



Your Home Buying Package

Courtesy of:

Mike & Maria Patakas





About Keller Williams of the Coachella Valley

Keller Williams is an international Real Estate company which is currently ranked #2 in the world in Real Estate sales. We have been honored by J.P. Power and Associates for highest ranked in Home Buyer satisfaction from 2008-2010, as well as winning the Inman Innovator Award in 2011 for most innovative Real Estate website or service.

There are 5 Keller Williams offices in the Coachella Valley:

Luxury Homes by Keller Williams in downtown Palm Springs

Keller Williams Realty in Rancho Mirage on Hwy 111

Luxury Homes by Keller Williams in La Quinta on Washington near Old Town

Keller Williams Realty in La Quinta on Washington near Hwy 111

Team Balog- Luxury Homes by Keller Williams in Palm Desert on El Paseo

The Broker/Owner, Michael Hilgenberg, who is widely known locally and nationally in the industry, also owns the newly opened Keller Williams Realty in Redlands. Currently more than 500 agents, both residential and commercial, are associated with Keller Williams of the Coachella Valley. In 2010, we served more than 2000 satisfied clients, both buyers and sellers, and in 2011 we are on track to exceed that number.





QUESTIONNAIRE FOR BUYERS

Name 1 _____ Name 2 _____

1. What type of property are you interested in? (Please circle one)
Single family home Condo Lots & Land Multi-unit Other _____
2. What price range are looking in? _____
3. Will you be requiring a mortgage to finance your purchase? _____
If so, have you been prequalified for a loan by a loan specialist? _____
4. When do want to move into your new home? _____
5. Are you contracted with another buyer's agent? _____
6. Is this purchase a: (Please circle one)
Your 1st home Relocation Vacation Investment Move-Up home Down-Size home
7. What do you like & dislike about your current home?

8. How many people are in your household? _____
Names of occupants: _____
9. Preferred amount : Bedrooms _____ Bathrooms _____ Interior Sq Ft _____
Lot Size _____ Year Built _____ to _____
10. Will your new home need to accommodate any special needs? _____
11. Do you have pets? If so what type(s) and name(s)? _____
12. What room do you spend the most time in? _____
13. What are some important lifestyle considerations your new home will need?

14. What areas or desert cities are you looking in? _____
15. What other location considerations are important to you?

16. What style of homes are you interested in? _____
17. Do you want a private and/or association pool? _____
18. Are you looking for a home with a garage? _____
19. What other exterior home features are important to you?

20. What are the 5 "Must-Haves" of your ideal home?



Our 5 Guarantees for Buyers

Opening Counseling Session

We will thoroughly discuss your needs and goals to zero-in on finding the best properties for you, go over best ways to communicate with each other, and give you a road map of the buying process. Preferably this is done in person, but can be accomplished by telephone as well.

Provide Financing Assistance

If you are in need of mortgage assistance to qualify for your purchase, our background consists of over 10 years of mortgage finance so we can give you the direction and answers you need. Also, we work hand in hand with Franklin Loan Center, and they specialize in finding the right lender for each customer's individual situation.

Property Showing and Analysis

We will take you to the 'best candidate' properties for your purchase, call each listing agent to gather insider information, provide you with market reports, and give you knowledgeable advice to ensure you make the right purchase decision.

Negotiation Strategizing

We will discuss all components of making a strong offer on the property you have chosen, review up-to-the-minute market reports in the property's area, and present your offer in the highest light possible to separate you from the competition.

Guiding You Through the Process to Closing

Our goal is to make purchasing a property to be as smooth as possible- and the key is anticipation. We like to set a pace that will keep the process moving forward- reviewing disclosures, ordering inspections, obtaining loan approvals, making sure repairs are done in a timely manner- we focus on what we can control in the transaction ahead of time and keep you informed along the way so our client's will always know where their transaction stands.



The Path to Home Ownership

Buying a Home

Typically the largest investment a person will make in his or her lifetime is the purchase of a home. The following are some suggestions that should facilitate the process.

