

home buying

GUIDE



Congratulations! The decision to buy your own home is an exciting one! The experience should be enjoyable and centered on finding you the perfect home with the least amount of hassle.

The Jamie Mehrhoff WOW Team is devoted to using their expertise to make your transaction successful!

Purchasing a home is a very important decision. We will help you with honest, accurate information so you can make well-informed decisions regarding the purchase of your home. This booklet will give you an idea of what to expect during each phase of your transaction. It also contains reference pages, note pages, deadline information, and is useful as a reference guide after the transaction is closed.

Please keep this booklet during all house hunting related activities: meetings, house hunting trips, etc. Use it to take notes and to keep track of deadlines. You can even staple cards to relevant pages to keep related materials together. Making this transaction as easy as possible for you is our job. We are happy to serve all your real estate needs!

The Jamie Mehrhoff WOW Team



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Why do You Need a Realtor®?

As licensed real estate professionals, we provide much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents, seasoned financial advisors with clients, and superb navigators around the local neighborhood. They are members of the National Association of Realtors (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor® is your best resource when buying your home.

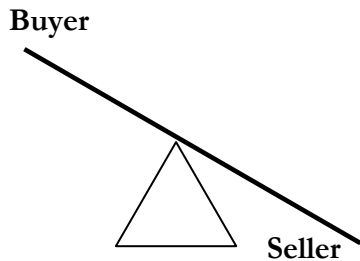
LET THE JAMIE MEHRHOFF WOW TEAM BE YOUR GUIDE

- As knowledgeable Realtors®, we can save you endless amounts of time, money, and frustration.
- As knowledgeable Realtors®, we know the housing market inside and out and can help you avoid the “wild goose chase.”
- As knowledgeable Realtors®, we can help you with *any* home, even if it is listed elsewhere or if it is being sold directly by the owner.
- As knowledgeable Realtors®, we know the best lenders in the area and can help you understand the importance of being pre-qualified for a mortgage. We can also discuss down payments, closing costs, and monthly payment options that suit you.
- As knowledgeable Realtors®, we are an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation—plus tips on home inspections and pricing.
- As knowledgeable Realtors®, we are experienced at presenting your offer to the homeowner and can help you through the process of negotiating the best price. We bring objectivity to the buying transaction, and we can point out the advantages and the disadvantages of a particular property.

And the best thing about us as your Realtors® is that all this help normally won't cost you a cent. Generally, the seller pays the commission to the Realtor®.

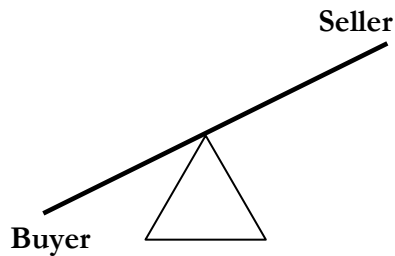


Who Works for Whom?



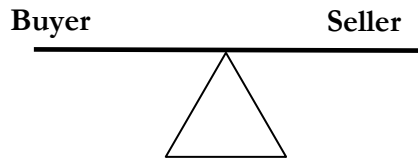
SELLER AGENCY (SINGLE AGENCY)

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



BUYER AGENCY (SINGLE AGENCY)

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



TRANSACTION BROKER (DUAL AGENCY)

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

In all relationships, we have a duty to act honestly with both the buyer and the seller.



