

COLDWELL BANKER® HOME BUYING GUIDE



prepared for you by

BRIAN MORAN
REALTOR®

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Home Buyer Guide

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Buying a home is one of life's biggest investments and most exciting adventures. As your trusted real estate agent, I will be your partner in this process, guiding you along the way to make sure your experience is smooth and successful. In the coming days and weeks, I will:

- Meet with you to discuss your needs and goals, and to plan your property search
- Help you get pre-approved for a mortgage and establish your budget
- Show you properties that meet your criteria, and work with you until we find the right home
- Help you determine your offer, then negotiate on your behalf
- Facilitate the home inspection and resolution process
- Prepare you for closing and the associated costs
- Provide clear and constant communication to keep you updated on the process of your transaction

This Home Buyer Guide will walk you through these steps and more, and I'm happy to discuss the process with you in more detail and answer any questions you may have.

Ready to dive in?

What to Expect

TIPS FOR THE EARLY STAGES OF YOUR SEARCH

- Check your credit score and work to improve it as needed — don't open new credit cards, take out new loans, etc., in the months leading up to your home purchase, as it may negatively affect your credit score
- Lower your debt-to-income ratio — pay off as much debt as possible
- Set aside money for a down payment, closing costs, and moving expenses
- Research loan options — you'll want to have roughly 3-5 mortgage lender options when you're about 30 days out from wanting to get approved
- Narrow down your search area and start a house-hunting wish list

BUILDING A FOUNDATION

- You and I will sit down for an initial buyer consultation
- I'll help you establish your budget and connect you with a reputable lender to get pre-approved for a mortgage
- We'll discuss your needs and goals, and plan your property search criteria
- I'll provide coaching on the best time to buy
- We'll work together to set parameters of our working relationship that we can both agree on

HOME SHOPPING

- With your budget and search criteria in mind, I'll coordinate showings for properties that meet your needs and explain/negotiate features
- I'll continuously keep you informed of new properties that come on the market that might interest you
- I'll help you understand the market data for any properties of interest
- We'll work together to find you the right home

TAKING THE NEXT STEP

- Once you've found the home you want to purchase, I'll assist in determining your offer, including developing a multiple-offer strategy
- Using my skills and expertise, I'll negotiate the offer and contract terms in your best interests
- We'll review and discuss the details of the seller's disclosure
- I'll facilitate the home inspection and resolution process, and address issues regarding appraisal, survey, title, contingencies, etc.
- I'll offer you information on reliable contractors and other service providers
- I'll help you prepare for closing and the associated costs



Hi, I'm Brian Moran!

NICE TO MEET YOU!



A LITTLE ABOUT ME

A Cleveland native and west side local, Brian graduated from St. Edward High School, the University of Dayton with a B.S. in Industrial Engineering, and Baldwin Wallace with an MBA. After moving back to Cleveland in 2012, he began his real estate career in 2015 with Bass Ohio Real Estate and joined Coldwell Banker Schmidt Family of Companies in 2016, focusing on downtown Cleveland and the west side suburbs.

Brian is an Accredited Buyer's Representative (ABR®), a designation earned through specialized training and experience dedicated to serving the unique needs of homebuyers. This certification reflects his advanced skills and commitment to providing exceptional service to buyers.

As a certified e-PRO®, Brian is also skilled in leveraging the latest technology and marketing strategies to enhance the real estate process while ensuring privacy protection.

Recognized as a multi-million dollar producer and Coldwell Banker Premier Club recipient, Brian delivers top-tier service. Outside of real estate, he enjoys boating on Lake Erie and participating in local events, and he actively supports Junior Achievement of Greater Cleveland.

With Coldwell Bankers' global reach and Brian's local expertise, he is well-equipped to assist with buying or selling homes, condominiums, waterfront properties, or luxury estates, showcasing the best of Northeast Ohio lifestyle and natural beauty.

Why a Buyer's Agent is Essential

A home is likely to be the biggest purchase of your life, which makes it essential to work with a knowledgeable, qualified buyer's agent to help you navigate the process. Here are 5 essentials I offer to you throughout the home-buying transaction.

1

EXPERT GUIDANCE

With my expertise and insight into the complex real estate process, I'll help you make informed decisions every step of the way.

