



PRE-LISTING PACKET

Prepared for _____



The Tier 1 Group
Real Estate Solutions



"People are so vulnerable during a real estate transaction. My goal is to earn the trust of my clients and ease frustrations and fears, making lifelong friends in the process. Call me when you need a trusted consultant in real estate."
- Trey Lindsey

Trey Lindsey

Realtor

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LETTER FROM THE OWNER

Thank you for giving me the opportunity to discuss the future sale of your home.

Enclosed is my exclusive Pre-Listing Package. I am confident you will feel that the programs I outline for you will provide you with the greatest possibility of selling your home for the *highest price* in the *shortest period of time* with the *least amount of hassles*.

I have enclosed a number of useful documents about the home-selling process and the benefits I can offer you.

It is my ultimate goal to exceed your expectations with superior real estate consulting services. I look forward to getting your home sold and helping you, your friends and your family with all of your real estate goals.

Sincerely,

Trey Lindsey



CUSTOMER SERVICE COMMITMENT

As your REALTOR® I promise that I will:

- Provide you with 10+ Customer Service during the entire selling process including, taking the time to understand your wants, needs and expectations, returning your calls and emails the same day and being honest with you at all times.
- Help you obtain the highest possible price for your house in the shortest amount of time.
- Advise you on pricing and assist you with staging your home.
- Implement the 10 Point Marketing Plan to market your house through as many channels as possible.
- Coordinate the home showing process.
- Present all offers in person and advise you on the terms and contingencies.
- Negotiate offers on your behalf.
- Schedule and coordinate completion of contingencies and inspections.
- Monitor the buyer's loan process.
- Coordinate and supervise the preparation of all closing documents and guide you through the closing process.

I look forward to selling your property! _____



ABOUT ME

| Family | Occupation |
|--|--|
| <ul style="list-style-type: none"> ■ My family and I live in Reston VA. I have lived here for several years now. My children are Sean (11) Makaylah (7) and Karina (born 2014). ■ We spend time playing sports, boating, and more sports! We are active in the school and communities in the area as well. | <ul style="list-style-type: none"> ■ Prior to joining Keller Williams Realty, I was a Systems Engineer for the Department of Defense. I was also (and still am) a member of the US Armed Forces. ■ I went into real estate because I enjoy people! I enjoy helping people with a huge decision in their lives and making it happen. ■ I chose a career at Keller Williams Realty because they are the wave of the future with customer service at the top of their “to do” list every day. ■ I work in Fairfax, Loudoun and Arlington county Virginia. |
| Recreation | Dreams |
| <ul style="list-style-type: none"> ■ Weight training, Endurance sports, Sailing and Snow Sports. ■ Volunteering at school activities, boating, snowboarding ect! | <ul style="list-style-type: none"> ■ Whether in life or in business, my goal is to be the best person I can be and to treat others the way they should be treated – with respect. |



SO MANY DECISIONS

There is so much to think about when selling your home:

- Is it a buyers' market or a sellers' market? Decisions
- How can I price my home so that it sells quickly?
- What marketing strategies are effective and will sell my home quickly?
- What's this thing called "curb appeal?"
- What should I do to have my home in top-selling condition?
- How much should I fix? How much should I leave as-is?
- How much of a hassle is involved in showing my home?
- Should I try to sell my home all by myself? Or should I use an agent?
- What about all the paperwork and legalities?
- What about my next home? Should I buy or rent?
- And more!

I Can Help!

I am more than happy to answer any of your questions. Please put a next to any of the above you would like to discuss.



BENEFITS OF A REALTOR

Time is Money

How much is your time worth? \$ _____ per hour. If you don't use a real estate professional, expect to spend *at least* 100 hours selling your home – assuming there are no problems! Considering your work, family, and personal commitments, is that the best use of your time?

It's a Big Deal

Selling (and buying) a home is a big deal. Most people don't sell more than two homes in their lifetime, so it's not something they develop expertise in. There are ever-changing laws, ethical practices and practical considerations that you don't want to learn on your own through trial and error or relying on a book or information off the Internet. It's just not worth the risk.

I Can Help!

