LISTING & MARKETING RESENTATION



When ONLY the BEST will do, have the BEST work for you!

Alex Zygouras Realty Group

Keller Williams® Realty 3600 Preston Road, Suite 100 Plano, Texas 75093 Office: 972-599-7000

Fax: 972-599-7001

Email: AlexZ@kw.com Website: www.AlexZrealty.com





Dear Clients...You deserve the best!

As a licensed Texas Realtor at the largest real estate office in Plano, my team is ready and able to service all of your real estate needs. With the pride of living over 30 years in DFW area and attending Plano schools, combined with a passion for helping people, I am proud to serve as your Professional Real Estate Consultant.

Alex Zygouras Realty Group is 100% committed, both professionally and personally, to helping you make the best financial decisions when you are buying or selling real estate. Your home is, perhaps, the most important financial and emotional investment that you will make.

Our business is built on personal referrals. We focus on achieving the best for you and your family, combined with our Texas hospitality!

We are delighted to assist you every step of the way and dedicated to making your real estate transaction a great experience.

Alex Zygouras

- Top Associate Closed Volume—Rookie January 2009
- Top Associate Listing Volume—Rookie January 2009
- Top Associate Written Volume—Rookie January 2009
- Top Associate Closed Volume—Rookie February 2009
- Top Associate Written Volume—Rookie February 2009
- Top Associate Closed Volume—Rookie March 2009
- Top Associate Closed Volume—Rookie April 2009
- Top Associate Listing Volume—Rookie June 2009
- Top Associate Closed Volume—Rookie July 2009
- Top Associate Written Volume—Rookie July 2009
- Top Associate Closed Volume—Rookie August 2009
- Top Associate Written Volume—Rookie September 2009
- Top Associate Closed Volume—Rookie October 2009
- Top Associate Written Volume—Rookie October 2009
- Professional organization memberships include:
 - Greater Dallas Association of Realtors
 - Collin County Association of Realtors
 - Texas Association of Realtors
 - National Association of Realtors
 - Multiple Listing Service (MLS)



• We will provide the best service possible for every client we represent.

- We will always tell a client what they need to hear, even if it isn't what they want to hear.
- We will only enter into a client relationship when we know what is expected of us and can do it in good faith.
- We will only enter into a price agreement with a seller who is realistic with regard to proper pricing.
- When hired to sell a client's home, we will always truthfully recommend ways to enhance the home's value and/or reduce its marketing time.
- We acknowledge that we may sometimes lose a listing because we are truthful with our clients, while our competitors may tell them what they want to hear to temporarily get their business.
- We will always keep in sight that our honesty, understanding, loyalty, accountability and creativity are what set us apart from the real estate masses.
- We will always use well-trained, professional staff to assist in the complex home selling process.

- We will always treat all parties honestly and fairly and we will offer all listed properties without regard to race, color, age, creed, sex, national origin, handicap or family status.
- We will always strive for excellence by staying abreast of the changes in the real estate business through reading and networking with other real estate professionals and attending real estate education conferences and courses, so that we may best serve our clients.
- We win in life by caring about others and keeping our priorities straight.
- While clients are a major portion of our lives, God is foremost, and family is next. We regularly set aside time for spiritual, family, recreational and social pursuits. Only by retaining balance are we able to provide our clients with the best service.



Because your home is one of the largest investments you have, it makes sense to let a real estate professional, a REALTOR®, manage the sale.

The term REALTOR® is an exclusive, registered trademark that can only be used by those real estate brokers and associates who are members of the National Association of REALTORS® and who subscribe to its strict Code of Ethics. Membership is based on an individual's demonstrated competence in real estate matters and high standards of business character and conduct.

Keller Williams[®] Realty is a growing company of top producing REALTORS[®] with offices all across the nation. We are members of local boards in each state, as well as the National Association of REALTORS[®] and the FIABCI, the International Real Estate Federation.

When it's time to buy or sell a home, look for the familiar "R" symbol or the word "REALTOR®". It's your symbol of assurance.

BASIC PRINCIPLES OF THE CODE OF ETHICS

- Protect and promote your clients' interests, but be honest with all parties.
- Avoid exaggeration, misrepresentation and concealment of pertinent facts.
- When buying or selling, make your position or interest in the transaction known.
- Disclose present or contemplated interest in any property to all parties.
- Avoid side deals without your client's informed consent.
- Accept compensation from only one party, except with full disclosure and informed consent.
- Keep the funds of clients and customers in escrow.
- Assure, whenever possible, that transactional details are in writing.
- Provide equal service to all clients and customers.

CODE OF ETHICS

- Be knowledgeable and competent in the fields of practice in which you ordinarily engage. When providing service in fields you are unfamiliar with, obtain assistance from a knowledgeable professional or, at minimum, disclose your lack of expertise to your client.
- Present a true picture in your advertising and other public representations.
- Do not engage in the unauthorized practice of law.
- Be a willing participant in Code enforcement procedures.
- Ensure that your comments about other real estate professionals are truthful and not misleading.
- Respect the agency relationships of other REALTORS[®].
- Arbitrate contractual disagreements and specific non-contractual disputes with other REALTORS®.