2

LOCAL MARKET KNOWLEDGE

I have the inside scoop on trends, pricing, and availability, giving you a competitive edge in finding the perfect home. Consider me your very own local market guide!

3

TIME-SAVING CONVENIENCE

I'll simplify the process for you by coordinating offers, inspections, showings, and more on your behalf, and I'll connect you with necessary vendors like mortgage professionals.

4

NEGOTIATION SKILLS

I will be your fearless advocate, armed with data and negotiation strategies that can lead to smooth resolutions and winning deals, saving you time and money.

5

PEACE OF MIND

Working with me, you can rest easy knowing that a professional is there to help you navigate any unexpected challenges or delays with professionalism and clarity.



1. Schedule time to meet buyers
2. Prepare Buyers Guide & presentation
3. Meet buyers & discuss their goals
4. Determine timeline
5. Explain buyer & seller agency relationships
6. Discuss different types of financing options
7. Refer buyer to mortgage lenders
8. Obtain pre-approval letter from their lender
9. Provide overview of current market conditions
10. Explain your company's value
11. Discuss earnest money deposits
12. Explain home inspection process
13. Educate buyers about local neighborhoods
14. Discuss foreclosures & short sales
15. Gather needs & wants for their new home
16. Point buyers to school district resources
17. Explain recording devices during showings
18. Create internal file for buyers records
19. Set up buyers on an MLS search
20. Send buyers homes within their criteria
21. Schedule showings
22. Look for possible repair while showing
23. Gather buyer feedback after each showing
24. Update buyers when new homes list
25. Keep records of all showings
26. Update listing agents with buyer's feedback
27. Discuss Home Owner's Associations
28. Estimate expected utility usage costs
29. Confirm water source and status
30. Discuss transferable warranties
31. Explain property appraisal process
32. Discuss multiple offer situations
33. Ensure buyers are comfortable with contract
34. Provide updated housing market data
35. Update buyers on any price drops
36. Discuss MLS data with buyers
37. Determine property inclusions & exclusions
38. Verify listing data is correct
39. Review comps with buyers
40. Prepare sales contract when it's time to offer
41. Educate buyer's on sales contract options
42. Identify need for Lead-Based Paint Disclosure
43. Explain home warranty options
44. Customize buyer's pre-approval letter
45. Discuss loan objection deadlines
46. Choose a closing date
47. Prepare & submit offer to listing agent
48. Negotiate offer & get under contract
49. Execute sales contract & disclosures
50. Send accepted offer to title company
51. Coordinate earnest money drop-off
52. Deliver copies to mortgage lender
53. Obtain copy of Seller's Disclosure for buyers
54. Deliver copies of all contracts to buyers
55. Obtain a copy of HOA bylaws as needed
56. Keep track of copies for office file compliance
57. Coordinate inspections with buyers
58. Meet inspector at the property
59. Review home inspection findings with buyers
60. Negotiate inspection objections
61. Get all agreed upon repair items in writing
62. Verify any existing lease agreements
63. Check in with lender to verify loan status
64. Confirm on the appraisal date
65. Negotiate any unsatisfactory appraisals
66. Coordinate closing times & location
67. Verify title company has everything needed
68. Remind buyers to schedule utilities
69. Make sure all parties are notified of closing
70. Solve any title issues before closing
71. Receive and review closing documents
72. Review closing figures with buyers
73. Confirm completed repairs promised by sellers
74. Perform final walk-through with buyers
75. Resolve any last-minute issues
76. Get CDA signed by brokerage
77. Attend closing with buyers
78. Provide home warranty paperwork
79. Give keys and accessories to buyers
80. Close out buyer's file with brokerage

A Little About Our Company

Since 1927, Coldwell Banker Schmidt Family of Companies experienced phenomenal growth and has had the distinct pleasure of providing services to thousands of individuals and families. Founded by Harold F. Schmidt in Traverse City, Michigan, the company is now led by his great-grandson. We are a sixth-generation, full-service brokerage firm — proudly known as one of the country's largest and most successful real estate affiliates — and we're so excited and honored to count you among the many we've assisted in finding their dream homes.

