

# BUYER'S GUIDE





Dear Perspective Buyer,

In my experience, a home isn't a dream home because of its room dimensions. It's about how you feel when you walk through the front door, and the way you can instantly envision your life unfolding there.

This is about more than real estate – it's about your life and your dreams.

I understand you are looking for a new home, and I want to be the professional REALTOR® to help you. I work with each of my clients individually, taking the time to understand their unique needs and lifestyle, and I want to do the same for you.

It's incredibly fulfilling to know I am helping my clients open a new chapter of their lives. That's why I work so hard to not only find that perfect home, but also to handle every last detail of the purchase process, from negotiating the terms of the sale to recommending moving companies.

This package contains helpful information for home buyers, including an overview of the entire purchase process, answers to frequently asked questions, and fact sheets to help us discover the home and neighborhood characteristics most important to you.

Additionally, I network with local realtors, in the tri-valley area, to stay abreast of potential listings before they hit the market. By understanding the community, nurturing relationships with other agents, and garnering insights into our areas of expertise, I am able to strategically present your offer so you have the greatest opportunity of getting your offer accepted.

I am very excited to get started on finding YOU the perfect home!

Sincerely,

Lloyd

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## About Me

I am a seasoned real estate professional with over 30 years of knowledge and expertise. Born and raised in Northeast Indiana, I've lived and traveled worldwide and have called California my home for over 20 years.

I bring a wealth of knowledge and local area expertise to help you successfully navigate the homebuying and selling process to meet your financial goals. I believe that a home purchase is one the most important financial decisions that anyone will make so I'll listen to your needs and streamlines your action plan so that you can reach your financial and home ownership goals in the timeframe you need.

Home buyers and sellers both rave about the level of communication and professionalism that I deliver, and my team maintains throughout the process. I provide each client with a personal level of attention and I'm able to do so because, when working with me, you are working with an entire team. Together we are able to bring significantly more to the table, with regards to customer service, and available resources. My goal is to deliver a low-stress, end to end homeownership experience while building strong community relationships.

I served in the United States Marine Corps and hold a BSBA and an MBA. I provided global customer care, in the B2C environment, for over 25 years. And, as an active member of VAREP, I work towards increasing affordable, sustainable home ownership, providing financial-literacy education, and economic opportunity for active-duty military and veteran communities.

I live in Pleasanton, with my wife, Deb, and enjoy golfing, riding motorcycles, working out, visiting wineries, and enjoying the local festivities that the Tri-Valley provides. I have a daughter that lives in Southern California, and a son and grandson who live in Northeast Indiana.



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## WHAT MY CLIENT'S SAY

Lloyd is remarkable. He really is. He helped us purchase and sell our home, and I can't recommend him highly enough. Never have I received such professional, competent, and caring service. Buying and selling a home is stressful, and knowing that you're in good hands is priceless. I don't know how a realtor could be better at his or her job. He aspires to be your realtor for life, and everything he does reflects that intention.

-Kenton de Kirby, Moraga, CA

Lloyd was amazing every step of the way! As a first time home buyer, Lloyd went out of his way to educate me about the entire process and made me feel comfortable about this big decision. He was very responsive every time I had a question, has great relationships with other agents in the area and played a pivotal role in landing our dream house. For anyone looking to buy a home in the Livermore/Pleasanton/Dublin, you need to work with Lloyd!

-Dillon Mullaney, Pleasanton, CA

As first time homebuyers my wife and I needed somebody that we could trust and that had our best interests in mind. Lloyd was referred to us by a friend and from the first conversation we had with Lloyd we knew that he had our back and he was in it for us. He outlined the entire process from the get go and advocated on our behalf to ensure that we found what we were looking for. Thank you again Lloyd!!

-Tim Abbott, Patterson, CA

I cannot say enough good things about Lloyd. His professionalism and expertise in his field only comes second to his commitment to making the client experience as easy and transparent as possible. Whether you are looking to buy or sell a home right now or are considering your options, you can't go wrong adding Lloyd to your family's team of trusted advisors.