My goal is to give you a 10+ experience!

| What Benefits I provide to you: | Because... |
|---|---|
| Consult with you on how to get your home in top-selling condition. | We want to WOW prospective buyers during the first 30 days that your home is on the market. |
| Give you up-to-date information on what's happening in the marketplace. | Having up-to-date market information helps us strategize. |
| Provide you with information on competing properties; e.g. list price versus actual SOLD price, financing terms, condition and more. | The fair market value of your home is determined by what competing properties are selling for right now. |
| Market your home to other real estate agents and the public using research-based marketing strategies. | There is a misconception that advertising sells real estate. Research conducted by the <i>National Association of REALTORS®</i> shows that 43% of homebuyers first learned about the home they purchased from an online source posted by an agent; only 5% from a newspaper ad. |
| Help you objectively evaluate and negotiate every buyer's offer without compromising your position. | An offer is just the beginning of a process of appraisals, inspections and financing – a lot of possible pitfalls. I can help you write a legally binding win-win contract that is more likely to make it through the process. |
| Help you close on the sale of your home. | The paperwork alone is overwhelming and it is not unusual for questions or unexpected problems to occur during closing (settlement). |



MARKETING PLAN

Define your goals, wants, needs and expectations. A good place to begin is by exploring your short and long term goals in life and how selling your home fits in. I will walk through a process I use to thoroughly understand my client's goals, wants and needs to ensure that your expectations are met.

Determine the best price for what's going on in the market right now. We assess the current state of the market and what comparable homes are actually selling for by reviewing a *Comparative Market Analysis* (CMA) on your home. That way, we can objectively determine its *fair market value* and price it right.

Prepare your property so that it is in top-selling condition. Most of us don't keep our homes in top-selling condition. I will work with you to help you see things from a buyer's point of view. I will consult with you on what to repair, replace or remove so that your home makes a GREAT first impression.

Implement time-proven, research-based marketing strategies. Your home will be marketed with a 10 point marketing plan that has the highest potential for bringing not only the most buyers, but also the most qualified buyers to your doorstep.

Show your property. Always keep your home in top-selling condition. When you leave for work, make sure that your home remains in top-selling condition. You know what they say about first impressions!

Receive an offer. When a buyer decides to buy your home, an offer will be presented. I will advise you on the offer and whether the buyer is qualified to purchase your home.

Negotiate to sell. Most offers require some level of negotiation. We will work together to decide your parameter and I will negotiate on your behalf.

Have your home appraised and inspected. Once you have accepted an offer, I will work with the buyer's agent to coordinate an appraisal, inspections and a survey (if required). If the buyer requires that certain repairs be made on your home, I will continue to negotiate on your behalf and recommend vendors so we move successfully from contract to closing.

Prepare for closing. A few days before closing (also known as settlement), I will contact the title company and the buyer's agent to ensure that all the necessary forms and documents have been prepared. I will meet with you to review the closing documents and let you know what additional forms and information you need to bring to the closing meeting.

Close! At the closing meeting, ownership of your property is legally transferred to the buyer. I will be present to advise you and ensure that everything goes according to plan.



STRATEGY FOR MARKETING YOUR PROPERTY

- Staging and pricing strategies
- For Sale Sign, Rider Signs, and Directional Signs
- Tube or Box with Flyers and Distribution of Flyers in Neighborhood
- Flyers in House/Home Book/Comment Cards
- MLS and other internet sites
- Web Listings Including Enhanced Listing through KWLS
- Just Listed Cards
- Track Showings/Collect Feedback
- Weekly Seller Updates With Competitive Analysis and Statistics
- Property Caravans

Weekly Follow-Up Process

- Consultation with Agents Showing Property To Obtain Feedback
- Review Market Statistics For New Listings, Pending Sales, Price Reductions, etc
- Continuous Communication With Seller



SEVEN REAL ESTATE TRUTHS

1. Having an agent represent you has its advantages:

Professional representation... I am your personal representative and I'm required by law to represent your best interests to the best of my ability.

Personal specialist... it's similar to hiring an accountant to help you file income taxes or a mechanic to fix your car. If you had the time to master those specialties, you would be doing your own taxes and fixing your car. But who has that sort of time? Besides, most people will sell only two homes in their lifetime – two real estate transactions in a lifetime will not turn anyone into a real estate specialist.

