



# Home Buying Packet

Putting the Pieces  
Together

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, I will make your home-buying experience fun and exciting. I can help you find the ideal home with the least amount of hassle; and I am 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. I am going to make sure that you are well equipped and armed with up-to-date information for your big decision. I am 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.

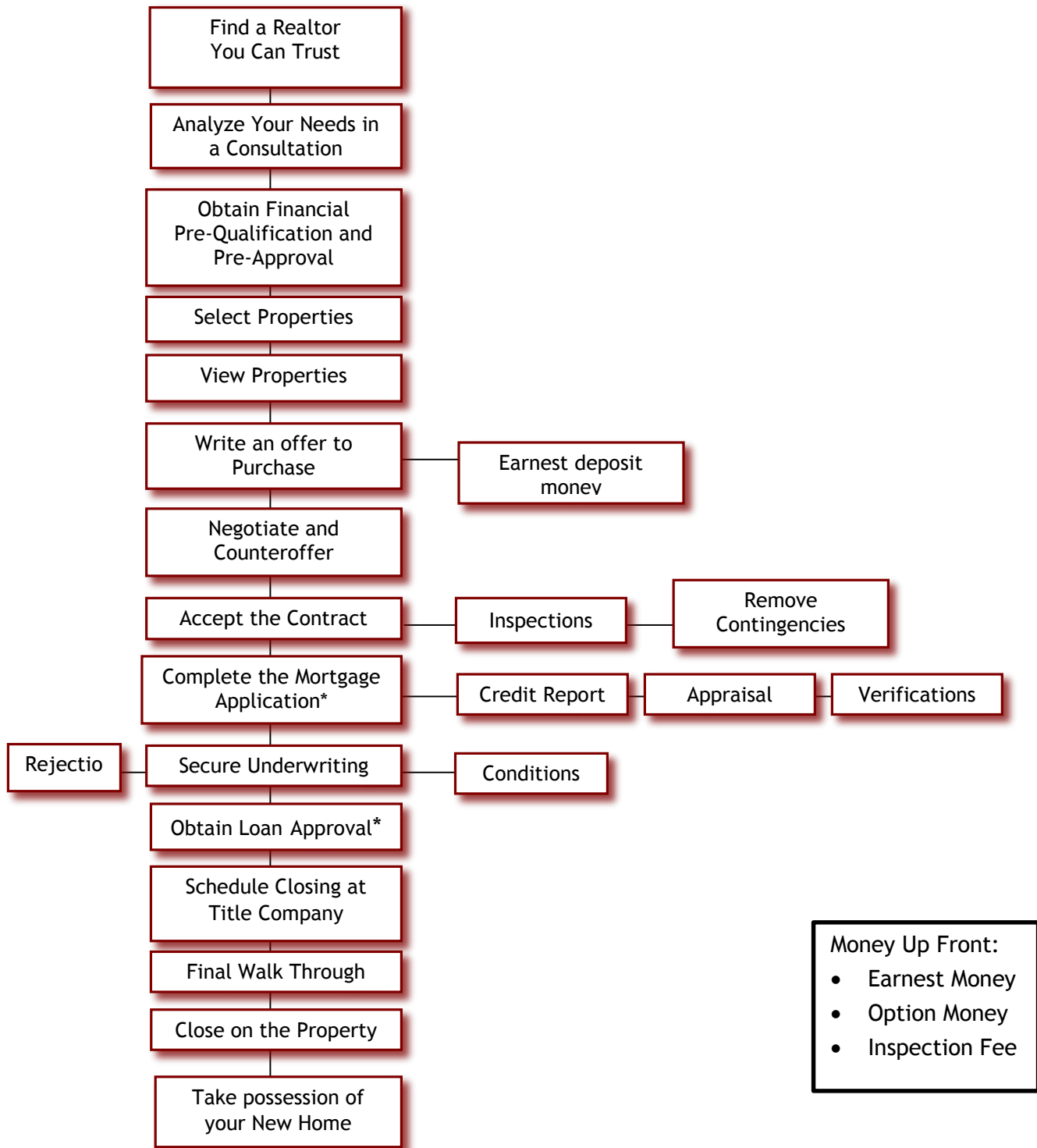
So let's take an exciting journey together! I look forward to meeting your real estate needs every step of the way!