-Jon C, Pleasanton, CA.

Lloyd is such a solid guy with a ton of integrity and strong leadership skills. I enjoy every conversation with him. He works very hard for his clients AND community with an attitude of service and gratitude. I cannot recommend working with him highly enough!

-Michelle B, Livermore, CA.

I was put into a situation where I was trusted to sell a home for someone I loved for many years. It was important for me to do everything as successfully as possible. I met with Lloyd Steere and he was the answer to all of my prayers and aspirations! He is honest, has amazing integrity, is clear as to what will take place, stays in touch proactively with every step, provides his advice, however, lets you make the decisions. I could not have asked for a better realtor and so appreciate everything he did to make it an easy process!

-Susanne McHone, Pleasanton, CA

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# SECTION 1

## THE HOME BUYING PROCESS



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# THE HOME BUYING PROCESS

1. **MEET** - with a professional REALTOR®



2. **GET PRE-APPROVED** – Get your preapproval letter BEFORE you start shopping.



3. **YOUR HOME SEARCH** – For the home of your dreams, in an area you want, in your price range.



4. **MAKE AN OFFER**

– Your professional REALTOR® will help put you in the best position possible.



5. **NEGOTIATION & CONTRACTS** – Be prepared to write your “no regrets” offer.

6. **ESCROW** – Get escrow opened in the allotted time frame and complete your buying duties.



7. **FINAL DETAILS** – Complete inspections, negotiate repairs/concessions, complete your final walk-through.



8. **CLOSING** – the transfer of funds and ownership!



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# It's All About YOU 😊

## 1

### Meet with a professional REALTOR®

Buying a home can be a confusing and daunting experience.

It's essential to know what to do, and who to turn to, in order to make your home buying process as stress-free as possible. That is why it is so important to work with a professional REALTOR® when purchasing a home.

Your first step in the home buying process is to talk to a professional REALTOR®. However, how do you know the difference between a professional REALTOR® and an average agent? Here are five (5) key items to discuss to determine YOUR best fit.

1. **How many transactions do you close monthly/annually?** Did you know that an average agent closes 4-10 homes per year?! That's one (1) home every 5-12 weeks, or a part-time job! You should be looking for a full-time REALTOR®, right?
2. **Test their negotiating skills.** The easiest way to do that is to ask for a reduction in commission. An average agent will not hesitate to reduce their rate, so imagine what they'll do when negotiating with YOUR money. A professional REALTOR® will communicate their value. Remember, a bad investment, at a reduced commission, is still a bad investment!
3. **Did the agent discuss and learn what your top 5 must-have's and like-to-have's are?** A professional REALTOR® is interested in having a client beyond the transaction and will work hard to understand your exact wants and needs.
4. **Ask the agent if they participate in ongoing education?** A professional REALTOR® is always learning, and will be more than happy to share new insights in the real estate world, and things that are happening in the community your are considering.
5. **Finally, ask for references!** A professional REALTOR® will not hesitate to provide you with several past clients that you can talk to about their experience.



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# 2

## GET PRE-APPROVED

### *Why Pre-qualify?*

In order to put yourself in the best possible negotiating standpoint, you must have your pre-approval letter in hand before you start home shopping. Knowing exactly how much you can comfortably spend on a home reduces the potential frustration of looking at homes beyond your means.



1

2

3

4

5

Contact Lender for application and interview

Provide requested documents to lender for review

Discuss available products and what specific product suits you best

Receive your pre-approval letter based on your qualifications

Share your pre-approval letter with your agent so it may be included with your offer

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# TOP 10 CREDIT DO'S & DON'TS DURING THE LOAN PROCESS



## DO'S

**DO join a credit watch program.** Then, you may check your own credit reports regularly (you won't get dinged for a "hard" inquiry). Plus, if something unexpected does show up, you can address it promptly.