For full text, refer to "Code of Ethics and Standard of Practice, NATIONAL ASSOCIATION OF REALTORS®". 1-800-874-6500

©1999 NATIONAL ASSOCIATION OF REALTORS® All rights reserved.

WHY KELLER WILLIAMS?

- Full-Time Professionals: Keller Williams[®] is made up of top full -time sales associates and supporting staff that were carefully selected to be a part of our firm.
- **Knowledgeable:** In addition to normal real estate education requirements for licensing, all of our sales associates have completed rigorous and continuous real estate training to keep them up-to-date on current real estate trends and information. Our training is the most comprehensive in the industry.
- Professional Standards: At Keller Williams® we have a saying that goes, "We don't do that here," and we stand by it. Our standards of performance for ourselves are for your benefit and they are the highest in the industry. Our policy manual guarantees our professional standards.
- Financing Power: Our sales associates and staff maintain a day-to-day contact with literally every lending institution in the city. This helps buyers find the best possible financing and helps sellers pay the least amount of sales costs. This up-to-the-second knowledge is power financing for you.
- **Pre-Qualify Buyers:** Keller Williams® works to protect buyers and sellers by obtaining pre-qualifying information on all potential buyers. This service helps buyers know if they might be qualified to purchase a new home and helps sellers know if their purchaser may be qualified to purchase a home.

- Inventory Knowledge: In order to be successful in working with purchasers, Keller Williams[®] maintains a large inventory of brokerage and new homes for sale. Our associates are always aware of the available properties throughout the city.
- Full-Service: Our responsibility does not stop with the signing of the contract. Our associates maintain a follow-up system with other sales associates, loan companies, inspection services, appraisers, title companies and others. This assures you that all of the necessary paperwork and activities related to the closing of the sale are handled as smoothly as possible.
- Marketing Center: Our offices are in the marketplace! From these strategic spots, we can professionally serve buyers and sellers better than any other real estate company.
- 7-Day Availability: Our marketing centers are open 7 days a week. There is always a licensed sales associate available to work with buyers and sellers from 8:00 a.m. to 6:00 p.m. daily.
- Total Commitment: At Keller Williams[®], our commitment to you is this: We will always strive to provide professional real estate services to the very best of our ability.





A *By Referral* Consultant Devotes 100% Attention to Serving Your Needs So That You'll Happily Refer Others!

You'll find it at the Ritz Carlton.

You'll find it at Disney World.

You'll also find it when you buy a Lexus or Saturn automobile.

Each one of these companies has made a conscious decision not only to provide superior products—but to *surprise* and *delight* their customers by providing superior service as well!

Walt Disney, The Ritz, Nordstrom Department Store and your favorite restaurant share <u>one</u> marvelous secret in common. If you provide superior products and service that comes *straight from the heart*, customers will happily keep coming back again and gladly refer their family and friends!

Service from the heart.

So simple...so obvious...yet, so rare.

This is particularly true in the real estate industry, which is all too often filled with salespeople who are selfishly focused on making a quick sale and forgetting to build a lifetime client relationship.

Unlike most real estate salespeople, a *By Referral* real estate consultant is trained to devote 100% of his or her attention to serving youeven if you just need help or advice to handle things yourself. If you are genuinely pleased with us, please refer us to others so that we can be of service to them too!

Who has the Best Resources for Marketing Your Home?

Ways to attract Buyers	Owner	KW Associate	
"For Sale" sign	$\sqrt{}$	$\sqrt{}$	
Advertising (newspaper, magazines, television	√ on)	$\sqrt{}$	WNE
Open House	$\sqrt{}$	$\sqrt{}$	
Multiple Listing Service		$\sqrt{}$	X
Calls from other signs		$\sqrt{}$	\
Calls from other ads		$\sqrt{}$	S
Relocation program		$\sqrt{}$	•
Present clients		$\sqrt{}$	K
Walk-in clients		$\sqrt{}$	
Buyers from sold listings		$\sqrt{}$	SS
Promoting to other Associates		$\sqrt{}$	
Referrals from past clients		$\sqrt{}$	
Referrals from other Associates		$\sqrt{}$	
Computer selection of your property		$\sqrt{}$	
Keller Williams website		$\sqrt{}$	
Realtor.com website		$\sqrt{}$	
"The Real Estate Book" - North	$\sqrt{}$		



Location

Price

Terms

Condition of Property

The Agent you Select

YOU Control Four of These!

What is your property worth?

- What you paid for your home doesn't determine its value.
- What a real estate agent says your home is worth doesn't determine its value.
- What an appraiser says your home is worth doesn't determine its value.

The value of your home is determined by what a BUYER is willing to pay in TODAY'S MARKET.

