pest inspector too busy to schedule inspection when needed.
86. Pest inspector too picky about condition of property, hoping to create work for themselves.
87. Home inspector not available when needed.
88. Inspection reports alarm buyer and sale is cancelled.

TELL ME ABOUT YOU

In order to personalize my service to my clients, I like to get to know them from the very beginning! Please take a moment and tell me a little about yourself. My goal is to provide the highest level of service possible to my clients so they will continue to refer me to friends and family.

Home Phone: _____

Work Phone: _____

Cell Phone: _____

E-Mail: _____

Employer: _____

Your Birthday: _____

Children living with you: _____

Pets: _____

Where are you from originally?_____

Spouse's Cell Phone: _____

Spouse's E-Mail: _____

Spouse's Employer: _____

Spouse's Birthday: _____

Their Birthdays:_____

_____

_____

Please list your favorite in the following categories:

Type of food: _____

Restaurant: _____

Coffee or Tea? What kind: _____

Flower or plant: _____

Sport or Hobbies: _____

Music: _____

Retail Store: _____

Favorite dessert: _____

Types of books: _____

Activities for fun: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Spouse: _____

Meet Susie Davenport

I have achieved many things in life, but nothing gives me more professional pleasure than helping people find the home that is right for them. I will work hard to find a home that meets the needs of your family.

As a realtor, I earn my living practicing my trade, however, it is not the amount of awards I accumulate or the money I earn that measures my success.

Your happiness with the process and the referrals that are shared are my greatest professional accomplishment.

YOUR AGENT

FROM:

SUSIE DAVENPORT
BOB PARKS REALTY

1535 W. Northfield Blvd.,
Murfreesboro, TN 37130
www.MyAgentSusie.com

A full time licensed Listing and Buyer's Agent, I graduated from Southern Illinois University with a BS in Computer Information Systems. I also earned a MBA and MS in Computer Information Systems from Middle Tennessee State University after moving to Murfreesboro. Upon arriving in Middle Tennessee, I knew this would be my home!

Two of my passions are traveling and helping others. I have been able to combine these interests by going on numerous mission trips around the world. Some of the places I have visited are China, Hong Kong, Cameroon, Paris, Mexico, and Costa Rica. I have spent much time volunteering at Light In Africa, a children's home located on the slopes of Mt. Kilimanjaro in Tanzania. After visiting the orphanage for the first time, I was so touched that I committed to continually support this effort, financially as well as through personal visits.

I am proud to be part of the highly successful Turner-Victory Team at Bob Parks Realty. As a team, we are consistently one of Bob Park's top producers. In 2006, we sold over $41 million in residential sales and were one of the top Nashville area teams.

You can trust me to work hard to ask the right questions, do the research, handle the details, and do what it takes to find or sell your home. I truly care about doing the RIGHT thing and will go to great lengths to get the job done.

Make-A-Wish is a wonderful organization that is very close to my heart. In 1994, the Make-A-Wish foundation granted a wish to my brother, Andy. He was 16 years old and fighting a losing battle with a rare childhood cancer, Rhabdomyosarcoma.

We lived outside of the city limits and weren't able to receive cable TV. Andy decided that he wanted a satellite dish and a new TV for his wish. He loved country music and wanted to watch CMT when he was unable to attend school because of his chemotherapy or radiation treatments. Andy got his wish and enjoyed it so very much.

Andy died October 28, 1994 just short of his 17th birthday. He fought cancer with a determination not to complain or be treated differently. He only wanted to be a normal kid again and play basketball.

My family and I will always support the Make-A-Wish foundation because we have seen firsthand how much happiness it can bring to a child. A portion of each of my sales goes to benefit a seriously ill child like Andy in the greater Nashville area through the Make-A-Wish of Middle Tennessee.

My family also honors Andy's memory by participating in the Marion County, IL Relay for Life. My parents have organized a team every year since his death and have raised over $100,000. Increasing the goal every year, we are going for $25,000 this year!

To see Andy's memorial website, visit http://andy-davenport.memory-of.com/

Another organization I proudly support is Light in Africa, non-profit Christian children's home operating in the foothills of Mt. Kilimanjaro in Eastern Tanzania.

I became involved with this ministry in 2004 when I volunteered there for a month. I was so touched by what I saw that I returned the next year. During those two trips, I helped build two mud brick homes and assisted with medical dispensaries and disability outreach programs.

By far the best part of the trip was getting to know the children. They are amazingly resilient. They have seen things in their lives that we cannot even fathom. Their reasons for being at the home are varied. Many have lost parents and family members to HIV/AIDS or have been born with the disease themselves. Other reasons include abandonment and abuse of many kinds. These children are deep in my heart.

To find out more or to make a PayPal donation, please visit: www.lightinafrica.org.