Objectivity... my job is to point out all the pros and cons for all the decisions you will be making throughout the home-selling process. I will even tell you things you may not want to hear because as your agent, I want you to make informed decisions, not emotionally-based decisions.

Convenience... these days, it's nearly impossible to sell a home all by yourself without it turning into a part-time job.

2. Not all real estate professionals are REALTORS®. Only licensed real estate agents who are members of the *National Association of REALTORS®* can call themselves REALTORS®. REALTORS® are committed to treat all parties honestly – they subscribe to a strict code of conduct and are required to maintain a high level of real estate standards. It is to your advantage to work with a REALTOR® because of the training and standards this professional designation requires.



3. The price of your home should be based on the price of sold properties in your area rather than the list price of properties now on the market – this is how we establish your home's *fair market value*.

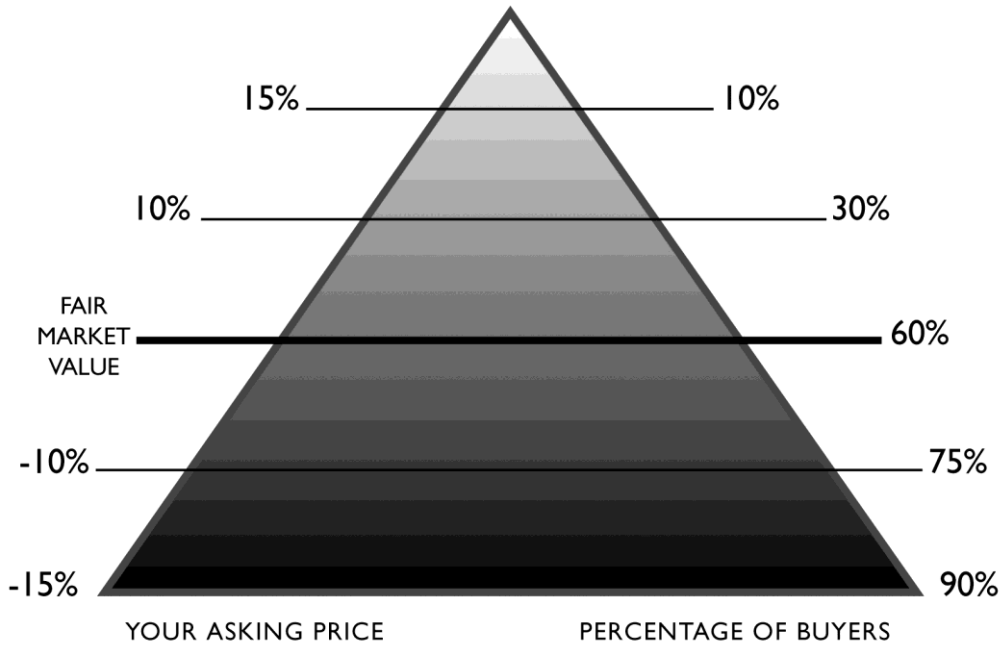
If it's priced OVER its fair market value it will...

- Not attract as many buyers because they'll think it's out of their price range.
- Take longer to sell.
- Make competing properties look good.
- Become "shopworn."
- Be overpriced in everyone's minds (agents and buyers) and they tend not to forget.
- Cause you to lose valuable time and miss out on buying your dream home.
- Cause advertising dollars and marketing efforts to be wasted.
- Cause negotiations to stall.
- Cause appraisal problems.
- End up selling below market value in order to make up for all of the above.



- Research conducted by the *National Association of REALTORS*[®] shows that more buyers purchase their properties at fair market value – not above it. The percentage of buyers increases even more when the price drops below *fair market value*.