Based on comparing your home to others recently sold, as well as others currently on the market for sale,

BUYERS will *always determine value!*

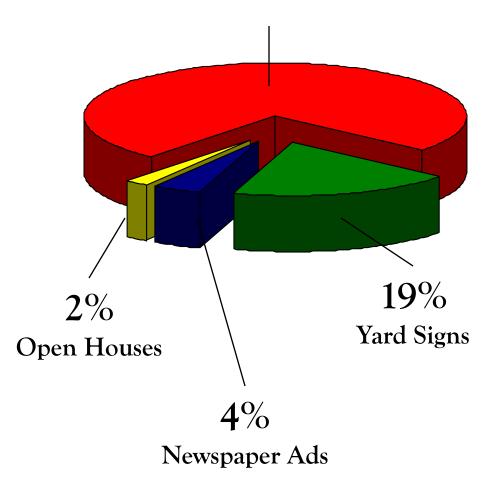
Many potential buyers won't even look, thinking it's out of their range.

- Those buyers who do look are shopping by comparison, and looking at your home may convince them to make a bid on a different property.
- Since an appraisal is often required in financing a property, it's futile to price a property for more than it's worth.
- Properties left on the market for extended periods of time usually become "shopworn," causing many to believe something is amiss.
- Overpricing tends to dampen the other salesperson's attitude, making it less likely to be shown.
- Overpricing lengthens marketing time and invariably results in a lower selling price than otherwise would have been obtained.



75%

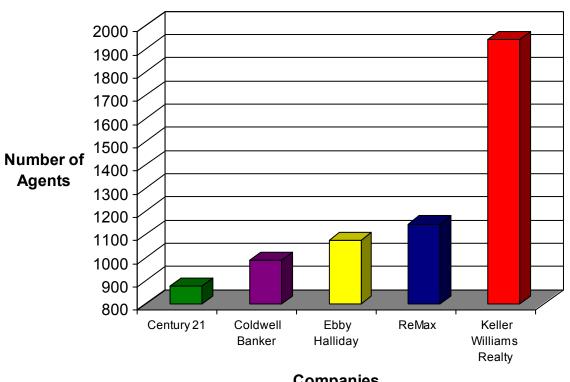
Keller Williams® Realty name recognition, sales associate contact, Relocation Division (directs out-of-town buyers to your home)



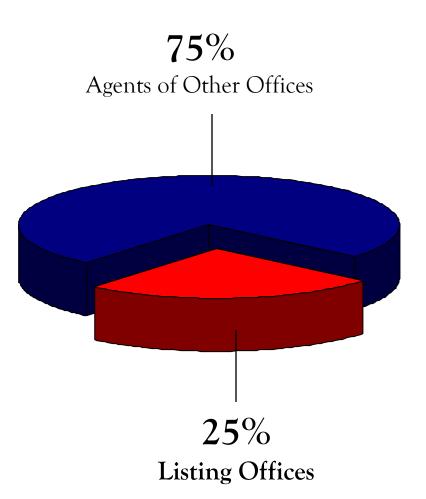
The Real Estate Company of Choice!

Keller Williams® Realty

Total Number of Agents in Collin County



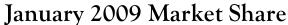
Companies

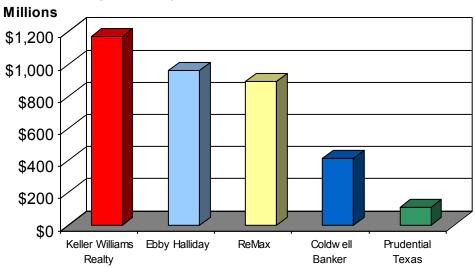


Nationally, only 25% of all homes are sold by agents of the listing office.

The Real Estate Company of Choice!

Keller Williams® Realty





Total Listing Volume in Collin County

Keller Williams®	\$1,173,774,046
Ebby Halliday	\$961,877,661
ReMax	\$892,913,486
Coldwell Banker	\$412,013,039
Prudential Texas	\$ 110,133,067

NOTE: Information listed is current as of June 7, 2006, as reported by RAPMLS with the following criteria: Residential; Plano Area; A, AO, AKO, AC and P office listings. This representation is based in whole or part on data supplied by the Collin County Association of REALTORS® or its Multiple Listing Service. Neither the Association nor the MLS is in any way responsible for its accuracy. Any market data maintained by the board or its MLS necessarily does not include information on listings not published at the request of the seller, listings or brokers who are not members of the Board or MLS, unlisted properties, rental properties, etc. This is not intended to solicit property currently listed with any other broker. Each Keller Williams® Realty office is independently owned and operated.

