

Your Home Buying Packet




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YOUR HOME-BUYING PACKET

A Complete Guide to the Home-Buying Process

Welcome! You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, I will make your home-buying experience fun and exciting. I can help you find the ideal home with the least amount of hassle; and I am devoted to using my expertise and the full resources of my Office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. I am going to make sure that you are well equipped and armed with up-to-date information for your big decision. I am even prepared to guide you through every phase of the home-buying process. This packet gives you helpful information during and after your transaction. Use its reference pages, note pages and agency explanations, as an invaluable guide on your home-buying journey.

Please keep this packet with you during your home-buying process. There are pages that contain important phone numbers and dates and areas for notes to help you stay organized.

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

AMY SULLIVAN
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ABOUT Keller Williams...

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 Keller Williams Realty and my office within the Keller Williams system.

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 17 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, Keller Williams® real estate agents have intimate knowledge of each community's character, mood, and growth potential. Due to the fact that the majority of Keller Williams® 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 Keller Williams® Realty, we are Real Estate Consultants. We are not 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 Keller Williams® Realty wants your home to sell because everyone benefits.

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

W in-Win,	or no deal
I ntegrity,	do the right thing
C ommitment,	in all things
C ommunication,	seek first to understand
C reativity,	ideas before results
C ustomers,	always come first
T eamwork,	together everyone achieves more
T rust,	begins with honesty
S uccess,	results through people

About Me...

AMY SULLIVAN

∞ MISSION STATEMENT ∞

I am a passionate and talented consultant dedicated to providing fiduciary real estate consulting and marketing services to my clients.

∞ VISION STATEMENT ∞

To be the Real Estate Consultant of choice.

∞ BUSINESS EXPERIENCE ∞

- Keller Williams Main Line Realty 2004 to present
- Weichert Realtors – 220-2004
- Ralph Heller – R.E. Development 1975-1980

∞ PROFESSIONAL DESIGNATIONS ∞

- ABR: Accredited Buyer Representative
- GRI: Graduate of the Realtors Institute
- E-Pro: Accredited E-Pro

∞ EDUCATION AND TRAINING ∞

- Keller Williams University
- Mark Leader's "Leaders Choice"
- Ongoing continuing education

∞ PRIMARY SPECIALITIES ∞

- Buyer Agency
- Seller Agency

∞ SECONDARY SPECIALTIES ∞

- Relocation
- 1st Time Homebuyers

∞ FAMILY ∞

- 4 Wonderful children aged 15 - 25

∞ HOBBIES ∞

- Hiking & camping
- Canoeing & fishing
- Spending time with my family

WHY YOU NEED A REALTOR?

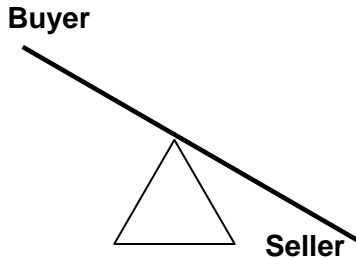
As a licensed real estate professional I provide much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents, seasoned financial advisors with clients, and superb navigators around the local neighborhood. They are members of the National Association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

LET ME BE YOUR GUIDE —

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

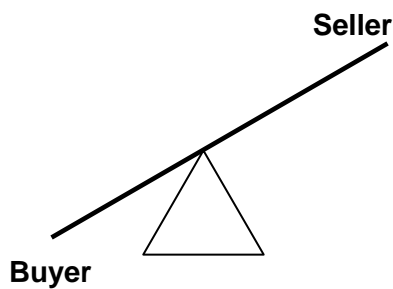
And the best thing about me as your Realtor® is that all this help normally won't cost you a cent. Generally, the seller pays the commission to the Realtor®.

UNDERSTANDING AGENCY... Who Works for Whom?