THE TRIANGLE
ASKING PRICE VS. PERCENTAGE OF BUYERS THAT VIEW THE PROPERTY

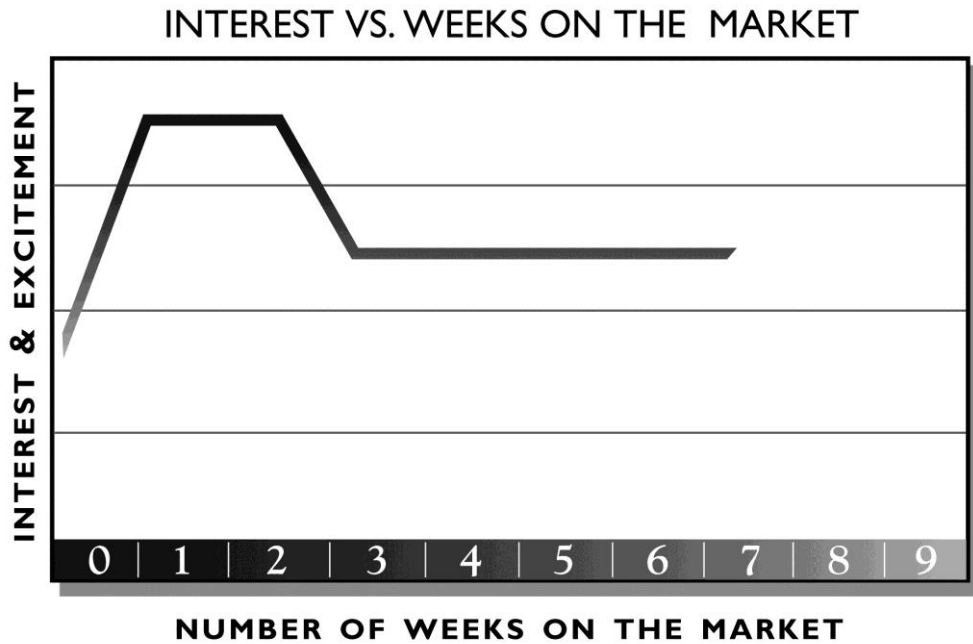


- The fair market value of your home is determined by the market – that is, what today’s buyers are willing to pay. Buyers are comparing your home to other homes now on the market. They don’t care about:





- Your home generates the most interest in the real estate community and among potential buyers during the first 30 days it is on the market. If it is not properly priced during this time, we miss out on this peak level of interest:



- Ads are not very effective for selling real estate. Data compiled in 2014 by the *National Association of REALTORS*[®] showed that buyers first learned about the home they purchased from:

| | | | |
|-------------------------------|-----|---------------------|-----|
| Internet | 43% | Home Builder | 5% |
| Realtor | 33% | Knew the seller | 2% |
| Yard Sign/Open House Sign | 9% | Print/News Paper Ad | 1% |
| Friend, relative, or neighbor | 6% | Other | <1% |



THE DIFFERENCE BETWEEN COST VS. VALUE

One of the biggest problems you face in obtaining top dollar for your property is determining your house's value. The problem of determining value occurs primarily because sellers and buyers alike use 3 little words: *price*, *cost* and *value* interchangeable. A lack of understanding regarding the meaning of these words and their use causes communication breakdowns and allows emotion to replace objectivity during price negotiations. The fact is neither *cost* nor *is price* the same as *value*.

Value is elusive. It is *your* opinion of *your* house's worth to *you* based on the way *you* use it now and plan to use it in the future. Interesting – the words “*you*” and “*your*” both appear twice in the preceding sentence. Because *your* opinion is subjective the features *you* value may not be the standard for all people.

Two factors affect value:

- **Internal:** Your personal (internal) situation is the first factor and it *changes* over time. Let's illustrate – suppose you were a growing family buying a house 15 years ago. You would most likely have put great *value* on such things as 4 bedrooms, a huge yard and a great school system. But now, 15 years later, your family is grown. You don't need 4 bedrooms, a yard or that terrific school system. The *house didn't change* – your personal (internal) use for that house did. Thus, its value to you changed. It's the *internal factors* in people's lives that compel them to buy and sell property.
- **External:** These are the circumstances outside of your control that affect value – for better or worse. If, for instance, a major 8 lane toll road is proposed to cut through your neighborhood your property value could take a hit. On the other hand, if a Marta Station is coming to your neighborhood that could decrease your commute to work from 1 hour to 20 minutes your value may increase. The law of supply and demand is a huge external factor that affects value. If there are more buyers than houses, the value goes up. If more people want to sell than there are buyers, value goes down.