AT A GLANCE: SCHMIDT FAMILY OF COMPANIES

- 85+ offices company-wide, located throughout Michigan, Florida, Ohio, and the U.S. Virgin Islands
- Over 1,800 real estate agents
- \$5 Billion in sales volume and 14,000+ closed sales transactions in 2023
- Ranked among the RealTrends Top 50 Real Estate Brokerages worldwide
- Principal Broker for Anywhere Real Estate, Inc., the world's largest real estate relocation and referral company — designated as one of the 2023 World's Most Ethical Companies by Ethisphere Institute (for the 13th year in a row!)
- Ranked #1 by number of offices and #3 by sales volume out of 900 Coldwell Banker affiliate companies around the world
- Coldwell Banker Global Luxury handles more than over \$200 Million in luxury home sales every day, representing nearly 40,000 transactions of \$1 Million+ homes and attaining a \$1.9 Million average sales price for \$1 Million+ homes

BUYER & SELLER SERVICES

- Multiple Listing Services
- National Relocation and Referral services
- State-of-the-art advertising systems
- Buyer agency
- Residential and Commercial real estate services and representatives
- Mortgage and Title services
- Home Warranty services
- Property Management services



COLDWELL BANKER | **SCHMIDT REALTY**

30400 Detroit Road Suite 100 | Westlake, OH 44145 | www.CBSchmidtOhio.com

The Numbers Are In: Nobody Beats the Coldwell Banker Brand.

HOW DO WE STACK UP? —

118 YEARS

OF GUIDING PEOPLE HOME

100,000

DEDICATED AGENTS
ACROSS 40 COUNTRIES

#1

RATED REAL ESTATE
ADVERTISING 12
YEARS RUNNING

ACE Metrix scores 2012-2023, Real Estate Category.

**OVER HALF
A BILLION**

MEDIA IMPRESSIONS IN 2023

2023 Sprout Social and Media Agency Reporting.

\$234 BILLION

IN SALES VOLUME IN 2023

COLDWELL BANKER®

#1

MOST VISITED REAL
ESTATE BRAND ONLINE

Total website visits for 2023. Comscore 2023 Media Trends.

**WOMEN'S CHOICE
AWARD® WINNER 7 YEARS
IN A ROW**

**#1 IN AGENT
LOYALTY**

Coldwell Banker/Quester Real Estate Agent Research, January 2024.
Least Likely to Change Brand Affiliation

The Home-Buying Process

1

BUYER CONSULTATION

- An in-depth consultation will help me understand what you're looking for in a home
- We'll define your wants and needs, including for location, schools, bedrooms, baths, etc.

2

GET PRE-APPROVED

- Your lender will let you know how much can you qualify for
- Next, determine what type of mortgage is the best fit for you
- Determine finance terms, payments, and interest rates

3

TIME TO GO HOME SHOPPING!

4

WRITE AN OFFER

- Once we find your dream home, I'll help you decide on your offer terms, including price, deposit, closing date, etc.

5

NEGOTIATE TERMS

- I'll present your offer and negotiate with the listing agent

6

YOUR OFFER IS ACCEPTED!

- Both parties will sign the contract once everyone agrees to the terms

7

CONDUCT DUE DILIGENCE

- Schedule inspections
- A title search will be conducted
- Review Seller's Property Disclosure Statement
- Review inspections, reports, and disclosures

8

ORDER HOME APPRAISAL

- A professional will ensure that the property is worth the loan and purchase price you agreed to pay

9

GET HOMEOWNERS' INSURANCE

10

CONDUCT A FINAL WALK-THROUGH

11

YOUR LOAN IS APPROVED

- Sign loan documents with escrow company, with 3 days to review
- Return the signed documents to your lender for review and final approval

12

CLOSE OF ESCROW DATE

- Lender will wire funds and give the OK to record
- Documents will be recorded by county recorder
- Money and title will be exchanged on your behalf

13

CONGRATULATIONS! ON TO THE NEXT PHASE OF YOUR LIFE!



The Power of Pre-Approval

The first step in any home search is finding out exactly how much home you can afford and securing the financing to make the purchase. While you can get a rough estimate through pre-qualification, taking the extra step to get *pre-approved* will give you some added advantages.