The Advantages of a Buyer Agency Agreement

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED

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

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

YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS

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

YOU WILL QUICKLY AND CONVENIENTLY GET A GREAT HOME

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

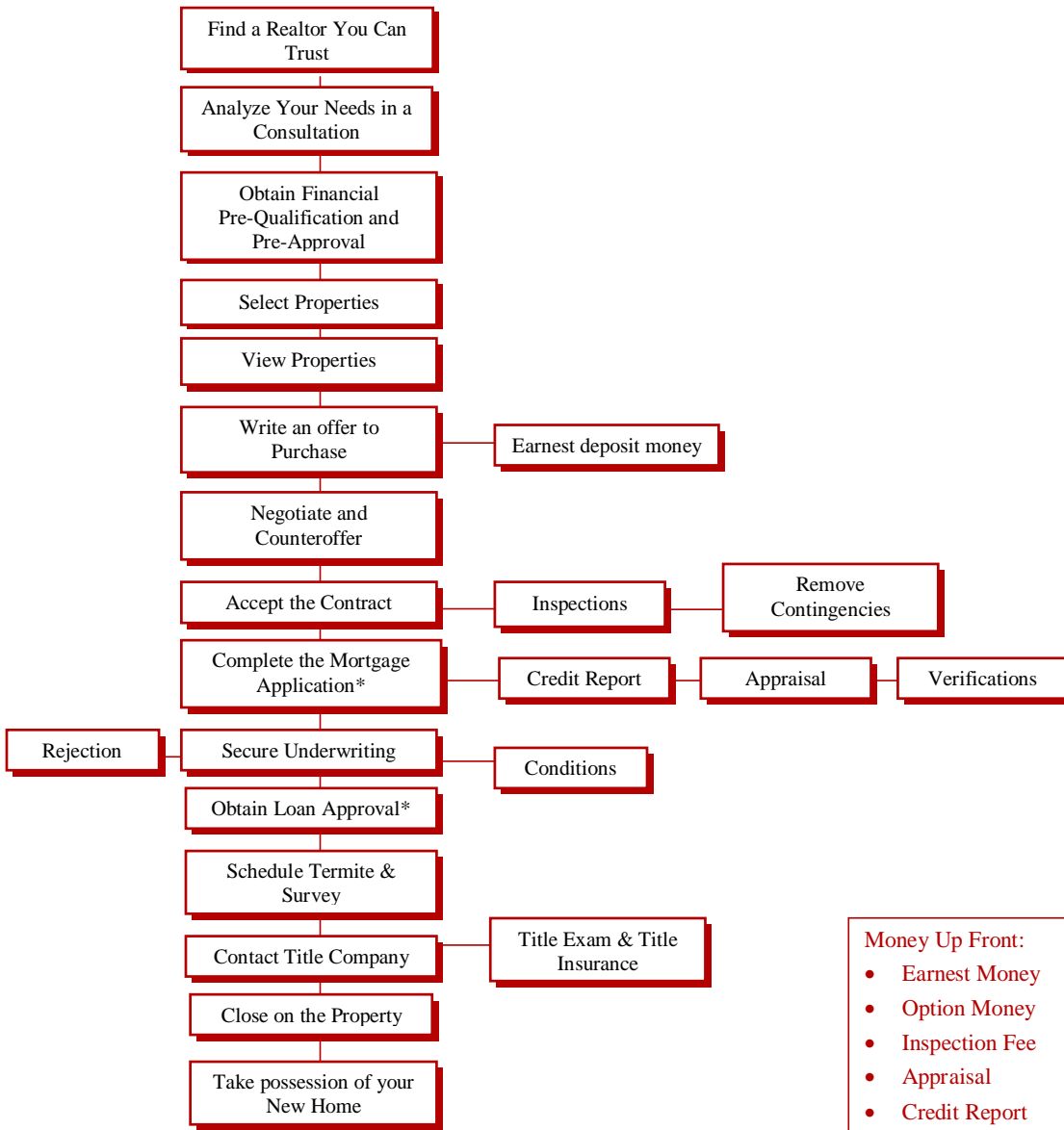
WHAT IS THE BUYER'S AGENCY AGREEMENT

Entering into a Buyer's Agency Agreement has countless advantages. When you sign the agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his/her ability. All of this personal service is available at absolutely NO COST TO YOU! The Seller's Agent is responsible for paying your Buyer's Agent fee. With the Jamie Mehrhoff WOW Team, you get a professional agent devoted to protecting your needs and to helping you make one of the most important investment decisions of your life — and you don't even have to pay the fee!



The Home-Buying Process

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



*If not already pre-approved



Before We Begin...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 HOME CAN YOU AFFORD?