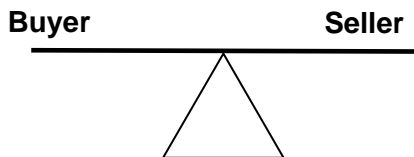
SELLER AGENCY (SINGLE AGENCY)

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



BUYER AGENCY (SINGLE AGENCY)

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



TRANSACTION BROKER (DUAL AGENCY)

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

**In all relationships, as your Agent I have a duty to act
honestly with both the buyer and the seller.**



THE ADVANTAGES OF A BUYER AGENCY AGREEMENT

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED —

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

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

YOU GET A PERSONAL SPECIALIST WHO KNOWS YOUR NEEDS —

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

YOU WILL QUICKLY AND CONVENIENTLY GET A GREAT HOME —

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

WHAT IS THE BUYER'S AGENCY AGREEMENT —

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



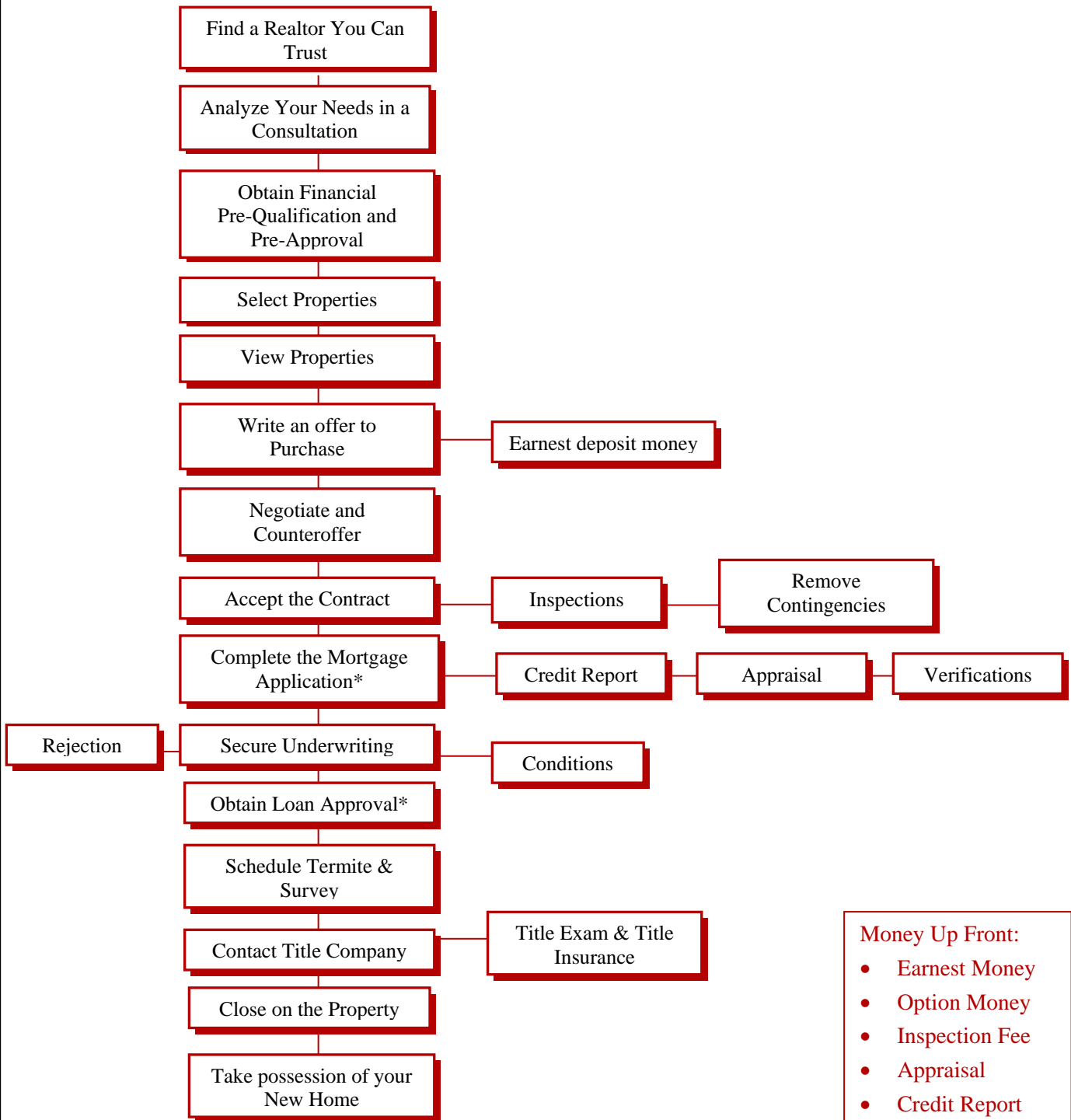
REASONS TO BUY A HOME

1. Quality of Life
2. Tax Deductibility of Mortgage Interest
3. Tax Deductibility of Property Taxes
4. Appreciation Potential
5. Deferred Gain and Capital Gain Treatment
6. Once in a Lifetime Exclusion
7. Principal Accumulation
8. Pride in Your Home
9. No Landlord
10. Leverage (where else can you buy this size of an investment with 5-10% down)
11. The Real Cost of Renting (At \$700 per month, with a 6% rental increase per year, you will pay \$110,719 over a 10 year period.)