Pre-approval helps you:

- Understand your financial condition
- Know exactly how much home you can afford before you begin your home search
- Strengthen your purchasing power when making an offer

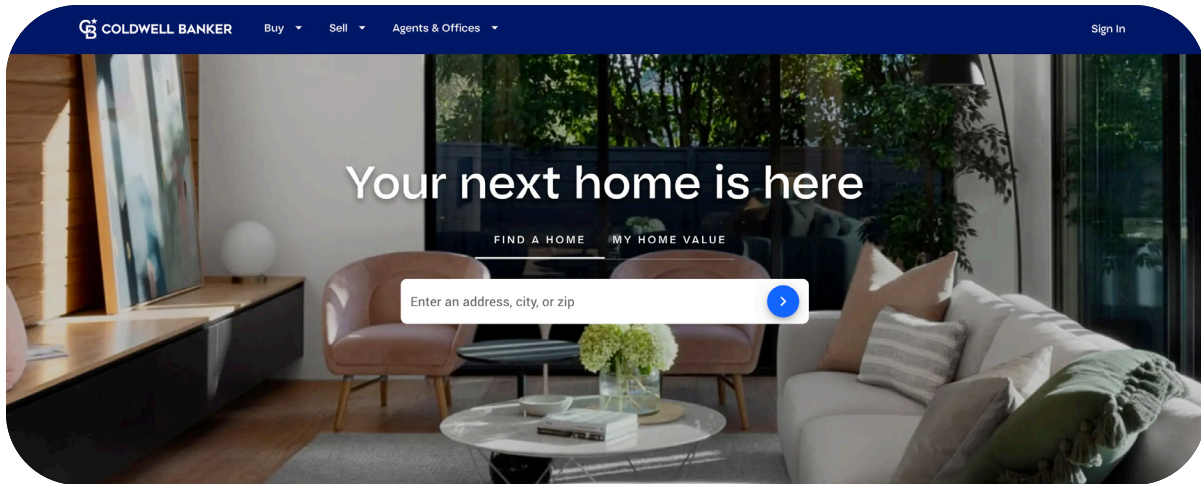
When you find a home you love and are ready to make an offer, your mortgage pre-approval lets the seller know you're serious and fully prepared to buy their home, which puts you in a stronger position than other buyers. To help get things moving, I can connect you with an experienced mortgage broker — they will pull your credit and provide you with low rates, fantastic customer service, and a fast, simple process.

Check out page 13 for a few of my personal recommendations for lenders.

The Pre-Approval Process

Here are some of the documents that you'll need to provide your lender to get the pre-approval process started:

INCOME	ASSETS	DEBTS
<p>Current pay stubs, usually for the last 2 months</p> <p>W-2s or 1099s, usually for the last 2 years</p> <p>Tax returns, usually for the last 2 years</p>	<p>Bank statements</p> <p>Investments/ brokerage firm statements</p> <p>Net worth of businesses owned (if applicable)</p>	<p>Credit card statements</p> <p>Loan statements</p> <p>Alimony/child support payments (if applicable)</p>



MY WEBSITE

The first stop on your home search? My website. Not only is it an easy way to check out all the properties available in your preferred area, it's also another way for me to get to know the types of properties you like. And thanks to its user-friendly, responsive design, you can do it all from your phone, tablet, or computer.

Check it out at www.BrianMoranJr.com!

COLDWELLBANKER.COM

Next stop: the one website that gives you access to everything you might need as a home buyer.

With coldwellbanker.com, you can:

- Search all available MLS listings in your preferred location, based on preferences that you specify
- See the results of your search in map or list view
- Look at multiple pages and read full details about properties that interest you
- Share your favorite properties with your friends via email or social media
- Learn more about the home-buying process
- Use the Coldwell Banker Move Meter® — ranked the #1 most useful tool in real estate¹ — to get a side-by-side comparison of the cost of living, quality of life, and even job market strength for your hometown vs. cities across the country.

1. September 2023 Ace Metrix consumer survey.

Home Preferences & Necessities

The more I know about the type of home you're looking for, the better equipped I'll be to help you find your perfect match. Take some time to thoughtfully consider the features your new home must have, as well as what you would ideally like it to have, so we can talk it over together.