Cost is history. Cost measure past expenditures. But that was then and this is now. What you paid for your house then or the cost of maintaining it doesn't mean anything as far as the present or future value of your house is concerned.

Why? Markets can and do change dramatically. During the 70's and 80's property values soared in Atlanta and people made huge profits upon resale because demand (due to relocation) was so great. During the early 90's prices leveled off or in some cases even declined. Unfortunately, many sellers realized little to no profit upon selling. Some even lost money. Your potential profit or loss as a seller doesn't enter into the equation when determining your house's present value.

Price is here and now. You put an *asking* price on your house. The buyer puts an *offering* price in their offer. You and the buyer negotiate back and forth until you arrive at a mutually acceptable *purchase price*. Today's *purchase price* becomes *tomorrow's cost*.

Remember, *cost is past, price is present and value is in the eye of the beholder*. Neither the price you paid nor the price you want to get matters to the buyer. Not understanding this often causes sellers to make a very common mistake – *overpricing*.



PREPARE YOUR HOUSE TO GET TOP DOLLAR

Getting top dollar for your house begins with understanding how to see your house through the eyes of a buyer. *To be a successful seller you must have your house looking its best!*

PRE-SALE PREPARATION

The moment you decide to sell your property the “*home*” you love so dearly turns into a “*house*”. This shift in vocabulary is the process of “letting go”. It is the emotional detachment all sellers eventually experience. *Home* is where the heart is. *Houses*, on the other hand are commodities sold on the open market. Keep in mind.....**You are getting ready to sell a *HOUSE*.**

If you make the right improvements when preparing your house to sell you increase the odds of selling it quickly for top dollar. If, conversely, you do nothing or make the wrong changes to your property you prolong the sale and reduce the ultimate sales price.

CREATING CURB APPEAL

Most buyers make snap decisions about your house. Their first impression, good or bad, is usually lasting. Buyers generally decide if they want to see the inside of a house within 20 seconds of viewing the external attractiveness (curb appeal) of your property. No matter how magnificent your house is on the inside many buyers will drive by without even stopping if the curb appeal isn't inviting.

- Keep the lawn cut & edged. Trim the bushes. Weed the gardens. Freshen pine straw. Plant fresh annuals. Keep the porch swept.
- Pressure wash the driveway, sidewalk & deck.
- Paint the exterior siding and trim.
- Keep children's toys out of the front yard, sidewalks and front porch.
- If you have pets, clean up their debris daily.
- The front door greets the buyer. Make sure it is fresh, clean and paint the trim.



EXTERIORS ATTRACT – INTERIORS SELL: Curb appeal draws buyers into your house. Appealing, well cared for interiors make the sale.

You don't usually have to spend thousands of dollars on your house prior to putting up the For Sale sign. Little things you do generally give the biggest increase in value. **Concentrate on the three C's: *Clean, Clutter and Cosmetic.***

CLEAN: Scrub your house from top to bottom. Buyers will notice strong smells as soon as they walk through your front door – **eliminate odors.**

- Clean all appliances inside and out. Stains and dirt make them appear old.
- Scour walls, floors, bathtubs, showers and sinks until they sparkle.
- Check grout in bathtubs, showers and on the floors.
- Clean your carpets to reduce stains and eliminate odors.
- Wash all the windows in your house – inside and out.
- Use a dehumidifier to help must basements.
- If you smoke clean ashtrays daily and smoke outside!
- Strategically place air fresheners throughout your home.

CLUTTER: Clear out the clutter – *it can reduce the value of your house.*

- Keep kitchens counters clear – put unnecessary items away.
- Keep dirty dishes out of the sink.
- Recycle stacks of old magazines and newspapers.
- Clean out the closets. They should look like they have enough room to hold additional items. Get everything off the floor and don't have the shelves piled to the ceiling.
- Make sure rooms are not overcrowded with furniture. It makes them appear smaller.



COSMETIC: Making minor cosmetic improvements could increase your sales price.

Pay attention to everything anywhere in your house that could cause the buyer to “reduce your price”. Find it and repair it before you put it on the market.