THE HOME-BUYING PROCESS

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



- Money Up Front:**
- Earnest Money
 - Option Money
 - Inspection Fee
 - Appraisal
 - Credit Report

*If not already pre-approved

WHAT EVERY BUYER SHOULD KNOW BEFORE PURCHASING

1. Property taxes and qualified interest are deductible on an individual's federal income tax return.
2. Often, a home is the largest asset an individual has and is considered one of the most valuable investments available.
3. A portion of each amortized mortgage payment goes to principal which is an investment.
4. A home is one of the few investments that you can enjoy by living in it.
5. A REALTOR® can usually show you any home whether it is listed with a company, a builder, or even an unrepresented Seller (for sale by owner).
6. Working through a REALTOR® to purchase a For Sale By Owner home can be very advantageous because someone is looking out for your best interest.
7. Your Real Estate professional can provide you with a list of items you'll need to complete your loan application so you'll be prepared.
8. A homeowner can exclude up to \$500,000 of capital gain tax if married and filing jointly or up to \$250,000 if single or filing separately. The home must have been the taxpayer's principal residence for the previous two years.
9. Beginning with May 07, 1997, there is no longer a requirement to purchase another home more expensive than the one sold. Homeowners are free to buy up or down with no tax consequences assuming their gain is less than the allowable amounts.
10. Ask the Real Estate professional if they are familiar with the neighborhoods where you want to live.
11. Ask the Real Estate professional whom he/she is representing in the transaction.
12. Ask the Real Estate professional what he/she will do to keep you informed.
13. Your Real Estate professional should provide you with the highest level of service and advice.



BEFORE WE BEGIN... PRE-QUALIFICATION AND PRE-APPROVAL

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

Pre-qualifying will help you in the following ways:

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

Pre-approval will help you in the following ways:

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

HOW MUCH HOME CAN YOU AFFORD?

There are three key factors to consider:

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



DOWN PAYMENT REQUIREMENTS:

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance.

CLOSING COSTS:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

QUALIFYING FOR THE MORTGAGE:

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

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

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



HOW MUCH CAN YOU AFFORD?

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

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

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

AN EXAMPLE

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

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

I am providing this information as a guide. I strongly recommend that you contact our mortgage specialist.



LOAN APPLICATION CHECKLIST

General:

- Picture ID with Social Security Number
- Payment to cover application fee.
- Name and complete address of all landlords (past 2 years).

Income:

- Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).
- Copies of your most recent pay stubs and W-2 form (past 2 years).
- Verification of other income (social security, child support, retirement).
If you are self-employed: Copies of signed tax returns including all schedules (past 2 years), and a signed profit and loss statement of the current year.
- If you are retired: Tax returns (past 2 years).
- If you have rental property income: Copies of all lease agreements.

Assets:

- Copies of all bank statements from checking/savings accounts (past 3 months).
- Copies of all stock/bond certificates and/or past statements/retirement accounts.
- Prepare a list of household items and their values.
- Copies of title documents for all automobiles, boats, or motorcycles.
Face amount, monthly premiums, and cash values of all life insurance policies (Cash value may be used for closing costs or down payments. You need documentation from the carrier indicating cash value).

Creditors:

- Credit cards (account numbers, current balances, and monthly payments).
- Installment loans (car, student, etc.) Same details as for credit cards.
- Mortgage loans (property address, lender with address, account numbers monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.
- Childcare expense/support (name, address, phone number).

Other:

- Bankruptcy – bring discharge and schedule of creditors.
- Adverse credit – bring letters of explanation.
- Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.
- VA only – bring Form DD214 and Certificate of Eligibility.
- Retirees – bring retirement and/or Social Security Award Letter.

THE TEN COMMANDMENTS

When applying for a Real Estate Loan

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





THE ROAD MAP TO YOUR HOME! NARROWING THE SEARCH

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

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

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

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

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

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

During the home search, I will...