Determining How Much Home I Can Afford

In a typical situation, you need to have enough savings to cover a down payment of 5% to 20% of the purchase price, plus an additional 3% to 7% for closing costs. Credit history, job stability, and the size of the down payment are all factors in the type of home financing you qualify for. Standard practice is to get pre-qualified by a respected lender before shopping for a home. This can be done through our in-house mortgage department, Premier Bancorp, which has been successful in the business for 16 years.

Hiring an Agent

Check to ensure that the agent is licensed by using the licensee status inquiry feature of the California Department of Real Estate (DRE) web site. There you can review disciplinary actions that may be on the licensee record.

Finding the Right Home

Decide the features you need, such as the location, number of bedrooms, size of the lot, as well as proximity to stores, schools, hospitals, work, and other services like fire and police protection. You should also determine if there are any special taxes, assessments, or homeowners' association dues that could affect your monthly expenses.

Inspecting the Home

A professional home inspection by a qualified inspector is always recommended. It's important to check the electrical, plumbing, and structural condition of the property. Many times this can provide an opportunity to negotiate any necessary repairs with the seller. When you make a decision to buy a home, remember to factor maintenance and unexpected repairs into your budget.

Presenting an Offer

Make sure that your offer contains any contingencies or special conditions that you desire in the contract. This would include your need to qualify for a loan, repairs that you want the seller to complete prior to the close of escrow, as well as pest control inspections, home inspections, home warranty programs, and any other specific items. If your offer is accepted and becomes a binding contract, failure to complete the purchase could affect the return of your deposit. (I don't understand this sentence.)

You should carefully review the contract and make certain that you understand it before signing. If there are portions of the document that you do not understand, seek appropriate professional advice. Make sure that the offer you sign does not contain any blank spaces that can be filled in after you sign it. Always use a check, money order, or cashier's check for your deposit. This provides a permanent record of your payment.

Disclosures

Two of the most important disclosures that you should receive in a residential purchase are as follows:

Real Property Disclosure Statement - This is completed by the seller and covers the physical condition of the property and potential hazards or defects that may be associated with it. While the seller is principally responsible for the disclosures presented in this document, the agent is also responsible for conducting a visual inspection of the property and disclosing any readily observable defects detected in the process. This document also discloses any special taxes, assessments and other factors that may have a material effect on the value or desirability of the property.

Agency Relationship Disclosure - Your real estate agent is required to provide you with a written disclosure stating whom he or she represents in the transaction. The agent may represent you as the buyer exclusively, or the seller exclusively, or be a dual agent representing both you and the seller. You should carefully review and understand this disclosure as it has a material effect on the level of responsibilities that your agent owes to you.

Financing Disclosures - Various financing disclosures are also required in real estate transactions providing you with important details of your loan. In this regard, the two major disclosures required are the Truth in Lending Statement (Regulation Z) and the Real Estate Settlement Procedures Act (RESPA).

The Truth in Lending Statement will provide you with important details on the terms and conditions of credit including the amount financed the finance charge, as well as the annual percentage rate. RESPA requires detailed broker and lender good faith estimates regarding settlement and closing costs to be provided within three days after you apply for a loan. RESPA also requires a HUD Uniform Settlement Statement that provides you with a detailed accounting of actual disbursements and closing costs upon the completion of your loan transaction.

Public Report - In all common interest facilities which have home owners' association dues, as well as homes in subdivisions, a public report issued by the DRE is required. The public report is a detailed statement, which discloses to prospective buyers pertinent facts about the subdivision.

The report includes information about utilities, water, roads, soil, geologic conditions, title, zoning, use restrictions, hazards, and the financial arrangements that have been made for the completion of the subdivision.

Escrow and Title

The Escrow Company is a neutral third party with the responsibility of protecting the interests of both the buyer and seller. The escrow officer ensures that all terms of the contract as detailed in the escrow instructions have been met and that the appropriate deeds are recorded upon the close of the transaction. The Title Company provides an insurance policy to protect the buyer and the lender against any unknown defects with respect to the title to the property. Normally, the lender will require a title insurance policy as a condition of the loan.