- Present market analysis to determine the probable sales price
- Prepare and explain sellers' net proceeds
- Explain offer and closing procedures
- Place electronically monitored keybox on home
- Install high-recognition Keller Williams® Realty "For Sale" sign along with information tube or box
- Create property advertising with sellers' input
- Prepare "Pre-MLS" information for the information desk
- Create a marketing and special features graphic document to be placed inside tube or box
- Stage your property to sell
- Prepare master email campaign.
- Present the Home Warranty option programs, which buyers love
- Enroll the property into the Greater Metro Multiple Listing Computer System. Your property will be on the Internet!
- Submit property ads to the following publications:
 KWLS Keller Williams Realty Listing Service
 AlexZrealty.com as A FEATURED PROPERTY
- Mail request for mortgage payoff information from mortgage company

- Network with other listing agents and buyer's agents
- Keep in constant communication with you by providing:
 - Feedback from other offices and agents
 - Follow-up on showings and open house prospects' reactions to your home
 - Follow-up on property call-ins
- Negotiate all offers in the most professional manner
- Commit to constant communication and follow through with this marketing plan to get your property sold

REMEMBER:

- 12,000+ MLS agents are selling your home!
- Service and marketing will be the key to the sale of your home
- Alex Zygouras and Keller Williams[®]
 REALTORS will serve as your team pledging our professional efforts to sell your home!

Additional Advertising Services Provided to Alex Zygouras' Clients:

- Real Estate sales book for Dallas/Ft. Worth Metroplex areas
- Home Buyer's Guide
- Keller Williams® website
- Realtor.com website
- Alex Zrealty.com website

When we list your home, we will go through your house together. Meanwhile, here are some tips for you to think about. In doing this, we will be ahead of most of the sellers (our competition) who already have their homes on the market regarding the way your home shows.

Maximize the "Curb Appeal":

- Survey the perimeter of the house and move all garbage cans, extra building materials, gardening supplies, etc. and store them in the garage or storage shed.
- Check screens and windows. Repair or replace, if needed.
- Test fences, gates and latches. Repair or replace weakened areas.
- Check gutters and roof for dry rot and leaks. Make sure they are swept and cleaned.
- Check external structures, patio covers, gazebos, and sheds. Repair, paint or clean them.
- Clean the pool and/or spa.
- Use a solvent to remove oil stains from the driveway or garage floor.
- Survey all landscaping; weed all flower beds and prune bushes and/or trees, if necessary. Remove any dead plants or shrubs. Keep plants from blocking windows—you can't sell a house if you can't see it.

- Maintain the lawn with a good irrigation and mowing schedule. Consider putting flowers outside the front door.
- Replace worn, badly stained or personalized doormats.
- Clear patios or decks of small items such as small planters, flowerpots, charcoal, toys, etc. Sweep all areas and walkways.
- Check paint condition of the exterior—especially on the front door and trim. Make sure the front porch is swept and cleaned of cobwebs, dirt, etc. The front porch establishes the buyer's impression of how well the whole house has been maintained.

"Stage" Your Home for Great Showings:

- Test the front door. If it squeaks, groans, or drags, fix it. Make sure the lock moves easily and freely.
- Remove unnecessary objects on the furniture throughout the house. Restrict decorative objects to groups of one, three or five items.
- Rearrange or remove some of the furniture, if possible. Less furniture in a room makes the room appear larger.
- Take down or rearrange pictures or objects on the walls. A gallery wall of family photos and large photo collections distract buyers and cause them to take their focus off the home.
- Make the kitchen bright and attractive. Replace flooring if badly worn.
- Clear "clutter" and unnecessary small appliances from the kitchen countertops. Clear the refrigerator of magnets, messages, and pictures. Clear refrigerator top

- of anything stacked there (a sparse kitchen helps the buyer mentally move their things into your kitchen).
- Clean the stove, vent hood, oven, microwave, and sinks. Replace stove pans, unless they are spotless.
- Locate operating manuals for appliances. Have warranty information available.
- Use special cleaning products to remove stains from toilets, bathtubs, and
- sinks. Keep sinks and mirrors shining. If sinks, showers or bathtubs drain slowly, unclog them. Replace old caulking around bathtubs and showers. Fix any leaky plumbing.
- Remove extra items from bathtubs, shower stalls, commode tops and countertops in bathrooms. Group the most needed items together in one area. Coordinate towels to one or two colors only. Keep toilet lids down.
- Survey the inside, room by room and (a) paint any room that needs it; (b) clean carpets or drapes as necessary; (c) clean all windows; (d) clean carpet.
- In painting and redecorating, stick to conventional neutral colors. If you have a fireplace, clean it out and lay some logs in it to make it look inviting.
- Organize closets and cupboards. Thin them out and keep them orderly—even spacious closets seem small when every inch of them is occupied.
- Check all light fixtures. Replace all burned out light bulbs.
- Check ceilings for leak stains. Fix the cause of the damage, repair and repaint the ceiling.

- Dust and wipe down all ceiling fan blades and mini-blinds.
- Look at all the plants inside the house—make sure they are alive and well trimmed. When in doubt, move them out.
- Use lemon oil on stained woodwork, cabinets, windowsills, and doors. If wood is scratched or gouged, use Old English Scratch Cover.
- Put pets, pet food dishes, and litter boxes outside or in the garage, whenever possible.
- Sweep the garage and keep it tidy.
- Place all money, jewelry, and other valuables (including guns) in a secure, out of sight location.
- Baked cookies or a drop of vanilla on a light bulb will create a pleasing fragrance in the home.