**DO stay current on existing accounts.** Like your mortgage and car payments, one 30-day late notice can cost you.

**DO continue to use your credit as normal.** Red flags are raised easily with the scoring system. If it appears that you are changing your spending patterns, it will raise a red flag and your credit score could go down.

**DO call you loan officer.** Your loan officer may be able to supply you with the resources you need to stop any derogatory reporting to the bureaus. Ask them for details.

## DON'TS

**DON'T apply for new credit.** Every time that you have your credit pulled by a potential creditor or lender, you can lose points from your credit score immediately.

**DON'T pay off collections or "Charge-Offs".** If you want to pay off old accounts, contact your lender first! Your lender will provide you with the best guidance for handling existing debt.

**DON'T close credit card accounts.** If you close a credit card account, it may appear that your debt ratio has gone up. Closing a card will affect other factors in your credit score, including credit history.

**DON'T max out or over charge credit card accounts.** Try to keep your credit card balances below 30% of their limit, during the loan process. If you pay down balances, do it across the board.

**DON'T consolidate your debt.** When you consolidate all of your debt onto one or two credit cards, it will appear that you are "maxed out" on that card and you will be penalized.

**DON'T do anything that will cause a red flag to be raised by the scoring system.** This includes adding new accounts co-signing on a loan, or changing your name or address with the bureaus.

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# 3

## YOUR HOME SEARCH

I love helping buyers find their dream home. That's why I work with each client individually, taking the time to understand their unique lifestyles, needs, and wishes. And, home-buyers are exposed to more information about the market than ever before. So share your thoughts and insights about your family, lifestyle, interests, community, and other pertinent information. After all, this is about your life. And it's important to me, and will help narrow your search efforts.

Additionally, when you work with me, you get:

- **A knowledgeable and professional REALTOR®**
- **A committed ally to negotiate on your behalf**
- **The backing of trusted company, Keller Williams**

I also have the networking systems in place, and the relationships with other realtors and community members, to expedite your home-buying process.

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Address: \_\_\_\_\_

Rank:

HOME TOUR CHECKLIST			
PROPERTY	COMMENTS	EXTERIOR	COMMENTS
√ View		√ Foundation	
√ Lot Size		√ Roof	
√ Landscaping		√ Architectural Style	
√ Square Footage		√ Deck/Patio	
INTERIOR		√ Pool	
√ # Of Bedrooms		√ Garage	
√ # of Bathrooms		√ General Condition	
√ Living Room		LOCATION	COMMENTS
√ Kitchen		√ To Work	
√ Dining Room		√ To Schools	
√ Family Room		√ Shopping	
√ Study/Office		√ Child Care	
√ Fireplace		√ Recreation	
√ Floor Plan		√ Appearance of Neighborhood	
√ General Condition		√ Value to Area	
√ Paint/Carpet		√ Other	

ADDITIONAL COMMENTS/RANK:

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# 4

## MAKING AN OFFER

Once you find the property you want, I will write a residential purchase agreement, or RPA. While much of the agreement is standard, there are a few areas where we can negotiate:



**Price** – Consider condition, days on market, interest, and urgency of seller.



**COE** – If you can be flexible, you'll appeal to the seller. Also, consider seller rent-back.



**Contingencies** – Inspection, Loan, Appraisal, Title, Disclosures.



**Move-in Date** – Be sure to leave yourself enough time to transition



**Personal Property** – You can actually negotiate any items in the home.

Typically, you will not be present at the offer of the presentation, so I will present it to the listing agent and/or seller. Subsequently, a strong personal letter to the seller's will make an additional impression at offer time. I will provide you with examples to help you write your own story.

Other than acceptance, the most common action is a counter-offer from the seller. In these cases, my experience and negotiating skills become powerful in representing your best interests. And we will work together to review each specific area of the counter, making sure that we move forward with YOUR goals in mind, and ensuring the we negotiate the best possible price and terms on your behalf.