- Repair sheetrock cracks over doors or windows. Repair nail pops.
- Locate ceiling stains and the cause of leak.
- Touch up walls and trim where needed.
- Repaint bold color, non-neutral walls and rooms.
- Check that windows are working properly and look for cracked panes.
- Put bright light bulbs in every socket. Buyers like bright & cheery surroundings.
- Repair loose knobs and doors that stick or don't close properly.
- Observe bathrooms for signs of mildew, stains in sinks & toilets, missing tiles or grout and inadequate caulking.
- Check for drippy faucets, slow draining sinks and tubs.

Remember buyers consider any of the above problems a sign of poor maintenance. More often than not they are correct. Their solutions – either don't buy or reduce the price by thousands!



SHOW YOUR HOUSE TO GET TOP DOLLAR

With a little extra effort on your part you can make your home more inviting and appealing, get it sold more quickly and at a better price. The following tips have proved invaluable to sellers and are worth your special attention.

Showing your home...

- When you leave the house in the morning or during the day, leave it as if you know it is going to be shown.
- Keep good scents in the house, such as potpourri or simmering pots or candles.
- Make sure all the lights are on.
- Let the sun shine in. Open window treatments and blinds.
- Make the beds and remove items from the floors.
- Wipe down the counters, sinks, tubs and faucets.
- Keep the kitchen counters uncluttered and remove dishes from the sink.
- Clean up after your pets. Clean litter boxes frequently and vacuum their hair.
- Turn off loud, noisy and disturbing television shows.
- If possible, play soothing background music like jazz or an easy listening station. Keep the level low to avoid disturbing the buyers.
- Keep pets out of the way – preferably out of the house. Many people are uncomfortable around some animals and may even be allergic to them.
- Leave your premises. Take a short break while your house is being shown. Buyers are intimidated when sellers are present and tend to hurry through the house. Let the buyer be at ease, and let the agents do their job.
- If you have to stay – remain in the background. The agent knows the buyer's requirements and can better emphasize the special features that may appeal to the buyer.



SELLERS PROPERTY EVALUATION

Examine Your Home and Rate The Following

(5 = Potential Problem, 0= Not a Problem)

Circle Your Choice

| | | | | | | |
|---|---|---|---|---|---|---|
| Sloped Lot or Steep Driveway | 0 | 1 | 2 | 3 | 4 | 5 |
| Professional Landscaping | 0 | 1 | 2 | 3 | 4 | 5 |
| Well-Maintained Yard (weeds pulled, yard cut & edged, fresh flowers) | 0 | 1 | 2 | 3 | 4 | 5 |
| Exterior Painting/Last Painted _____ | 0 | 1 | 2 | 3 | 4 | 5 |
| Condition of Walkway & Front Door | 0 | 1 | 2 | 3 | 4 | 5 |
| Condition of Roof / Age _____ | 0 | 1 | 2 | 3 | 4 | 5 |
| Dated Paint Color or Wallpaper | 0 | 1 | 2 | 3 | 4 | 5 |
| Condition of Carpet & Flooring | 0 | 1 | 2 | 3 | 4 | 5 |
| Personalized, Non-Neutral Decor | 0 | 1 | 2 | 3 | 4 | 5 |
| Condition of Appliances / Age _____ | 0 | 1 | 2 | 3 | 4 | 5 |
| Location | 0 | 1 | 2 | 3 | 4 | 5 |
| Pleasant Environment (Not Busy or Noisy) | 0 | 1 | 2 | 3 | 4 | 5 |
| Desirable Neighborhood | 0 | 1 | 2 | 3 | 4 | 5 |



SELLERS UTILITY INFORMATION

| | |
|--------------------------|--------------|
| PROPERTY ADDRESS: | ZIP: |
| COUNTY: | YEAR: |

| UTILITY | NAME | PHONE |
|-------------|------|-------|
| ELECTRICITY | | |
| GAS | | |
| WATER/SEWER | | |
| SANITATION | | |
| PHONE | | |
| CABLE | | |



TIER 1 GROUP | KELLER WILLIAMS REALTY

Often, we judge the caliber of people by the company they keep – this is why I would like to tell you a little bit about The Tier 1 Group and my office within Keller Williams Realty.