Features	Specify Your Preferences	Importance 1-5
Exterior		
View		1 2 3 4 5
Architectural Style		1 2 3 4 5
Swimming Pool		1 2 3 4 5
Deck/Patio		1 2 3 4 5
Garage		1 2 3 4 5
Yard		1 2 3 4 5
Waterfront		1 2 3 4 5
Interior		
Floor Plan		1 2 3 4 5
Bedrooms		1 2 3 4 5
Bathrooms		1 2 3 4 5
Living Room		1 2 3 4 5
Family Room		1 2 3 4 5
Bonus/Game Room		1 2 3 4 5
Dining Room		1 2 3 4 5
Kitchen		1 2 3 4 5
Community/Location		
Convenience to Employment		1 2 3 4 5
Convenience to Transportation		1 2 3 4 5
Convenience to Shopping		1 2 3 4 5
Convenience to Schools		1 2 3 4 5
Convenience to Daycare		1 2 3 4 5
Nearby Recreational Facilities		1 2 3 4 5
Nearby Police and Fire Protection		1 2 3 4 5
Appearance of Properties in Area		1 2 3 4 5

Showing Etiquette: Dos & Don'ts

WHAT TO DO

- Show up on time
- Be polite and respectful of the host, other visitors, and the home
- Ask appropriate, relevant questions that will help you determine whether you want to put an offer on the home
- Remove your shoes or use shoe covers if requested to do so
- Test light switches and faucets to ensure they work properly
- Bring a notebook and/or checklist, and jot down your thoughts

WHAT NOT TO DO

- Voice negative opinions of the home, neighborhood, host, etc.
- Ask questions that pry into the seller's personal life
- Overshare or engage in controversial conversations
- Take photos/videos without permission
- Open, touch, or go through personal belongings, especially those that won't be included in the sale
- Linger — inside or outside — after you're done touring the home

When You've Found "The One"

There are many factors that influence the market value of a home. I'll give you the insight and information you need to make an offer that you're comfortable with. Some of the factors to consider include:

- How long the home has been on the market
- If the price has been reduced
- How much the home is worth — I will provide a Comparable Market Analysis (CMA) showing the list and sales prices for similar homes in the area
- Whether there are multiple offers
- Other items that might be included in the sale (furniture, hot tub, etc.)
- The "list-to-sales-price ratio," an indication of how competitive the market is for homes in the area
- Why the seller is selling

Once the offer is written, I will present it to the seller's agent. At that point, the seller can accept your offer, reject it, or counter it to start the negotiation process. I will work with you to plan a strategy to ensure the most advantageous terms and acceptable pricing for you and your budget.

When everyone agrees to the terms, you will sign the purchase agreement, and you'll officially be under contract! This period is called the contingency period, and anything you've built into your purchase agreement — inspections, appraisals, etc. — will now take place.

Full-Service Support, Beginning to End

As your trusted partner in all things real estate, I'm committed to supporting you and advocating for your best interests. Even after you receive the keys to your new home, I'll continue to be available to you to ensure you have a smooth, positive experience. Below are a few businesses I personally trust, recommend, and wholeheartedly endorse.

HOME INSPECTORS

Inspection Tech

440.465.0448
www.inspectiontech.us

A-Pro Home Inspection

440.961.2099
www.apronorthernohio.com

Lighthouse Home Inspections

216.633.7840
www.lighthousehomeinspect.com

MORTGAGE LENDERS

First Federal Savings of Lorain

Melanie Stock
440.610.7694
melanie.stock@fflorain.bank.com

Coast One Mortgage

Melanie Alexander
216.999.3337
melanie.alexander@coastonemortgage.com

First Federal Lakewood

Nancy Peyton
216.221.7300
npeyton@ffl.net

TITLE SERVICES

Cleveland Home Title

440.788.7100
www.clevelandhometitle.com

Chicago Title

440.933.2936
www.northernohio.ctic.com

Ohio Real Title

216.262.3900
www.ohiorealtitle.com

Congratulations, Your Offer's Accepted!

Once your offer has been accepted, the closing process begins! Here are the steps that are typically involved.

HOME INSPECTION

Most property sales are contingent on the results of a home inspection, which is paid for by the buyer. The inspection typically occurs within 10 days of offer acceptance. It includes a review of the home's exterior elements, like the roof, siding, trim, and windows, as well as kitchen and bathroom fixtures and appliances, and major systems like heating and cooling, plumbing, and electrical.

If defects are discovered during the inspection, you may exercise the remedy described in your offer or negotiate with the seller to determine what repairs will be made.