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# NEGOTIATION



## 5

### NEGOTIATION AND CONTRACTS

Finding a home is like finding a spouse...you'll just know. However, in a competitive market, be prepared to write a "no-regrets" offer.

Be prepared to negotiate any number of these items when presenting your offer:

**Price**

**COE**

**Appraisal Contingency**

**Leaseback**

**Appliances**

**Closing Costs**

**Loan Contingency**

**Home Warranty**

**Personal Property**

**Inspection Contingencies**

During negotiations, sellers want the highest price, and buyers want the best deal. Negotiating for a home is important since this is the largest asset most people own, and there's a lot of cash at stake. That is why it is critical that you work with a professional REALTOR® who knows the area AND the other agents.

A professional REALTOR® who knows the area understands whether it's a buyers' or sellers' market and can guide you through the process of writing a strong, competitive offer. Additionally, relations between agents, in a real estate transaction, can be just as important as the offer. NEVER underestimate the value of a successful agent/team in an area. There is a reason they are successful.

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# 6

## ESCROW

Escrow means that you're using a "third party" (somebody who is neither the buyer or the seller) to **hold something of value**, which helps to make your transaction safer.

This is a disinterested (or neutral) third party who doesn't care whether the buyer or seller comes out ahead. The job of an escrow service is simply to ensure that everybody sticks to their end of the bargain.

Get earnest money deposit (EMD) to the title company within 3 days!



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# 7

## FINAL DETAILS

Ensure you have performed your due diligence.



Complete inspections and request any repairs on time



Check to see the lender is prepared to sign and fund



Complete a final walkthrough



Be prepared to sign your name. A LOT!

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# 8

## CLOSING

### Prepare for it

Closing day marks the end of your home-buying process and the beginning of your new life! To make sure your closing goes smoothly, bring the following:

- A certified check for closing costs and final payment. Make the check payable to yourself; you will then endorse it to the title company at closing.
- Proof of insurance with a paid receipt
- Photo ID's
- Social Security numbers
- Addresses for the past 10 years

### Own It

Transfer of title moves ownership of the property from the seller to you. The two events that make this happen are:

- **Delivery of the buyers funds**

This is the check, or wire funds, provided by your lender for the amount of the loan.

- **Delivery of the deed**

A deed is the legal document that transfers ownership of real estate. The deed names the seller and buyer, gives a legal description of the property, and contains the notarized signatures of the seller and witnesses.

At the end of closing, the deed will be taken and recorded at the county clerk's office. It will be sent to you after processing.

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# SECTION 2

## CLIENT WANTS & NEEDS

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# CLIENT INFORMATION SHEET

## Contact Information:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

## Basic Information:

# of Bedrooms: \_\_\_\_\_

How many upstairs? \_\_\_\_\_

How many downstairs? \_\_\_\_\_

# of Bathrooms: \_\_\_\_\_ ½ Baths? \_\_\_\_\_

Full upstairs? \_\_\_\_\_ ½ Up? \_\_\_\_\_

Full downstairs? \_\_\_\_\_ ½ Down? \_\_\_\_\_

	YES	NO
Formal Living Room	<input type="checkbox"/>	<input type="checkbox"/>
Formal Dining Room	<input type="checkbox"/>	<input type="checkbox"/>
Family Room	<input type="checkbox"/>	<input type="checkbox"/>
Breakfast Nook	<input type="checkbox"/>	<input type="checkbox"/>
Bonus Room/Office	<input type="checkbox"/>	<input type="checkbox"/>
Loft	<input type="checkbox"/>	<input type="checkbox"/>
Additional Rooms	<input type="checkbox"/>	<input type="checkbox"/>
Square Footage	_____	