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

THE NEIGHBORHOOD

There are many factors to consider when selecting a neighborhood that is right for you. Below are just a few of the many factors -- You may think of others that are important to you. Please write them on your Home Search Criteria form so they do not get forgotten.

Neighborhoods have characteristic personalities designed to best suit single people, growing families, two-career couples, or retirees. Investigate to determine if the neighborhood matches your lifestyle and personality.

Scout out the Neighborhood!



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

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

Neighborhood Factors to Consider --

- Look for things like access to major thoroughfares, highways, and shopping.
- Listen for noise created by commerce, roads, railways, public areas, schools, etc.
- Check with local civic, police, fire, and school officials to find information about the area.
- Look at traffic patterns around the area during different times of the day and drive from the area to work.
- Is the neighborhood near parks, churches, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.?
- Does the neighborhood belong to a Homeowner's Association?

WORKING WITH HOME BUILDERS



WHY USE AN AGENT TO PURCHASE A NEW HOME?

The advantages of having an agent help you purchase a new home are the same as those for purchasing a resale home...

- Knowledge of the market
- Help in finding the perfect home quickly
- Expertise in contract writing/negotiation
- Closing assistance.

The builder has a professional representative watching out for his/her needs, and you need the same expert representation.

Buying a new home is a little more difficult and time-consuming than buying a resale. I can professionally guide you through this process.

It is very important that your interests be professionally represented when you are entering into a contract for a semi-custom or build-to-suit home. These transactions are complex and the contract details must be exact in order to protect you and to ensure you get exactly the home you want!

REMEMBER – the Builder requires that your Agent accompany you on your first visit to the Builder's sales office, or they will NOT PAY your representative's fee!



BUILDER QUESTIONS

1. How long have you been in business?
2. In what areas have you built?
3. What sets you apart from other builders?
4. What type of warranty program do you offer?
5. What are your fees for building a home (fixed price, costs plus management fee)?
6. How do you charge for extras?
7. Who supervises your construction?
8. How long have your trade people been working with you?
9. How often will we be updated on the progress of the home?
10. How often, during the week, are you at the job site? The superintendent?
11. Who will I be dealing with during construction?
12. Will that person have the authority to make final decisions?
13. How many hours per week do you and your supervising staff participate in continuing education within the home building industry?
14. Do you belong to a local trade association? If yes, which one(s)?
In what activities are you involved?
15. Can you provide a list of references, including homeowners, suppliers, subcontractors, and consultants such as architects and engineers?
16. Have you ever been sued and won, sued and lost; or are there any suits currently pending?
If yes, please explain.
17. Do you have any liens against any of the properties that you have built?
18. Have you ever filed for bankruptcy protection?

MAKING AN OFFER



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

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

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

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

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



BEHIND THE SCENES

WHAT HAPPENS NEXT?

Now that you have decided to buy your home, what happens between now and the time you legally own the home? A Title Company may handle the following items. NOTE: in different parts of the country attorneys, lenders, escrow companies and other persons who are independent of, title companies perform some or all of these functions.

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

Tax Check – What taxes are owed on the property? The Title Company contacts the various assessor-collectors.

Title Search – Copies of documents are gathered from various public records: deeds, deeds of trust, various assessments and matters of probate, heirship, divorce, and bankruptcy are addressed.

Examination – Verification of the legal owner and debts owed.

Document Preparation – Appropriate forms are prepared for conveyance and settlement.

Settlement – An Escrow Officer oversees the closing of the transaction: seller signs the deed, you sign a new mortgage, the old loan is paid off and the new loan is established. Seller, Realtors, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.

Title Insurance - There are two types of title insurance:

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

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

Title agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples: an unauthorized seller forges the deed to the property; an unknown, but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; or a land survey showing the boundaries of your property is incorrect.

For a one-time charge at closing, title insurance will safeguard you against problems including some events that an exhaustive search will not reveal.