REO Property Checklist

There are three stages in which a foreclosure property can be purchased. Investors and homebuyers can purchase a foreclosure property in the first phase of default — before a foreclosure auction takes place. Secondly, investors can purchase a property at the public foreclosure auction. Lastly, a foreclosure property can be purchased from the bank or lending institution if no one bids at the public sale and the bank repossesses the property.

When a property is repossessed by a bank or lender, the property will most likely be listed for sale through a real estate agent. These purchases can be good investments, but they require research, preparation, patience and persistence.

The following list will help you successfully purchase a bank-owned REO:

1. Inspect Property

Foreclosure properties are sometimes usually sold "as is," so it's good to be prepared for repairs which may not be apparent until a thorough home inspection. Many owners of homes that go into foreclosure have been struggling financially, which in most cases means that the house has not received general maintenance for some time. Owners who lose their property to a lender many times damage the property. A licensed home inspector can give you a written estimate of the cost to repair the property so you can budget that number into your purchase price. Repair costs can always be used later in the negotiations with the bank, and can possibly get you a price reduction.

2. Title Search.

It's important to search public records for liens and outstanding taxes. A preliminary title report is something your agent can help you with and before closing the deal the title company you hire can run a full report. Any liens will stay on title until the money is paid, meaning you may have to pay off the liens on the foreclosed property you are buying. Common liens typically are placed on a property for unpaid loans borrowed against the property, taxes or unpaid contractors (mechanics liens). Banks should clear the title before selling but never take this for granted, and always check-same as if you were buying from an owner.

3. Negotiate.

Seasoned investors usually can negotiate to reduce down payment, interest rate, or asking price. Some lenders might offer to finance the property below-market rate or with a lower-than-usual down payment.

4. The Offer.

It is standard practice to negotiate price especially if the foreclosed home needs repairs. When submitting a low offer, you need to substantiate the reduced price in writing and document your case. You should furnish photographs and cost estimates for repairs to support your offer amount.

5. Financing.

There are many variables when qualifying for a loan based on credit history, income, current loan balances, etc. It is good to be prepared to put down at least a 10% down payment. If you are financing the purchase of an REO property, M&M Realty can help you through our preferred lender, Franklin Loan Center LLC.





Questions to Ask Your Mortgage Lender

1. What is the interest rate?

The interest rate is used to calculate your monthly payments, and it will determine how much you'll pay over the life of the loan. A good way of comparing offers is by checking their annual percentage rates (APR). This figure combines the interest costs and other fees charged by a lender over the life of the loan, as a yearly percentage. Make sure to ask for an itemized list of what's included in each APR calculation, so you'll know you're making a fair comparison, as some lenders don't include all of their fees in the calculation.

2. Will the interest rate change over the life of the loan?

In the case of a fixed- rate mortgage, the interest rate will remain the same for the entire term of the loan, most commonly 30 years. Adjustable- rate mortgages have interest rates that change over the course of the loan, usually annually. It's good to know what the index and margin are that will determine your rate, and also what caps will protect you from large rate increases.

3. Will I be charged points?

Some lenders offer to lower your rate if you pay discount points up front. One point is equal to one percent of the principal -- two points on a \$150,000 mortgage, for example, will cost \$3,000, and might lower your rate by 0.5 percent. Lenders may also charge origination points, which are an administrative fee for processing your application and do not affect the interest rate.

4. What are the closing costs and other fees?

Lenders are required by law to provide a good- faith estimate within three days of your application. Review the estimate carefully to be sure you understand what each item means.

5. Will you lock- in the interest rate?

It's common for a lender to lock-in the interest rate and points quoted in your offer for a specific period of time, often 30 to 60 days. This will protect you if rates go up during the time it takes to process your application.

6. How will my down payment affect the cost of the loan?

Typically, if your down payment is less than 20 percent, the lender will require you to pay for private mortgage insurance (PMI). On the other hand, you may be able to reduce the cost of your loan, or at least improve the terms, by making a larger down payment.

7. What documentation is required?

Lenders will ask you to provide personal information, such as income, employer, social security number, information about your assets, and an appraisal of your home.

8. What are the payment terms?

Ask each lender what method of payment is required, whether there is a grace period (typically a week or two), and what the late payment fees are.