Make Your Showing More Effective:

- If possible, allow the showing service to book appointments on a "courtesy call" basis.
- Be as flexible as possible in making the house available for showings.
- Place flyers on a table near the front door.
- Leave some lights on during the day. During showings, turn on ALL lights and lamps.
- Have the soft music playing during showings.

- Open all drapes, curtains, and mini-blinds.
- If possible, have fresh flowers on the dining room table or coffee table.
- If you have candles, light them prior to showings.
- Do no keep large pets in the house while showing.
- Do not spray room deodorizers immediately prior to showings (it gives an obvious "cover-up" effect).
- Buyers feel most comfortable when they can freely discuss their needs and the features of the home. If possible, plan to be away during showings, even if you just take a quick walk around the block, or visit a neighbor.

In General:

Look at your house through the buyer's eyes—as though you have never seen it or been there before. Would you buy it? Don't be afraid to pack things up and move them out—you will have to do it anyway when the house sells, so why not start now? Any time or money spent on these items will bring more money in return and hopefully bring a faster sale.

If you have any questions about these suggestions, or any other concerns, call Alex Zygouras @ 214-763-9332

The purpose of an FHA-required repair is to correct deficiencies that may affect the health and safety of the occupants or the continued marketability of the property. If possible, it is best for you to make any repairs to your home prior to the appraisal. This will improve the marketability and help the sale of the home go smoothly. Keep in mind that FHA requires that all improvements (i.e. detached garages, workshop, etc.) on your property meet their requirements.

- If the home was built prior to 1978, chipping and/or peeling paint must be scraped and painted. This includes interior, exterior, garages, sheds, fences, etc.
- Any useful components (appliances, floor covering, etc.) of the home especially the roof, should have two years of useful life remaining. A roof should have no more than three layers of shingles.
- Broken windows and doors should be replaced. This generally does not include broken window seals, unless it affects the marketability of the property.
- The cause of any negative drainage must be cured (i.e. improve drainage away from house).
- Health and safety hazards (i.e. electric garage door opener won't reverse with resistance, burglar bars, large holes or cracks in ground, significantly cracked sidewalks or drives, dead trees, etc.)
- Exposed wiring (i.e. missing outlet covers, removed light fixtures). Again, this applies to any improvement on your property.

- Safety handrails should be installed in open stairwells of three or more stairs. This includes stairs inside, as well as outside of the home.
- Infestation of any kind should be exterminated (i.e. insects, termites, mice, bats, etc.) In the state of Texas, a termite inspection is always a requirement on all pre-owned homes.
- Damaged or inoperable plumbing, electric and heating systems should be repaired. The appraiser will check these areas to the extent of turning them on and off, and looking for any obvious deficiencies (i.e. rust, physical damage, etc.)
- Structural or foundation problems must be repaired and/or an engineer's report readily available showing that no structural deficiencies exist.
- Electricity not turned on for test check of HVAC, electrical system, etc. Water not turned on for the test of hot water, readily observed leaks, etc.
- If there is a crawl space and/or attic, it will be the homeowner's responsibility to make this area accessible, so that it can be thoroughly inspected.

Keep in mind that these are the most common repairs and do not encompass the full list of requirements for an FHA collateralized property.

FHA Contact Information: http://www.hud.gov or (800) 543-9378

As of January 1, 1994, the State of Texas legally mandated that homeowners provide a Seller's Disclosure Notice. Homeowners are now responsible for full disclosure of items that could affect a buyer's decision to purchase. Simply said, if there is or has been a problem or repair and you know it, then you must disclose it to the buyer. A blank Seller's Disclosure Notice is included with the contract to purchase. It must be completed, signed and dated by the seller and furnished to the prospective buyers. The form must be updated should changes arise throughout the listing period.

The Top 11 Disclosure Items

Foundations
Water Penetration
Termites
Roof Problems
Asbestos
Septic Tanks
Repairs
Contingency Contracts
Lease Purchase
Earnest Money
Verification of Tax Information

The marketing of your home is a cooperative effort among every member of your family and every team member of Keller Williams® Realty. We feel it is important for you to know ahead of time what to expect when your home is on the market. Agents and buyers will come to see your home, and we want you to feel very comfortable with the showing process.

Appointments

- All appointments for showings are made through our office and recorded in the computer.
- An agent who can answer questions about your home answers our phones seven days a week.
- Agents making appointments at the front desk will make every effort to follow the specific showing instructions for your home.
- Our office will notify you each time your home is shown.
- Please try to accommodate the showing appointments, as some buyers are from out-of-town and have a limited amount of time.
- It is becoming common for agents to call from their cars asking to show right away. Do not be surprised if this happens.

Keyboxes

- The keybox holds a key to your home.
- Agents who access the keybox must be licensed, active participants of MLS.