CONTRACT CHECKLIST



<input type="checkbox"/>	Order Termite Inspection
<input type="checkbox"/>	Order Mechanical Inspection
<input type="checkbox"/>	Notify Landlord
<input type="checkbox"/>	Order Insurance Policy
<input type="checkbox"/>	Transfer Utilities
<input type="checkbox"/>	Order Telephone Service
<input type="checkbox"/>	Make final walk through
<input type="checkbox"/>	Schedule appointment with movers
<input type="checkbox"/>	Make extra keys/change locks
<input type="checkbox"/>	Order cable TV service
<input type="checkbox"/>	Order new checks
<input type="checkbox"/>	Change driver's license/credit cards



SERVICE PROVIDERS

Following is a list of recommended Service Providers. These are vendors we have worked with in the past and that have been recommended to us by satisfied customers. These are only recommendations. These recommendations are made on an informational basis only and are offered as a convenience to you. We accept no responsibility.

HOME INSPECTORS:

Value Guard	610-642-5500
Hertzog Home Inspection Co.	610-431-7575
Beacon Inspection	877-837-1749
Thur-O Pest (Termite)	215-541-1086

HOME WARRANTY PROTECTION COMPANIES:

1st American Home Buyers	800-444-9030
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INSURANCE COMPANIES:

Insurance Counsellors of Bryn Mawr	610-581-4836
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MORTGAGE COMPANIES:

Bryn Mawr Trust Mortgage Company	610-581-4818 Direct
Susan Shute, V.P.	610-564-1904 Cell



HOME WARRANTY PROTECTION

NEW HOME WARRANTIES —

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home.

At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder.

If the homebuilder does not offer a warranty, BE SURE TO ASK WHY!

RESALE HOME WARRANTIES —

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by either the Seller, as part of the overall package, or by the Realtor. Even with a warranty, you should have the home carefully inspected before you purchase it.

A home warranty program will give you peace of mind, knowing that the major covered components in your home will be repaired if necessary. Ask me for more details about home warrant packages.

WARRANTY INFORMATION

Company Name: _____	Contact: _____
Address: _____	Phone: _____
_____	Fax: _____
Policy Number: _____	Policy Value: _____
Coverage: _____	Duration: _____

HOME INSPECTION

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

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

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

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

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

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

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

WHAT IS A REAL ESTATE CLOSING

WHAT IS A REAL ESTATE “CLOSING”?



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

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

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

WHAT IS AN ESCROW ACCOUNT?

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



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

Keep detailed records – some moving expenses are tax deductible!

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

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



MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Two months before moving

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

One month before moving

- Start packing items that aren't regularly used such as off-season clothes and decorations and items in storage areas (garage, attic, and closets).
- Make travel arrangements for your pets.
- If you're driving, get your car tuned up.
- Get medical records from your doctors, dentist, optometrist, and veterinarian.
- Send items (rugs, drapes, clothing, quilts, and bedding) to the cleaners.
- Back up important computer files to floppy disk.
- _____
- _____
- _____



MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Two weeks before moving

- Contact your utility companies and notify them of your move.
- Sign up for services at your new address.
- Contact your long distance phone company and notify them of your move.
- Call friends and family and recruit help for the moving day.
- Confirm your travel reservations.
- Arrange to close or transfer your bank account, if appropriate. Pick up items you're your safety deposit box.
- _____
- _____
- _____

One week before moving

- Pick up items from the cleaners, repair shops, or friends.
- Pack a survival kit of clothes, medicines, special foods, etc. to carry you through the day while you unpack.
- Finish packing all boxes minus what you'll need in the final week.
- Inform the post office of your upcoming move.

Send change-of-address cards with your new address and phone number to:

- Friends and family
- Banks, insurance companies, credit card companies, and other financial institutions
- Magazines and newspapers
- Doctors, lawyers, accountants, realtors, and other service providers
- State and federal tax authorities and any other government agencies as needed
- Workplace, schools, and alma maters

The day before

- Set aside moving materials, such as tape measure, pocketknife, and rope.
- Pad corners and stairways of house.
- Lay down old sheets in the entry and hallways to protect floor coverings.
- Remove hanging fixtures.
- If you are moving yourself, pick up the rental truck and a dolly to move heavy boxes.
- If you are driving, check oil, tire pressure, and gas in your car.
- If you are flying, make sure you have tickets, charge cards and other essentials.
- _____
- _____
- _____



MOVING CHECKLIST

WHAT TO DO BEFORE YOU MOVE

Moving Day

Carry with you:

- The keys to your new home.
- A map of your new town and directions to your home.
- The telephone number of the moving company.
- Cash or traveler's checks.
- Documentation related to the sale of your home.
- Your insurance policies and agent's phone number.
- Your current address book or personal planner.
- Prescription and non-prescription medicines.
- Enough clothing to get by if the movers are late.
- The telephone number of the moving company.
- Cash or traveler's checks.
- Any items of great personal value to you that are virtually irreplaceable.
- Back-up copies of important computer files.
- Sheets, towels and personal hygiene items for the first night in your new home.
- _____
- _____
- _____

Arrival Day

- Show movers where to place furniture and boxes.
- Check inventory to ensure that everything was delivered before signing delivery papers. Note any damages on the inventory sheet.
- Unpack any valuable items, such as silver, art, and jewelry, upon arrival.
- Inform the post office of your upcoming move.
- _____
- _____
- _____



PACKING CHECKLIST

TIPS TO MAKE YOUR MOVE A LITTLE EASIER

Packing Tips

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



PACKING CHECKLIST

PACKING LIST BY ROOM

Kitchen

- Cupboards
- Closets
- Drawers
- Box numbers for kitchen: _____

Dining Room

- China cabinet or hutch
- Light fixture and lamps
- Furniture: table and chairs
- Box numbers for dining room: _____

Living Room

- Bookcases and contents
- Entertainment center and contents: stereo, TV, CDs, videotapes, and so on
- Knickknacks and artwork
- Lamps
- Furniture: couch, chairs, and tables
- Box numbers for living room: _____

Family Room

- Bookcases and contents
- Entertainment center and contents: stereo, TV, CDs, videotapes, and so on
- Knickknacks and artwork
- Lamps
- Furniture: couch, chairs, and tables
- Box numbers for family room: _____



PACKING CHECKLIST

PACKING LIST BY ROOM

Master Bedroom

- Closets
- Dressers and contents
- Furniture: bed, dressers, night stands, and desk
- Box numbers for master bedroom: _____

Bedroom #1

- Closets
- Dressers and contents
- Furniture: bed, dressers, night stands, and desk
- Box numbers for bedroom #1: _____

Bedroom #2

- Closets
- Dressers and contents
- Furniture: bed, dressers, night stands, and desk
- Box numbers for bedroom #2: _____

Bedroom #3

- Closets
- Dressers and contents
- Furniture: bed, dressers, night stands, and desk
- Box numbers for bedroom #3: _____



PACKING CHECKLIST

PACKING LIST BY ROOM

Study/Office

- Computer equipment: CPU, monitor, and printer
- Desk and contents
- File cabinets and content
- Box numbers for study/office: _____

Bathroom

- Cupboards and contents
- Linens and towels
- Knickknacks and wall hangings
- Box numbers for bathroom: _____

Attic

- Trunks
- Boxes
- Box numbers for attic: _____

Garage

- Yard equipment and garden tools
- Home maintenance equipment and tools
- Box numbers for garage: _____

Basement

- Cupboards and shelves
- Box numbers for garage: _____



HELPING CHILDREN COPE WITH THE MOVE

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



NEW HOME CHECKLIST

Heating System

- Check filters every month.
- Have annual system maintenance service done one month before the heating season.

Electrical System

- To prevent power outages, limit the number of appliances plugged into one circuit.

Air Conditioning

- Check filters every month.
- Have annual system maintenance service done one month before the air-conditioning season begins.
- Keep the condensing unit free of debris.

Microwave

- Do not use pans or dishes that are metal or have metallic trim.
- Only use mild soap and/or baking soda to clean the interior. Abrasive cleaners or scouring pads can damage the lining.

Refrigerator

- Clean the interior shelves, shell and gaskets every three months.
- Once a year, clean the coils on the back or underneath.

Range/Oven

- To avoid damaging the burners, do not use extra-large/heavy cooking pots and pans.
- If you have a self-cleaning oven, do not use any other method to clean it.

Dishwasher

- Mineral deposits on the heating elements can be cleaned with vinegar.
- Be sure dishes don't block or damage the spray arm.

Garbage disposal

- To clean the disposal, push a full tray of ice cubes through it while running cold water.
- Always remember to run water during use and for at least 2 minutes after you finish. This prevents stoppages.

Washer/Dryer

- Clean the lint screen after each load of clothes has been dried and the unit is empty.

Trash Compactor

- Replace the deodorant supply regularly to prevent odors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EASEMENT: The right to use the land of another.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RENT 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.

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

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

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

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

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