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# The Home Buying Process

This packet was designed to assist you with the purchase of your new home. Be assured that it is my goal to provide you with the most professional and informative service available. I am always just a phone call away!



\*If not already pre-approved

## Pre-Qualification and Pre-Approval

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

Pre-qualifying will help you in the following ways:

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

Pre-approval will help you in the following ways:

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

### HOW MUCH CAN YOU AFFORD?

There are three key factors to consider:

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

### DOWN PAYMENT REQUIREMENTS:

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

### CLOSING COSTS:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement (closing), 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 (given you choose to have an escrow account where the lender collects and pays your property tax and home owners insurance):

- 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.

# The Ten Commandments

## When Applying for a Real Estate Loan

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

# How to Buy a Great House

There are many factors to consider when selecting a neighborhood that is right for you. Below are just a few of the many factors -- you may think of others that are important to you.

Neighborhoods have characteristic personalities designed to best suit single people, growing families, two-career couples, or retirees.

## SCOUT THE NEIGHBORHOOD!

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

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

## NEIGHBORHOOD FACTORS TO CONSIDER --

- Look for things like access to major thoroughfares, highways, and shopping.
- Listen for noise created by commerce, roads, railways, public areas, schools, etc.
- Smell the air for adjacent commerce or agriculture.
- Check with local civic, police, fire, and school officials to find information about the area.
- Set up tours with the local schools
- Look at traffic patterns around the area during different times of the day and drive from the area to work.
- Find out if the neighborhood is near parks, churches, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.
- Find out if the neighborhood belongs to a Homeowner's Association.

# 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 and an option fee to the seller. This is to guarantee that your intention is to purchase the property. The earnest money is typically 1% of the sales price and can be a personal check made out to the title company. The earnest money is refundable during your option period if you choose to back out of the contract. If you proceed with the transaction and later find your financing approval is rejected, given we are still in our financing contingency period, the earnest money is also refundable. If all goes as planned and you close on the property the earnest money is applied as a credit to you at closing. The earnest money check will be deposited with the title company. If a refund is in order the title company will cut a check to you after the appropriate forms are signed and agreed upon by both parties. At this time you will also write a personal check to the seller as consideration for your termination option period. The amount depends on the sales price of the house and the amount negotiated. Typically it ranges between \$100-\$200 for 7 to 10 days. The option period allows you, the potential buyer, time to inspect the home and negotiate repairs if need be. During this time period you can opt out of the contract for any reason. The option fee is not refundable, however if you proceed with the transaction it will be applied as a credit to you at closing along with the earnest money.

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. If the offer is accepted I will collect the earnest money from you and deliver it to the title company so title may be opened. The option fee will be delivered directly to the sellers.

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by the Texas Real Estate Commission.

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.

## *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 (opening title).

**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 at the title company 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, agents, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.

**Title Insurance** - There are two types of title insurance:

- Coverage that protects the lender for the amount of the mortgage,
- Coverage that protects the equity in the property.

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

Title agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples:

An unauthorized seller forges the deed to the property; an unknown, but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; or a land survey showing the boundaries of your property is incorrect.

For a one-time charge at closing, title insurance will safeguard you against problems including those events an exhaustive search will not reveal. We will do our best to have the seller cover the cost of this policy.



# 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 agent. Even with a warranty, you should have the home carefully inspected before you purchase it. Remember a home warranty is not the same thing as home owners insurance!

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 and I will be happy to provide you will material from several companies.

# 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

There are other types of inspections that can be scheduled as well. For instance you may be purchasing a stucco home or a home with a pool. In both cases a specialist should be hired to examine any issues that may be a problem.

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 other professional inspect it as well.