- MLS issues each agent an electronic keypad which records the agent's name, company name, telephone number and time of day they enter your home.
- Agents will call our office for an appointment to "preview" (without a prospective buyer) or to "show" your home to a prospective buyer.
- If a keybox is on your home and you are NOT home, agents will be told to proceed, and a message will be left on your answering machine. If there is a security system, the code to your security system will be inside the keybox.

TRANSACTION

- 1. After a contract is finalized by both the buyer and the seller, the buyer's earnest money is deposited with a title company. The buyer makes a loan application at a financial institution of choice, which then:
 - Processes a credit report for the buyer
 - Orders an appraisal of the property
 - Verifies the buyer's employment
 - Verifies the buyer's bank account and other monies necessary to close
 - Oversees that all conditions of purchase including lenderrequired repairs are met before closing
 - Consolidates all of the above to create a loan package that is presented to a loan committee for final approval
 - Upon final lender approval, forwards all necessary closing documentation to the title company
 - Coordinates the funding with the title company after closing
- 2. The buyer then selects an inspector, and the agent schedules the inspections (mechanical, wood-destroying insects and any others desired by buyer).
- 3. After inspections are completed, the buyer prepares a Repair Request for Seller, observing the time limits set forth in the contract.

- 4. The seller initiates and completes repairs as requested OR repair negotiations take place as needed.
- 5. The title company coordinates the closing of the sale by performing the following:
 - Ordering the preliminary title report
 - Coordinating the solution of any problem revealed in the preliminary title report
 - Filing documents to clear title of all liens, encumbrances, judgments, clouds of title, etc.
 - Ordering the title insurance commitment
 - Assembling all documents and closing papers for the buyer and the seller to sign
 - Arranging for both parties to sign closing papers for the buyer and the seller to sign
 - Upon closing and funding, disburse funds per closing instructions and contract terms
 - Issuing the title insurance policy

Q: What is the Residential Service Company Act?

A: The Residential Service Company Act (Article 657B. Vernon's Texas Civil Statutes) has been administered by the Texas Real Estate Commission since 1979. It provides for the licensing and regulation of residential service companies who provide residential service contracts, also known as home warranties, to the public.

Q: What is a Residential Service Contract?

A: A residential service contract or home warranty is usually purchased when a home sells in the resale market. A home under warranty may be more attractive to prospective buyers. It covers major appliances and systems that are in proper operating condition at the time of closing and usually carries a one-year service agreement. It is a contract in which the issuer (the residential service company) agrees to repair or replace certain named components or systems within a home that fail due to normal wear and tear during the contract term. A service fee (a deductible amount ranging from \$35 to \$125) may be charged for each service call. Having the service contract in place ensures the homeowner is protected against the costly expense of a major breakdown or multiple breakdowns that can occur when a change of ownership or lifestyle exposes the equipment to different usage conditions.

Q: Is a Residential Service Contract an insurance policy?

A: No. Perhaps the best way to draw a distinction is to compare the most common insurance policy written on a house with the typical residential service contract.

The homeowner's policy covers fire, lightening, windstorm, hurricane, hail, explosion, riot, civil commotion, vandalism and malicious mischief to the entire dwelling and its contents. It specifically excludes inevitable loss due to "mechanical failure" or "normal wear and tear."

Q: What appliances or systems does a service contract cover?

A: Most residential service contracts include repair or replacement coverage for built-in appliances, air conditioning and heating systems, electrical systems, water heaters and plumbing. Depending on the contract, coverage may also include attic and exhaust fans, septic tanks, leaky roofs and termite treatments. Optional coverage is usually available for swimming pools, spas and clothes washers and dryers.

Q: Will a service contract cover pre-existing conditions?

A: No. A residential service contract must not be used to market properties with components or systems, that do not work or are clearly near the end of their mechanical life. Every approved contract offered in Texas excludes pre-existing problems, and purchasers who try to get pre-existing problems corrected will always end up dissatisfied. Any repairs needed prior to closing should be negotiated with the seller and corrected or repaired prior to the effective date of the home warranty contract.

Abstract of Title: A summary of all conveyances, transfers and other facts (of record) as evidence of title or that which would impair title of real property.

Adjustable Rate Mortgage: Any real estate loan in which the interest rate varies over time according to a prescribed formula or set of conditions - usually changes in economic conditions. (Also known as a variable rate mortgage.)

Agency: A relationship where one person acts (with authority) on behalf of another.

Agent: Someone who has the authority to represent another (the principal).

Allowance for Repairs: An amount negotiated within a contract which the seller agrees to pay toward buyer-designated repairs.

Amortization: The gradual payoff of a debt through regular and scheduled payment of principal and interest over a stated period of time until the balance is paid in full.

Amortization Schedule: Schedule showing principal and interest payments throughout the life of the loan.

Appraisal: An opinion or statement (written or oral) of the value of property.

Appraisal Fee: Charged by an appraiser to give an opinion or statement (written or oral) of the value of property.

Assessed Value: Value of property for taxation purposes as determined by the tax assessor.

Assumption of Loan, Mortgage or Deed of Trust: An agreement wherein the buyer assumes or takes responsibility (becomes liable) for payment of an existing note secured by a mortgage or deed of trust.