	YES	NO
Ceiling Fans	<input type="checkbox"/>	<input type="checkbox"/>
Recessed Lighting	<input type="checkbox"/>	<input type="checkbox"/>
Crown Moulding	<input type="checkbox"/>	<input type="checkbox"/>
Built-In Surround Sound	<input type="checkbox"/>	<input type="checkbox"/>
Built-In Security	<input type="checkbox"/>	<input type="checkbox"/>
Pool	<input type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories	_____	

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## Flooring:

Type of flooring: _____	Locations: _____
Type of flooring: _____	Locations: _____
Type of flooring: _____	Locations: _____
Type of flooring: _____	Locations: _____

## Garage:

Garage Spaces: \_\_\_\_\_

Automatic Opener:    YES    NO

# of Remotes: \_\_\_\_\_

## Solar:

Do you have Solar:        YES        NO

Owned/Leased: \_\_\_\_\_

Service Provider: \_\_\_\_\_

## Smoke Detectors\*:

Smoke Detector Installed:    YES    NO

Carbon Monoxide:                YES    NO

H2O Htr Dbl Strapped:        YES    NO

## Appliances:    Include    Exclude    Negotiate

Refrigerator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Washer/Dryer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Microwave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____			

## HOA:

Do you have an HOA?        YES    NO

Name of HOA? \_\_\_\_\_

HOA Phone #: \_\_\_\_\_

Dues: \_\_\_\_\_    Frequency: \_\_\_\_\_

## Basic Information:

What is prompting your move? \_\_\_\_\_

When do you need to move? \_\_\_\_\_

Are you Preapproved? \_\_\_\_\_

What is your price range? \_\_\_\_\_

If we found a home today that met your needs, would you make an offer? \_\_\_\_\_

If no, why? \_\_\_\_\_

## Lifestyle Information:

Who will live in the home? \_\_\_\_\_

What do you enjoy doing at home? \_\_\_\_\_

Do you need any special accommodations? \_\_\_\_\_

Do you have pets? \_\_\_\_\_

## Location Information:

What is your ideal location? \_\_\_\_\_

Are schools important? If so, what schools? \_\_\_\_\_

What else is important about location? \_\_\_\_\_

## General Information:

Do you have a preference for age? \_\_\_\_\_

Should it be move-in ready? \_\_\_\_\_

Any particular structures (barn, etc)? \_\_\_\_\_

What style of home do you prefer? \_\_\_\_\_

What type of exterior finish do you prefer? \_\_\_\_\_

Do you want a porch or a deck? \_\_\_\_\_

What type of parking (garage or parking spaces)? \_\_\_\_\_

What other exterior finishes are important to you? \_\_\_\_\_

## House Interior Information:

What type of kitchen finishes do you prefer? \_\_\_\_\_

What type of bathroom finishes do you prefer? \_\_\_\_\_

Do you want a fireplace? \_\_\_\_\_

What are the top five things you MUST HAVE?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

What are the top five things you would LIKE TO HAVE?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

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# APPENDIX

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# MOVING CHECKLIST

New Address: \_\_\_\_\_

Before you move, be sure to contact these companies and service providers:

## UTILITIES:

- \_\_\_\_\_ Electric
- \_\_\_\_\_ Telephone
- \_\_\_\_\_ Water
- \_\_\_\_\_ Cable
- \_\_\_\_\_ Gas

## INSURANCE COMPANIES:

- \_\_\_\_\_ Accidental
- \_\_\_\_\_ Auto
- \_\_\_\_\_ Health
- \_\_\_\_\_ Home
- \_\_\_\_\_ Life
- \_\_\_\_\_ Renters

## PROFESSIONAL SERVICES:

- \_\_\_\_\_ Broker
- \_\_\_\_\_ Accountant
- \_\_\_\_\_ Doctor
- \_\_\_\_\_ Dentist
- \_\_\_\_\_ Lawyer

## BUSINESS ACCOUNTS:

- \_\_\_\_\_ Banks
- \_\_\_\_\_ Cell Phones
- \_\_\_\_\_ Department Stores
- \_\_\_\_\_ Credit Cards