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

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

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

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

# What Is a Real Estate Closing?

## WHAT IS A REAL ESTATE CLOSING?



A “closing” is where you and I meet with some or all of the following individuals: the Seller, their agent 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. Typically this will be at the title company.

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 made out to the title company. Your loan officer will notify you of the exact amount prior to 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, property insurance, or mortgage insurance premiums which fall due in the future. You will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due, the lender pays them from the special account. At closing, it may be necessary to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due.

# Moving Day



## CONGRATULATIONS!

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

Keep detailed records - some moving expenses are tax deductible!

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

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

# Moving Checklist

What to do before you move...

## Two months before moving

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

## One month before moving

<input type="checkbox"/>	Start packing items that aren't regularly used such as off-season clothes and decorations and items in storage areas (garage, attic, and closets).
<input type="checkbox"/>	Make travel arrangements for your pets.
<input type="checkbox"/>	If you're driving, have your car tuned up.
<input type="checkbox"/>	Get medical records from your doctors, dentist, optometrist, and veterinarian if you're moving to a new city.
<input type="checkbox"/>	Send items (rugs, drapes, clothing, quilts, bedding) to the cleaners.
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

# Moving Checklist (continued)

What to do before you move...

## Two weeks before moving

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

## One week before moving

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

## The day before

<input type="checkbox"/>	Set aside moving materials, such as tape measure, pocketknife, and rope.
<input type="checkbox"/>	Lay down old sheets in the entry and hallways to protect floor coverings.
<input type="checkbox"/>	If you are moving yourself, pick up the rental truck and a dolly to move heavy boxes.
<input type="checkbox"/>	If you are driving, check oil, tire pressure, and gas in your car.
<input type="checkbox"/>	If you are flying, make sure you have tickets, charge cards and other essentials.
<input type="checkbox"/>	

# Moving Checklist (continued)

What to do before you move...

<input checked="" type="checkbox"/> <b>Moving Day</b>	
	Carry with you:
<input type="checkbox"/>	The keys to your new home.
<input type="checkbox"/>	A map of your new town and directions to your home.
<input type="checkbox"/>	The telephone number of the moving company.
<input type="checkbox"/>	Cash
<input type="checkbox"/>	Documentation related to the sale of your home.
<input type="checkbox"/>	Your insurance policies and agent's phone number.
<input type="checkbox"/>	Prescription and non-prescription medicines.
<input type="checkbox"/>	Enough clothing to get by if the movers are late.
<input type="checkbox"/>	The telephone number of the moving company.
<input type="checkbox"/>	Any items of great personal value to you that are virtually irreplaceable.
<input type="checkbox"/>	Sheets, towels and personal hygiene items for the first night in your new home.
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input checked="" type="checkbox"/> <b>Arrival Day</b>	
<input type="checkbox"/>	Show movers where to place furniture and boxes.
<input type="checkbox"/>	Check inventory to ensure that everything was delivered before signing delivery papers. Note any damages on the inventory sheet.
<input type="checkbox"/>	Unpack any valuable items, such as silver, art, and jewelry, upon arrival.
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

# Packing Checklist

Tips to make your move a little easier...

## Packing Tips

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



# Packing Checklist (continued)

Packing list by room...

<input checked="" type="checkbox"/> <b>Kitchen</b>	
<input type="checkbox"/>	Cupboards
<input type="checkbox"/>	Closets
<input type="checkbox"/>	Drawers
<input type="checkbox"/>	Box numbers for kitchen: _____
<input checked="" type="checkbox"/> <b>Dining Room</b>	
<input type="checkbox"/>	China cabinet or hutch
<input type="checkbox"/>	Light fixture and lamps
<input type="checkbox"/>	Furniture: table and chairs
<input type="checkbox"/>	Box numbers for dining room: _____
<input checked="" type="checkbox"/> <b>Living Room</b>	
<input type="checkbox"/>	Bookcases and contents
<input type="checkbox"/>	Entertainment center and contents: stereo, TV, CDs, videotapes, and so on
<input type="checkbox"/>	Knick-knacks and artwork
<input type="checkbox"/>	Lamps
<input type="checkbox"/>	Furniture: couch, chairs, and tables
<input type="checkbox"/>	Box numbers for living room: _____
<input checked="" type="checkbox"/> <b>Family Room</b>	
<input type="checkbox"/>	Bookcases and contents
<input type="checkbox"/>	Entertainment center and contents: stereo, TV, CDs, videotapes, and so on
<input type="checkbox"/>	Knickknacks and artwork
<input type="checkbox"/>	Lamps
<input type="checkbox"/>	Furniture: couch, chairs, and tables
<input type="checkbox"/>	Box numbers for family room: _____