TITLE SEARCH

This is a historical review of all legal documents relating to ownership of the property to ensure there are no claims against the title of the property. It's also recommended that you purchase title insurance, in case the records contain errors or there are mistakes in the review process.

APPRAISAL

As a standard part of the mortgage process, your lender will order an appraisal report to ensure that the loan will be guaranteed by the home's value.

FINAL WALK-THROUGH

If it's requested in the contract, you'll be given the chance to look at the home to make sure it's in the same condition as when you signed the sales agreement.

CLOSING COSTS

In addition to your deposit and down payment, there are a variety of other costs involved in closing, including:

- Loan origination fees, appraisals, and reports
- Surveys and inspections
- Mortgage insurance
- Hazard insurance
- Taxes
- Assessments
- Title insurance, notary, and escrow fees
- Recording fees and stamps

With the offer accepted, there are a few things we'll need to do next in a timely manner to expedite the purchase of your new home.

EARNEST MONEY DEPOSIT (EMD)

By date:

We will need this as soon as possible, but no later than 48 hours from when the offer is fully executed. Your deposit should be a personal check (or cashier's check) made out to Coldwell Banker. Keep in mind that your lender will need to verify that the money came from your personal account, so please refrain from using any cash.

INSPECTIONS

By date:

On page 13, I've included a few of my top inspectors in the area. Please feel free to compare them and schedule an appointment with one at your earliest convenience. Once you've done so, please let me know the time and date so I can schedule it with the sellers. Keep in mind that inspectors' schedules can fill up quickly, and we only have 10 days to complete all inspections from the time the offer was accepted.

START THE LOAN PROCESS

By date:

Typically, sitting down with your lender as soon as your offer is accepted is a good idea, but let's make sure the appraisal isn't ordered until inspections are complete and approved. That way, we avoid an appraisal cost in the event that the home has unforeseen issues that are discovered during inspection.

ORDER TITLE WORK

By date:

I'll order title as soon as I have a fully executed contract. It typically takes 5-8 days. Once I've received it, I'll look it over and point out anything that might be an issue or cause a delay.

When you apply for a mortgage, have the following items available for each applicant:

- Copy of driver's license and social security card for each borrower
- Accepted purchase agreement and copy of listing sheet
- Application fee: \$ _____
- Income:
 - Past 2 years' employment history (including addresses, phone numbers, and length of time at job)
 - Past 2 years' W-2s
 - Most recent pay stubs (30-day minimum)
 - Verification of other income (social security, child support, retirement, etc.)
 - If self-employed, past 2 years' tax returns, including all schedules and a profit and loss statement for the current year, signed by your accountant
 - Copies of leases for all rental properties
- Assets:
 - Most recent statements (3 months) for all bank and credit union accounts
 - Stocks and bonds (provide copies of certificates or most recent statements from stock brokers)
 - Make, model, and value of car, boat, etc.
- Creditors:
 - Credit cards – provide account numbers and statements showing current balance
 - Installment loans – provide account numbers, balances, monthly payments, and addresses
 - Mortgage loans – provide account numbers, balances, monthly payments, and addresses on all properties presently owned or sold within the last 2 years. Bring proof of sale for all properties sold within the last 2 years.
 - Amounts for childcare expenses, if any
- Landlord information:
 - Names and addresses of all landlords for the last 2 years
- Bankruptcy and/or adverse credit:
 - Bankruptcy discharge and schedule of creditors
 - Letter of explanation
- Divorce decrees, if applicable, including property settlements, quit claim deeds, modifications, etc.
- Copy of contracts or listing agreement for the home you are selling
- VA only:
 - Certificate of Eligibility
 - DD214
- Other: _____

Once all parties have agreed on the price and terms for your new home, you'll be that much closer to finalizing the purchase. When it's time to close the deal, we'll sit down together with the seller, and you'll sign ownership and insurance paperwork, then receive your new home's keys!

WHAT TO BRING

- Government-issued photo ID
- Copy of sales contract
- Proof of homeowner's insurance
- Certified bank check OR completed wire transfer of funds

DON'T FORGET!

- Date of closing: _____
- Location: _____
- Time: _____

Can't wait to celebrate with you at the closing table!