## GOVERNMENT:

- \_\_\_\_\_ IRS
- \_\_\_\_\_ Post Office
- \_\_\_\_\_ Schools
- \_\_\_\_\_ State Licensing
- \_\_\_\_\_ Library
- \_\_\_\_\_ Veterans Administration

## SUBSCRIPTIONS:

- \_\_\_\_\_ Magazines
- \_\_\_\_\_ Newspapers

## CLUBS:

- \_\_\_\_\_ Health & Fitness
- \_\_\_\_\_ Country Club

## MISCELLANEOUS:

- \_\_\_\_\_ Business Associates
- \_\_\_\_\_ House of Worship
- \_\_\_\_\_ Drugstore
- \_\_\_\_\_ Dry Cleaners
- \_\_\_\_\_ Hairstylist

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# COMMON REAL ESTATE TERMS

**Appraisal:** An informed, impartial and well-documented opinion of the value of a home, prepared by a licensed and certified appraiser and based on data about comparable homes in the area as well as the appraiser's own walk-through.

**Buyer's market:** Market conditions that exist when homes for sale outnumber buyers. Homes sit on the market a long time and prices drop. Meaning = you win.

**Cancellation of escrow:** A situation in which a buyer backs out of a home purchase.

**Closing:** A one- to two-hour meeting during which ownership of a home is transferred from seller to buyer. A closing is usually attended by the buyer, the seller, both real estate agents and the lender.

**Closing costs:** Fees associated with the purchase of a home that are due at the end of the sales transaction. Fees may include the appraisal, the home inspection, a title search, a pest inspection and more. Buyers should budget for an amount that is 1 to 3 percent of the home's purchase price.

**Closing Disclosure (CD):** A five-page document sent to the buyer three days before closing. This document spells out all the terms of the loan: the amount, the interest rate, the monthly payment, mortgage insurance, the monthly escrow amount and all closing costs.

**Close of escrow (COE):** The final and official transfer of property from seller to buyer and delivery of appropriate paperwork to each party. Closing of escrow is the responsibility of the escrow agent.

**Comparative Market Analysis (CMA):** An in-depth analysis, prepared by a real estate agent, that determines the estimated value of a home based on recently sold homes of similar condition, size, features and age that are located in the same area.

**Comps:** Or comparable sales, are homes in a given area that have sold within the past six months that a real estate agent uses to determine a home's value.

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# COMMON REAL ESTATE TERMS

**Contingencies:** Conditions written into a home purchase contract that protect the buyer should issues arise with financing, the home inspection or other.

**Conventional loan:** A home loan not guaranteed by a government agency, such as FHA or the VA.

**Days On Market (DOM):** The number of days a property listing is considered active.

**Down payment:** A certain portion of the home's purchase price that a buyer must pay. A minimum requirement is often dictated by the loan type.

**Debt-to-income ratio (DTI):** A ratio that compares a home buyer's expenses to gross income.

**Earnest money:** A "security deposit" made by the buyer to assure the seller of his or her intent to purchase.

**Equity:** A percentage of the home's value owned by the homeowner.

**Escrow account:** An account required by a lender and funded by a buyer's mortgage payment to pay the buyer's homeowners insurance and property taxes.

**Escrow agent:** A neutral third-party officer who holds all paperwork and funding in trust until all parties in the transaction fulfill their obligations as part of the transfer of property ownership.

**Federal Housing Administration (FHA):** A government agency created by the National Housing Act of 1934 that insures loans made by private lenders.

**Foreclosure:** A property repossessed by a bank when the owner fails to make mortgage payments.

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# COMMON REAL ESTATE TERMS

**Homeowner Association (HOA):** The governing body of a housing development, condo or townhome complex that sets rules and regulations and charges dues and special assessments that are used to maintain common areas and cover unexpected expenses respectively.

**Home equity line of credit (HELOC):** A revolving line of credit with an adjustable interest rate. Like a credit card, this line of credit has a limit, and a specified time during which money can be drawn; payment in full is due at the end of the draw period.