# Packing Checklist (continued)

Packing list by room...

<input checked="" type="checkbox"/> <b>Master Bedroom</b>	
<input type="checkbox"/>	Closets
<input type="checkbox"/>	Dressers and contents
<input type="checkbox"/>	Furniture: bed, dressers, night stands, and desk
<input type="checkbox"/>	Box numbers for master bedroom: _____
<input checked="" type="checkbox"/> <b>Bedroom #1</b>	
<input type="checkbox"/>	Closets
<input type="checkbox"/>	Dressers and contents
<input type="checkbox"/>	Furniture: bed, dressers, night stands, and desk
<input type="checkbox"/>	Box numbers for bedroom #1: _____
<input checked="" type="checkbox"/> <b>Bedroom #2</b>	
<input type="checkbox"/>	Closets
<input type="checkbox"/>	Dressers and contents
<input type="checkbox"/>	Furniture: bed, dressers, night stands, and desk
<input type="checkbox"/>	Box numbers for bedroom #2: _____
<input checked="" type="checkbox"/> <b>Bedroom #3</b>	
<input type="checkbox"/>	Closets
<input type="checkbox"/>	Dressers and contents
<input type="checkbox"/>	Furniture: bed, dressers, night stands, and desk
<input type="checkbox"/>	Box numbers for bedroom #3: _____

# Packing Checklist (continued)

Packing list by room...

<input checked="" type="checkbox"/> <b>Study/Office</b>	
<input type="checkbox"/>	Computer equipment: CPU, monitor, and printer
<input type="checkbox"/>	Desk and contents
<input type="checkbox"/>	File cabinets and content
<input type="checkbox"/>	Box numbers for study/office: _____
<input checked="" type="checkbox"/> <b>Bathroom</b>	
<input type="checkbox"/>	Cupboards and contents
<input type="checkbox"/>	Linens and towels
<input type="checkbox"/>	Knick-knacks and wall hangings
<input type="checkbox"/>	Box numbers for bathroom: _____
<input checked="" type="checkbox"/> <b>Attic</b>	
<input type="checkbox"/>	Trunks
<input type="checkbox"/>	Boxes
<input type="checkbox"/>	Box numbers for attic: _____
<input checked="" type="checkbox"/> <b>Garage</b>	
<input type="checkbox"/>	Yard equipment and garden tools
<input type="checkbox"/>	Home maintenance equipment and tools
<input type="checkbox"/>	Box numbers for garage: _____
<input checked="" type="checkbox"/> <b>Basement</b>	
<input type="checkbox"/>	Cupboards and shelves
<input type="checkbox"/>	Box numbers for garage: _____