9. Can I pay the loan off early?

You may want to refinance your mortgage before the term is complete, so check if the lender will charge you a pre-payment penalty for doing so. Some may also charge a fee for paying down a substantial portion (more than 20 percent) of the principal before it is due.

10. How long will it take to close the loan?

Processing a mortgage application can take some time, usually between 10-30 days depending upon the situation. Ask the lender how long they expect it will take for them to review your documentation, check your credit rating, and approve your loan.

11. What might delay the process?

It's recommended that you check your own credit file a couple of months before shopping for your mortgage to head off any potential issues or discrepancies.

10 Commandments of Applying for a Mortgage

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 stop making your mortgage payments while waiting for your refinance to go through.
6. Thou shalt not originate any inquiries into your credit.
7. Thou shalt not make large deposits without first checking with your Loan Officer.
8. Thou shalt not change bank accounts.
9. Thou shalt not co-sign a loan for anyone.
10. Thou shalt ensure that the application is completed fully, accurately and honestly.

And your bonus commandment:

Tell your male friends and relatives not to name their son after them unless they are willing to share their offspring's credit problems for the rest of their lives!

Each of these 'sins' has been committed by a mortgage borrower resulting in the denial of their application. Don't let this happen to you.

Jeffrey Cosmos
Loan Officer

Mobile (760) 799-1722
Office (760) 799-1722
Fax (760) 927-3128
JCosmos@franklinlc.com
www.JeffCosmos.com
CA License # 01364340
NMLS # 308612

we treat your loan like it's our own.





DICTIONARY OF COMMON REAL ESTATE TERMS

ADJUSTABLE RATE LOAN (ARM) - A mortgage loan in which the interest rate may increase or decrease over the course of the loan depending on specific economic indicators. Differs from a fixed rate loan where the interest rate remains the same throughout the loan term.

AMORTIZATION - A process of gradually paying off a debt by making equal periodic payments of principal and interest on a loan at equal intervals of time. Eg. (250.00 per month for 30 years.)

APPRAISAL - An estimate of a property's valuation by an appraiser.

APR (Annual Percentage Rate) - Rate of interest charged on a loan that takes into account all up-front fees and points.

ASSESSED VALUE - A value placed on a property by a public officer (assessor) or a board as a basis for property taxes.

ASSUMABLE MORTGAGE - A mortgage that is transferred to the buyer who then becomes personally liable for the terms and conditions including payments.

BACK RATIO - The total debt expense (or Back Ratio) compares your total monthly obligations including your total mortgage payment to your monthly income. Eg: Credit card debt, car payment, etc. plus PITI. Most banks use a ratio of 36 to 40.

CLOSING - The actual transfer of title for money or other consideration. This is the day that parties actually consummate a deal.

CONTINGENCY - A provision in a contract that requires that a certain act be done or a certain event occur before the contract becomes binding. Eg. (When it is necessary for a person to sell their existing home before they can close on a new home.)

CLOUD ON TITLE - An outstanding claim or encumbrance that would impair the title. Eg. (mechanics lien, judgments etc)

CONVENTIONAL LOAN - A loan not insured or guaranteed by a government.

DEED - A written instrument that, when executed and delivered, conveys title to or an interest in real estate.

DISCOUNT POINTS - An added loan fee charged by a lender to make the yield on a lower than market value loan competitive with higher interest rate loans. One point is equal to one percent of the loan.

DOWN PAYMENT - The amount of cash that a purchaser puts down to buy property. Most lenders require a minimum of 5% down payment for an owner occupied purchase where the purchaser(s) intend to live in the property and at least 20% down for an investor purchased property where the investor does not intent to use the property as their primary residence.

EQUITY - The value of a property over and above any mortgage indebtedness. Eg. (Your house is worth 80,000 market value and you have a current mortgage balance of 60,000 therefore, your equity would equal 20,000.)

ESCROW ACCOUNT - An account usually established by the lender to make payments for hazard insurance and property taxes. You're monthly payment will include enough money to pay principal and interest to the bank for the loan as well as enough money to pay 1/12 of the annual taxes and insurance which gets deposited into the escrow account. This process protects the bank by insuring that the property remains insured and that the property is not taken through a process known as in-rem for unpaid taxes.