Assumption Transfer Fee: Charged by an existing mortgage company to process the transfer of the existing loan.

Attorney Document Preparation Fee: Charged by an attorney for preparing legal documents for the transaction.

Balloon Payment: Any payment that is greater than twice the amount of the normal and periodic payment. Generally used to refer to the final payment of a note with an advanced due date.

Broker: A person who brings parties together and assists in negotiating contracts between them for a commission or fee.

Chain of Title: The chronological list of recorded documents affecting title to a specific parcel of real property.

Clear Title: A title that is free from any encumbrances, obstruction, or limitation that would "cloud" the title.

Closing: Closing of escrow; the final act of a transaction wherein papers are signed, monies are exchanged and title is transferred.

Closing Costs: The expenses incurred in a real estate transaction, including costs of title examination, title insurance, attorney fees, lender's service charges, documentary transfer tax, etc.

Cloud of Title: An outstanding claim of title that has yet to be proven invalid.

Commitment: A title insurer's contractual obligation to insure title to real property.

Condominium: Fee ownership of an individual unit (within the confines of the perimeter walls). A tenancy-in-common ownership exists in the common buildings and grounds designated for use by all unit owners. All underlying fees are shared.

Contingency: An item in a contract dependent on a specific condition for its fulfillment.

Counter Offer: A new offer as to price, terms and/or conditions made in reply to a prior offer; supersedes the first offer.

Courier Fees: Charged by courier to deliver documents to and from participants throughout the transaction.

Credit Report: Lender-run comprehensive buyer credit report.

Deed: A written document that transfers the interest in property from one person to another.

Deed of Trust: A security document used to transfer "bare legal" title from the trustier (borrower) to the trustee (a neutral party, usually a corporation) to be held in trust for the benefit of the beneficiary (lender) until the trustier completes performance of an obligation (monetary or otherwise).

Deed Restrictions: Limitations on the use of real estate written into the deed.

Default: Anything wrongful; failure to discharge a duty; failure in the performance of an obligation.

Discount Points: Points a lender charges to reduce an interest rate; may be paid by either buyer or seller on conventional loans; one point is equal to one percent of the loan value.

Down Payment: The portion of the purchase price of a home that the buyer pays in cash and does not finance.

Due-on-Sale Clause: A provision in a security document calling for the automatic maturity (note is all due and payable) in the event of sale or transfer of title.

Earnest Money: Something of value given as part of the purchase price to show "good faith" and to secure an agreement.

Easement: A limited right or interest in the land of another, entitling the holder to some use, privilege or benefit.

Eminent Domain: The legal right and procedures for a municipality to take title and possession of private property for public use.

Equity: The difference between the value of property and the amount owed on the property.

Escrow: A transaction wherein an impartial third party (escrow agent) acts as agent to both parties (seller/buyer, lender/borrower, etc.) acting only under instructions in delivering papers, drawing and/or recording documents and disbursing funds.

Escrow Fee: Charged by title company to service the transaction and to escrow money and documents; amount may vary with company.

Federal Housing Administration (FHA): A federal agency that sets guidelines and insures loans on residential housing.

Fee Simple: Absolute ownership without limitations, conditions or restrictions burdening particular heirs.

Fiduciary: One who holds a position of trust and confidence to act primarily for the benefit of another in matters of responsibility.

Filing Fee: Fee charged for the note to be filed with the county to process a lien.

Fixed-Rate Mortgage: A mortgage in which the interest rate does not change during the term of the loan.

Flood Insurance: Required by lender if property is situated in a 100-year flood plain.

Funding Fee: May be charged by a lender to initiate a loan.

Homeowner's Dues: Any money required by a Homeowners Association.

Homestead: The primary residence of a declarant who has filed a Declaration of Homestead, which offers protection (within specific guidelines) against a forced sale.

Home Warranty Program: Optional warranty offered by private companies that protects the buyer for one year from the closing date.

HUD: The U.S. Department of Housing and Urban Development.

Independent Contractor: One who contracts to do a specific act and who is responsible to his or her employer only as to the results.

Inspections: Examinations of property for various reasons, i.e. termite inspection. Inspections are also performed to see if required repairs were made before funds are received, etc.

Installment Loan: A loan that requires periodic payments until both principal and interest are completely paid.

Interest: A share of, a right to or a concern with, something of value. Also, the premium paid for the use of money (based on an annual rate).

Interim Loan: A short-term loan while borrower is waiting for a subsequent long-term loan to be granted.

Lien: A charge, hold or claim of another for the purpose of securing a debt or obligation.

Listing: A written contract between an owner (principal) and an agent (broker) authorizing the agent to sell, lease or rent the owner's property in exchange for compensation.

Loan Origination Fee: May be charged by a lender to initiate a loan.

Loan-to-Value (LTV): The ratio of the amount borrowed to the property's appraised value or selling price.

Market Value: The price for a property that a willing buyer and a willing seller would agree upon when neither party is under abnormal pressure.