Adjustable Rate Mortgage (ARM): A mortgage with an interest rate that changes over time in line with movements in a financial index. ARMs can also be referred to as AMLs (Adjustable Mortgage Loans) or VRMs (Variable Rate Mortgages).

Amortization: Repayment of a mortgage over the loan term through monthly installments of principal and interest, rather than interest-only payments.

Annual Percentage Rate (APR): The cost of a loan or other financing as an annual rate. The APR includes the interest rate, points, broker fees, and certain other credit charges that a borrower is required to pay.

Appraisal: An estimate of the property's value.

Assessed Value: The value placed on a property for purposes of taxation.

Buy-Down: A permanent buy-down is prepaid interest that brings the note rate on the loan down to a lower permanent rate. A temporary buy-down is prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify and increase payments as income grows.

Cash Reserves: The amount of the buyer's liquid cash remaining after making the down payment and paying all closing costs.

Closing: The process of completing a financial transaction. For mortgage loans, the process of signing mortgage documents, disbursing funds, and, if applicable, transferring ownership of the property. In some jurisdictions, closing is referred to as escrow, a process by which a buyer and seller deliver legal documents to a third party who completes the transaction in accordance with their instructions. (Also referred to as a settlement).

Closing Costs: The upfront fees charged in connection with a mortgage loan transaction. Money paid by a buyer (and/or seller or other third party, if applicable) to effect the closing of a mortgage loan, generally including, but not limited to a loan origination fee, title examination and insurance, survey, attorney's fee, and prepaid items, such as escrow deposits for taxes and insurance.

Comparables: An abbreviation for "comparable properties," which are used to help determine the current value of a property that is being appraised. Also referred to as "comps."

Concession: Something given up or agreed to in negotiating the sale of a house. For example, the sellers may agree to help pay for closing costs.

Contingency: A condition that must be met before a contract is legally binding. For example, home purchasers often include a home inspection contingency; the sales contract is not binding unless and until the purchaser has the home inspected.

Conventional Mortgage: A mortgage loan that is not insured or guaranteed by the federal government or one of its agencies, such as the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), or the Rural Housing Service (RHS).

Debt Ratios: The comparison of a buyer's housing costs to their gross or net effective income and the comparison of a buyer's total long-term debt to their gross or net effective income. The first ratio is the housing ratio and the second is the total debt ratio.

Disclosure: To make known or public. By law, a seller of real property must disclose facts which affect the value or desirability of the property.

Earnest Money Deposit: A deposit made by the potential home buyer showing that they are serious about purchasing the home.

Escalation Clause: A clause in the offer or contract that states that a buyer is willing to raise their offer price to a predetermined amount if the seller receives a higher competing offer for the property.

Equity: The difference between what is owed and the amount for which the property could sell. If you owe \$100,000 on your house but it is worth \$130,000, you have \$30,000 of equity.

Escrow: An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate.

Fair Housing Laws: Local, state, and federal laws that prevent discrimination against any individual or group based on race, color, religion, sex, handicap, national origin, or familial status.

FHA Loan: A loan insured by the Federal Housing Administration.

Fixed Rate Mortgage: A conventional loan with the same interest rate for the life of the loan.

Liabilities: A person's debts and other financial obligations.

Mortgage (Deed of Trust): A legal document that provides security for repayment of a promissory note.

Multiple Listing Service (MLS): A database through which member real estate brokerage firms regularly and systematically exchange information on listings of real estate properties and share commissions with members who locate purchasers. The MLS for an area is usually operated by the local, private real estate association as a joint venture among its members designed to foster real estate brokerage services.

Point: An amount equal to 1% of the principal amount of the investment or note.

Purchase Agreement: A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract, or agreement for sale.

REALTOR®: A real estate agent who is a member of the National Association of REALTORS® and subscribes to and adheres to its strict Code of Ethics.

Secured Loan: A loan that is backed by property such as a house, car, jewelry, etc.

Title: The rights of ownership recognized and protected by law. It is a combination of all elements that constitute the highest legal right to own, possess, use, control, enjoy, transfer, and dispose of real estate.

Unsecured Loan: A loan that is not backed by collateral.

Walk-Through: A common clause in a sales contract that allows the buyer to examine the property being purchased at a specified time immediately before the closing, for example, within the 24 hours before closing.



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