There are three key factors to consider:

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

DOWN PAYMENT REQUIREMENTS:

Most loans today require a little or no downpayment depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, 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, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

QUALIFYING FOR THE MORTGAGE:

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

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

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



How Much Can You Afford?

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

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

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

AN EXAMPLE

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

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

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



The Ten Commandments: When Applying for a Real Estate Loan

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



The Road Map to Your Home! Narrowing the Search

“If you don’t know where you’re going...you’ll probably end up somewhere else.” Taken from a book title, this quote conveys a very simple message – **To achieve an objective – create a plan!**

If you plan to buy a home soon, you will need to know “where you are going”. For a most enjoyable home-buying experience, first build a road map to your new home, a list of priorities that will lead you to your objective – a new home!

The first priority is time frame. **Write down the date by which you would like to move in to your new home:** _____

Keep in mind that it may take 30-90 days (or more) to locate the right home, secure financing, and complete the home-buying process.

The next priority is to develop a detailed description of the home you hope to find. The following page contains a **Home Search Criteria** form to help you distinguish between “Need to Have” features and “Nice to have” features. Be Specific. Include architectural style, number of bedrooms and baths, location, lot size, and other special requirements. Number your preferences in order of greatest importance to you.

This form, along with the information you share during our initial consultation, will enable us to narrow the home search. We will take this information and enter your requirements into the Multiple Listing Service (MLS) system. We will use our personal market knowledge to come up with a list of those homes that best meet your needs and wants.

DURING THE HOME SEARCH, WE WILL...

- Discuss the benefits and drawbacks of each home in relation to your specific needs.
- Keep you informed on a regular basis.
- Check the MLS database and with other brokers regularly for new listings.
- Prepare a list of all homes that best meet your needs and wants.
- Keep you up to date on changing financial conditions that may affect the housing marketing.
- Be available to answer your questions or offer assistance regarding your home purchase.
- Discuss market trends and values relative to properties that may be of interest to you.



Home Search Criteria

GENERAL INFORMATION

Name: _____
 Current Street Address: _____
 City/State/Zip: _____
 Home Phone: _____ Email: _____

TIME LINE INFORMATION

Deadline for Locating a Home: _____
 Required Move In Date: _____

NEEDS ANALYSIS

Family Size: _____ Adults: _____ Children: _____
 Need-to-Have features: _____

Nice-to-Have features: _____

Area Preferred: _____
 Price Range: From: _____ To: _____
 Approximate Square Footage: _____

Prefer: _____ Home _____ Condominium _____ Town home _____ Duplex/Triplex
 Other _____

Approximate age of Home: _____

Style: _____

Bedrooms: _____ Bathrooms: _____ Garage: _____

Important Features:
 Den Porch
 Family Room Patio
 Formal Dining Room Workshop
 Combination Dining Room Drapes/Blinds
 Wooded Lot Carpet
 Air Conditioning Public Transportation
 Swimming Pool Utility Room
 Fireplace Breakfast Area

Other: _____

SCHOOL REQUIREMENTS

Elementary School: _____
 Middle School: _____
 High School: _____

PRESENT HOME INFORMATION

_____ Sold _____ Listed _____ Not Listed

If not sold or listed, may we have a cooperating broker assist you? _____

Approximate down payment available: _____

Source of down payment: _____



Make an Offer



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

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

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

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

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



Home Inspection

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

- Appliances
- Plumbing
- Electrical
- Air conditioning and heating
- Ventilation
- Roof and Attic
- Foundation
- General Structure

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

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

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

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

WHAT IS AN ESCROW ACCOUNT?

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



Let's Adhere to the Plan to Secure Your Dream Home Quickly

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.

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...Please respond quickly to these requests so your transaction does not encounter difficulties.



Mission Statement

MISSION

Our Mission is to create “Clients for Life.” Therefore, we strive for a commitment of unparalleled service to our Clients, Family, Friends, un-matched in the Real Estate Community, thus creating “Clients for Life”.

VISION

We will wow our Customers, Friends, Family and Sphere of Influence, becoming their first choice of Realtor and Referral when they think of Real Estate; through trust, integrity, communication, commitment, professionalism and company support, we will become their brand name, creating a “Client for Life.”