Mechanic's Lien: A statutory lien to secure payment for persons contributing labor and/or material toward improvements upon real property when the compensation was not paid in a timely manner.

Mortgage: A two-party security instrument pledging land as security for the performance of an obligation.

Mortgage Insurance Premium (MIP): Charged on an FHA loan. Insurance that is paid for by the borrower, for the life of the mortgage loan, to insure the lender against default by the borrower.

Mortgage Title Policy: An insurance policy or contract indemnifying against loss resulting from a defect in the title to the interest, or lien, in the real property thus insured.

Negotiation: The process of creating a meeting of the minds between two or more parties in order to reach an agreement.

Notarize: To provide proof of execution of a document by means of notary public's certificate of acknowledgment.

Notary Public: A public officer authorized to administer oaths, to attest or certify types of documents, to take depositions or to perform certain other civil functions.

Open-End Mortgage (Open End Deed of Trust): Provision that allows for additional loan advances to be funded to the borrower while keeping the same security and security documents.

Owner's Title Policy: A policy insuring the title of the owner of the property.

Payoff Penalty: Charged by the lender for premature payment on a conventional loan balance.

Photos: Photo fees charged by lender for photographing property.

P.I.T.I.: Abbreviation for Principal, Interest, Taxes and Insurance with regard to a loan payment.

Policy of Title Insurance: A contract indemnifying against loss resulting from a defect in title or outstanding liens on the real property insured.

Power of Attorney: A document authorizing a person (the attorney-in-fact) to act on behalf of another (the principal). To be directive in real estate, the power of attorney must be recorded.

Pre-Payment Penalty: A provision inserted into a note whereby a penalty is to be paid by the borrower in the event that the note is paid off before the due date (or, usually, paid down more than 20 percent in any one year).

Principal: One who has permitted or directed another to act for his or her benefit and subject to his or her direction or control. Also, the amount of loan to be repaid exclusive of the interest.

Private Mortgage Insurance (PMI): Charged on a conventional loan. Insurance that is paid for by the borrower to insure the lender against default by the borrower.

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

Processing Fee: May be charged by a lender to initiate a loan.

Professional Service Fees: An amount paid to a real estate broker as compensation for Realtor services.

Purchase Offer: A written document used to secure a firm offer to purchase property and provide a receipt for the buyer's earnest money. (Also known as a purchase agreement or deposit.)

Quitclaim Deed: A deed that transfers the grantor's rights and interest in property without any warranty or covenants of title.

Real Estate Settlement & Procedures Act (RESPA): A federal law that requires lenders to give borrowers advance notice of closing costs.

Realtor: A real estate licensee who is a member of the National Association of Realtors and who has agreed to abide by the ethics and standards of the organization.

Realtor Fees: An amount paid to a real estate broker as compensation for Realtor services.

Record: To give public notice of a document by placing the document on file with the county recorder.

Refinancing: The process of taking out a new loan on property already owned, paying off the existing financing and retaining the cash balance, if one exists.

Release Filing Fee: Fee charged for a note filed with the county to process the release of lien for the seller.

Restrictions: Certified copy of deed restrictions required by lender.

Second Lien Charges: Present if more than one loan exists on a property.

Setback Line: A line established by a zoning regulation prohibiting any building within a prescribed distance from the edge of the property.

Specific Performance: A sale of real property that fulfills the terms agreed upon.

Subdivision: The division of a single parcel of land into four or more separate parcels.

Survey: The measurement of land and the establishing, or ascertaining, of its area and boundaries.

Tax Certificate: Certificate issued by taxing authorities showing the taxes for the current year and the last year that taxes were paid.

Tax Certificate Fee: A charge for the tax certificate.

Tax Lien: A statutory lien, in favor of the state or municipality, upon the land of a person charged with unpaid personal or real property taxes.

Tax Probation: Seller pays buyer taxes owed from January 1 to closing date.

Tax Servicing Charge: May be charged by a lender to initiate a loan.

Taxes: Charges assessed against the value of real property to pay the cost of governmental services.

Time is of the Essence: A standard clause in real property contracts that indicates that punctual compliance is required.

Title: The basic rights of enjoyment and possession or interest in property; Also used to describe a document that furnishes proof of ownership.

Title Insurance: Indemnification for loss occasioned by defects in the title to real property or to an interest in real property.

Title Policy: An insurance policy or contract indemnifying against loss resulting from a defect in the title to the interest, or lien, in the real property thus insured.

Title Search: The examination of and research in the history of title to a specific property in order to develop the chain of title.

Underwriting Fee: May be charged by a lender to initiate a loan.

VA: The U.S. Veterans Administration.

Variable Rate Mortgage: Any real estate loan in which the interest rate varies over time according to a prescribed formula or set of conditions; usually changes in economic conditions. (Also known as an adjustable-rate mortgage.)

Warehouse Fee: May be charged by a lender to initiate a loan.

Warranty Deed: A deed in which express covenants of good title and the right of possession are detailed and guaranteed.