# Helping Children Cope with the Move

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

# New Home Checklist

<input checked="" type="checkbox"/> <b>Heating System</b>	
<input type="checkbox"/>	Check filters every month.
<input type="checkbox"/>	Have annual system maintenance service done one month before the heating season.
<input checked="" type="checkbox"/> <b>Electrical System</b>	
<input type="checkbox"/>	To prevent power outages, limit the number of appliances plugged into one circuit.
<input checked="" type="checkbox"/> <b>Air Conditioning</b>	
<input type="checkbox"/>	Check filters every month.
<input type="checkbox"/>	Have annual system maintenance service done one month before the air-conditioning season begins.
<input type="checkbox"/>	Keep the condensing unit free of debris.
<input checked="" type="checkbox"/> <b>Microwave</b>	
<input type="checkbox"/>	Do not use pans or dishes that are metal or have metallic trim.
<input type="checkbox"/>	Only use mild soap and/or baking soda to clean the interior. Abrasive cleaners or scouring pads can damage the lining.
<input checked="" type="checkbox"/> <b>Refrigerator</b>	
<input type="checkbox"/>	Clean the interior shelves, shell and gaskets every three months.
<input type="checkbox"/>	Once a year, clean the coils on the back or underneath.
<input checked="" type="checkbox"/> <b>Range/Oven</b>	
<input type="checkbox"/>	To avoid damaging the burners, do not use extra-large/heavy cooking pots and pans.
<input type="checkbox"/>	If you have a self-cleaning oven, do not use any other method to clean it.
<input checked="" type="checkbox"/> <b>Dishwasher</b>	
<input type="checkbox"/>	Mineral deposits on the heating elements can be cleaned with vinegar.
<input type="checkbox"/>	Be sure dishes don't block or damage the spray arm.
<input checked="" type="checkbox"/> <b>Garbage disposal</b>	
<input type="checkbox"/>	To clean the disposal, push a full tray of ice cubes through it while running cold water.
<input type="checkbox"/>	Always remember to run water during use and for at least 2 minutes after you finish. This prevents stoppages.
<input checked="" type="checkbox"/> <b>Washer/Dryer</b>	
<input type="checkbox"/>	Clean the lint screen after each load of clothes has been dried and the unit is empty.
<input checked="" type="checkbox"/> <b>Trash Compactor</b>	
<input type="checkbox"/>	Replace the deodorant supply regularly to prevent odors.



## Real Estate 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 that is paid in equal installments during its term.

**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

**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.

**Cloud on Title:** any condition that affects the clear title to real property.

**Consideration:** anything of value to induce another to enter into a contract, i.e., money, services, a promise.

**Deed:** a 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 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 and other items as they become due.

## Real Estate Glossary (continued)

**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 loans.

**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.

**Lease Purchase Agreement:** buyer makes a deposit for future purchases of a property with the right to lease property in the interim.

**Lease 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.

**Loan to Value Ratio (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.



## Real Estate Glossary (continued)

Note: a written promise to pay a certain amount of money.

Origination Fee: a fee paid to a lender for services provided when granting a loan, usually a percentage of the face amount of the loan.

Private Mortgage Insurance (PMI): see Mortgage Insurance Premium.

Second Mortgage / Second Deed of Trust / Junior Mortgage / 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.

Settlement Statement (HUD-1): 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.

Severalty Ownership: ownership by one person only. Sole ownership.

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 that protects the insured (buyer or lender) against loss arising from defects in the title.

# Let's Adhere to the Plan

A successful real estate transaction hinges on numerous details involving deadlines that must be met so that you can move into your ideal home as soon as possible. Rest assured you will always be informed every step of the way thanks to the Intero Roundtable. Once we start working together you will receive a link to a shared personal website that includes all dates, documents and other pertinent information for the transaction.

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

Please note: During the loan and home-buying process, you will be asked to supply documentation, respond to phone calls requesting information, schedule dates into your calendar, etc. Your loan officer may ask you for a document that is difficult for you to obtain. Please remember the longer it takes for you to provide the information they need the closer we get to postponing our scheduled closing date. The seller does not have to agree to extend this date and you could potentially be out of contract resulting in the loss of home all together. The faster you can gather information for your loan approval the better!

# You Made It!

Congratulations on becoming a better educated and therefore a more qualified buyer! Together this experience will be a rewarding and life changing one and I look forward to being a part of it with you!

If at anytime you have questions that have not yet been answered remember you can reach me via text or phone at 281.771.2490, email at [stephanie@YourHomeComesFirst.com](mailto:stephanie@YourHomeComesFirst.com) and as always you can search for properties at [agentname.interosellshouston.com](http://agentname.interosellshouston.com).

Now that you know the process let's take a quick look at the Texas Real Estate Commission Forms I have attached to help you better understand the contract element of the transaction.