GOAL

Our goal is to run a profitable business through goal setting; planning and hiring only well qualified personnel. We will always provide top quality service to the public and a total commitment to their goals in the selling and buying of real estate. We are committed to being totally honest and forthwith in advising clients with regard to the pricing and marketability of their property. We know the only way they can achieve their goals, and ours, is by being honest and truthful with them, even if it means losing a listing or a sale. We will maintain a positive attitude and always strive to meet our clients’ goals.

We realize our creativity, and the way we run our business is far advanced from that of our competition. We realize we must do things that the average realtor will not do to help our clients reach their goals. We use our time each and every day to the fullest potential, always remembering that our clients pay us, and our job is to work diligently to get their home sold or find them a new one. We are committed to this end result.

We strive to maintain balance in all aspects of our life. We are always willing to lend a hand in someone’s time of need. We always strive for excellence in our real estate careers through commitment; education, product knowledge and our willingness to share with others so we can better serve our clients’ needs. We truly believe our services are superior in this business, and we are committed to proving that day after day so each and every one of our clients can, and will, send us their friends and relatives. We share this Mission Statement with you because we have a strong commitment and belief in our chosen occupation and in what we have to do.

The Jamie Mehrhoff WOW Team



Hear it From Our Past Clients

DELIVERS QUALITY SERVICE

“The Jamie Mehrhoff WOW Team delivers the quality of service every homeowner desires. Our home was sold quickly, which as an owner takes off a lot of additional pressure. Thanks again!”

Amy Mueth

GUIDANCE

“We are so satisfied with the Jamie Mehrhoff WOW Team and how they handled our situation when buying our home. They guided us every step of the way and if we could do the process over again we wouldn't change a thing!”

Steve Sykes & Melissa Puster

RESOURCEFUL TEACHER

“You are professional, friendly and really fun to work with. We will be most delighted to hook you up with any friend looking for a home with you. You are a good teacher and very resourceful. We wish the best for you and your friendly staff!”

Dr. Shiv Patil & Dr. Pooja Kapoor

PROFESSIONALISM

“Thanks for all the personal and professional help you have provided in our last three sales!”

Harvey & Karla Heerssen

THE DIFFERENCE

“It was so much better going through an important time in our lives with the Jamie Mehrhoff WOW Team. Being surrounded by people who really know their stuff and that we truly trust made all the difference.”

Dan & Kim Gutchewsky



Keller Williams Story

Keller Williams Realty is one of the fastest growing real estate companies in the U.S. and was created in 1983 in Austin, Texas by its co-founders and co-owners, Gary Keller and Joe Williams.

Because we have grown with our communities, our real estate professionals have intimate knowledge of each community's character, mood, and growth potential. Due to the fact that the majority of our associates live in the communities we serve, they can readily meet the unique challenges and problems families encounter in selecting their new homes. Drawing on their extensive knowledge of schools, recreational facilities, shopping requirements and transportation, our associates are able to better satisfy the special family housing needs of their clients.

We fondly refer to our values and belief system as:

“WI4C2T’S”

Win – Win – *Or no deal.*

Integrity – *Do the right thing.*

Commitment – *In all things.*

Communication – *Seek first to understand.*

Creativity – *Ideals before results.*

Customers – *Always come first.*

Teamwork – *Together everyone achieves more.*

Trust – *Begins with honesty.*

Success – *Results through people.*

Keller Williams Realty consists of people... and it is because of these dedicated people you can feel confident that all of your real estate needs will be handled in a most trustworthy, professional and efficient manner.



Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EASEMENT: The right to use the land of another.



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

MORTGAGOR: The borrower of money or the giver of the mortgage document.

NOTE: A written promise to pay a certain amount of money.

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

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

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

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

SECOND MORTGAGE/SECOND DEED OF TRUST/JUNIOR MORTGAGE OR JUNIOR LIEN: An additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a "first" mortgage.

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

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

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

TITLE COMPANY: A company involved in examining and insuring title claims, usually for real estate, on behalf of its customers.

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

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.