FHA LOAN - A loan *insured* by the Federal Housing Administration and made by an approved lender.

FRONT RATIO - The housing payment ratio (or Front Ratio) compares your total mortgage payment to your monthly income. Most lenders typically use a ratio of 28 but can be as high as 32.

HUD-1 SETTLEMENT STATEMENT -A closing statement that outlines all costs associated with a real estate transaction.

LIEN - A right given by law to certain creditors to have their debt paid out of the property of a defaulting debtor. Court judgments become liens against a persons real property. Liens and judgments are recorded at the county clerk's office and are considered public information.

LOAN ORIGINATION FEE - Same as discount points. A point is equal to 1% of the loan.

LOAN PROCESSING FEE - A flat fee charged by lenders for administration of the loan process. Some banks waive this fee.

LTV% (LOAN TO VALUE) - Commonly referred to as loan to value ratio, this figure tells the lender what percentage of the purchase price the loan is going to be. Eg. (On a 100,000.00 house a 97%LTV would equal 97,000.00)

MARKET VALUE - The actual value of property at a specific time. Eg. (What your house would sell for today if you were to decide to sell.)

MORTGAGE - A pledge of real estate as security for the payment of a debt. Simply put, a mortgage is a recorded document that tells the lender that the borrower pledged their real estate as collateral for a loan.

PITI - An abbreviation for principal, interest, taxes and insurance and generally referring to an all encompassing monthly payment on a mortgage to a lender. Lenders use this figure to pre-qualify a buyer. Lenders will traditionally allow buyers to use up to 28% of their monthly income to pay PITI. Anything higher than this is considered risky to the lender. Coupled with other monthly debt like a car payment or credit card payments the lender will allow up to 40% of your monthly income to pay PITI+OTHER DEBT.

PMI - Abbreviation for *private mortgage insurance*. Lenders require PMI when the LTV (loan to value) exceeds 80%. PMI insurance as a rule of thumb costs approximately 1% of the loan amount per year. The cost is generally added to the monthly payment.

PRE-QUALIFICATION - A process where a lender or a REALTOR® determines how large a monthly payment a purchaser can afford. Lenders generally allow a buyer to apply 28% of their monthly income towards PITI.

PRINCIPAL - The amount of money that a borrower owes on a loan at a given time.

TITLE - Evidence of ownership.

TITLE INSURANCE - Insurance that guarantees a return of your investment should a title problem arise after you take possession. There are two types of title insurance. 1) A fee title policy insures the owners title. 2) A mortgagee title policy insures the lender for the mortgaged amount. Most lenders require the purchaser to pay for a mortgagee policy to indemnify the lender. Policies typically run anywhere from approximately \$350.00 to \$750.00 depending on the mortgage amount.

TRUTH IN LENDING DISCLOSURE (RESPA) - A federal law commonly known as the real estate settlement and procedures act that requires certain disclosures to consumers about mortgage loan settlements. The law also prohibits the payment or receipt of kickbacks.



Recent Testimonials

Dear Mike & Maria,

Thank you for all the help you were to Kim and I in finding and purchasing a vacation home in the Palm Springs area. I have to say we appreciate all the searching and elimination work you did in making this an easy experience. Living 2,000 miles from where you are looking for a home is not an easy task but you and Maria went beyond our expectations. With the endless searches, the help through a "Bank Owned" purchase and explaining us through "all" the paperwork, you have made what may have been an overwhelming experience into a smooth and pleasant one. If we ever anyone looking for a place in the Palm Springs area we will be sure to refer them to you.

John & Kim

Mike and Maria provide service that is beyond any expectations. They are patient, professional and personal. We enjoyed our experience with them and love our new home. Thank You!

Larry & Eileen

Mike & Maria Patakas (M&M Realty Team) definitely made finding our home in the desert a dream come true and a wonderful experience...They listened to what our requirements were, kept us informed of what was happening throughout the whole process and even after close of escrow, went above and beyond to help, when asked. We would highly recommend Mike & Maria to friends and family for they have set the bar high for all realtors.

Rene & Joanne