Keller Williams® Realty was founded in Austin, Texas in 1983 with the specific premise that buyers and sellers deserve the best service for their real estate needs. For more than 32 years that founding premise has been a major factor in the continued growth of Keller Williams® across North America. Two visionaries lead Keller Williams® Realty – Gary Keller, founder and Chairman of the Board, and Mo Anderson, Chief Executive Officer.

Because each Keller Williams® Market Center has grown within its respective community, Tier 1 Group Associates have intimate knowledge of each community's character, mood, and growth potential. Due to the fact that the majority of Tier 1 Group Associates live in the communities and neighborhoods they serve, they are eager and capable of tackling unique challenges that families encounter when selecting new homes.

At Tier 1 Group | Keller Williams Realty, we are Real Estate Consultants. We are not simply agents. We are not salespeople. What this means is that we build fiduciary relationships with our clients. A fiduciary is someone who represents your best interests.

We are a profit sharing company where associates are in partnership relationships with the owners; this means that everyone at Tier 1 Group | Keller Williams® Realty wants your home to sell because everyone benefits.

The Tier 1 Group | Keller Williams culture is based upon a belief system that is summed up by this acronym: WI4C2TS:

| | Our Belief | Your Benefit |
|---|---|--|
| W | Win-win...or no deal. | You will get the best possible price in the shortest possible amount of time. |
| I | Integrity...do the right thing. | You are represented by an agent who is ethical at all times. |
| C | Commitment...in all things. | You have an agent who keeps all promises to give you a 10+ experience in selling your home. |
| C | Communication...seek first to understand. | Before we implement any marketing strategies or enter into any agreements, your wants and needs will be thoroughly analyzed. |
| C | Creativity...ideas before results. | Your house will be marketed using a creative 10 Point Marketing Plan. |
| C | Customers...always come first. | You are pledged a 10+ Customer Service Commitment that promises an exceptional experience. |
| T | Teamwork...together everyone achieves more. | We will work together to decide the best strategies for selling your home for the best possible price, in the shortest amount of time. |
| T | Trust...starts with honesty. | You are represented by an agent who is honest with you at all times. |
| S | Success...results through people. | At Keller Williams, our offices support each other. For you, this ensures a smooth transaction. |



REAL ESTATE GLOSSARY

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

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

Amortized Loan: a loan that is paid in equal installments during its term.

Appraisal: an estimate of real estate value, usually issued to standards of FHA, VA and FHMA. Recent comparable sales in the neighborhood is the most important factor in determining value

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

Assumable Mortgage: purchaser takes ownership to real estate encumbered by an existing mortgage and assumes responsibility as the guarantor for the unpaid balance of the mortgage.

Bill of Sale: document used to transfer title (ownership) of PERSONAL property.

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

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

Deed: a written instrument, which when properly executed and delivered, conveys title to real property.

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

Easement: the right to use the land of another.

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

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



Escrow Payment: that portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance and other items as they become due.

Fannie Mae: nickname for *Federal National Mortgage Corporation* (FNMA), a tax-paying corporation created by congress to support the secondary mortgages insured by FHA or guaranteed by VA, as well as conventional loans.

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

FHA Insured Mortgage: a mortgage under which the *Federal Housing Administration* insures loans made, according to its regulations.

Fixed Rate Mortgage: a loan that fixes the interest rate at a prescribed rate for the duration of the loan.

Foreclosure: procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

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

Graduated Payment Mortgage: any loan where the borrower pays a portion of the interest due each month during the first few years of the loan. The payment increases gradually during the first few years to the amount necessary to fully amortize the loan during its life.

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

Lease with Option: a contract, which gives one the right to lease property at a certain sum with the option to purchase at a future date.

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

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



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

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

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

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

Second Mortgage / Second Deed of Trust / Junior Mortgage / Junior Lien: an additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a "first" mortgage.

Settlement Statement (HUD-1): a financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

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

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

Title Insurance: an insurance policy that protects the insured (buyer or lender) against loss arising from defects in the title.



The Tier 1 Group
Real Estate Solutions