**Home equity loan:** A lump-sum loan that allows the homeowner to use the equity in his or her home as collateral. It places a lien against the property and reduces equity.

**Home inspection:** A non-destructive visual look at the systems in a building. Inspection occurs when the home is under contract or in escrow.

**Homeowners insurance:** A policy that protects the structure of the home, its contents, injury to others and living expenses should damage occur.

**In escrow:** A period of time (30 days or longer) after a buyer has made an offer on a home and a seller has accepted. During this time, the home is inspected and appraised and the title searched for liens, etc.

**Jumbo loan:** A loan amount that exceeds the Fannie Mae/Freddie Mac limit, which is generally \$425,100 in most parts of the United States.

**List price:** The price of a home, as set by the seller.

**Funding fee:** A fee that protects the lender from loss and also funds the loan program itself. Examples include the VA Funding Fee and the FHA funding fee.

**Loan estimate:** A three-page document that is sent to an applicant three days after he or she applies for a home loan. The document includes loan terms, monthly payment and closing costs.

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# COMMON REAL ESTATE TERMS

**Loan-to-value ratio (LTV):** The amount of the loan divided by the price of the house. Lenders reward lower LTV ratios.

**Mortgage broker:** A licensed professional who works on behalf of the buyer to secure financing through a bank or other lending institution.

**Mortgage companies:** Lenders who underwrite loans in-house and fund loans from a line of credit before selling them off to a loan buyer.

**Mortgage interest deduction:** Mortgage interest paid in a year subtracted from annual gross salary.

**Mortgage interest rate:** The price of borrowing money. The base rate is set by the Federal Reserve and then customized per borrower, based on credit score, down payment, property type and points the buyer pays to lower the rate.

**Multiple Listing Service (MSL):** A database where real estate agents list properties for sale.

**Origination fee:** A fee, charged by a broker or lender, to initiate and complete the home loan application process.

**Principal, interest, property taxes and homeowners insurance (PITI):** The components of a monthly mortgage payment.

**Private mortgage insurance (PMI):** A fee charged to borrowers who make a down payment that is less than 20 percent of the home's value. The fee, 0.3 percent to 1.5 percent of the yearly loan amount, can be cancelled, in certain circumstances, when the borrower reaches 20 percent equity.

**Points:** Prepaid interest owed at closing, with one point representing one percent of the loan. Paying points, which are tax deductible, will lower the monthly mortgage payment.

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# COMMON REAL ESTATE TERMS

**Pre-approval:** A thorough assessment of a borrower's income, assets and other data to determine a loan amount he or she would qualify for. A real estate agent will request a pre-approval or pre-qualification letter before showing a buyer a home.

**Seller's market:** Market conditions that exist when buyers outnumber homes for sale. Bidding wars are common.

**Short sale:** The sale of a home by an owner who owes more on the home than it's worth (i.e. "under water" or "upside down"). The owner's bank must approve a lower list price before the home can be sold.

**Special assessment:** A fee charged by a condo complex HOA when cash on reserve is not enough to cover unexpected expenses.

**Tax lien:** The government's legal claim against property when the homeowner neglects or fails to pay a tax debt.

**Title insurance:** Insurance that protects the buyer and lender should an individual or entity step forward with a claim that was attached to the property before the seller transferred legal ownership of the property or "title" to the buyer.

**Transfer taxes:** Fees imposed by the state, county or municipality on transfer of title.

**Under water or upside down:** A situation in which a homeowner owes more for a property than it's worth.

**Underwriting:** A process a lender follows to assess a home loan applicant's income, assets, credit etc. and the risk involved in offering the applicant a mortgage.

**VA home loan:** A home loan partially guaranteed by the United States Department of Veteran Affairs and offered by private lenders, such as banks and mortgage companies.

**Walk-through:** A buyer's final inspection of a home before closing.

DREAM IT...LIVE IT