

Glass Properties Group Presents

What should I know in buying a house



MEET THE TEAM



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MEET THE TEAM



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In our experience, a home isn't a dream home because of its room dimensions. It's about how you feel when you walk through the front door, and the way you can instantly envision your life unfolding there.

This is about more than real estate - it's about your life and your dreams.

We understand you are looking for a new home, and we want to be the real estate professional to help you. I work with each of my clients individually, taking the time to understand their unique needs and lifestyle, and we want to do the same for you.

It's incredibly fulfilling to know that we are helping my clients open a new chapter of their lives. That's why we work so hard to not only find that perfect home but also to handle every last detail of the purchase process, from the negotiation of the terms of sale to recommending moving companies.

This package contains helpful information for home buyers, including an overview of the entire purchase process, answers to frequently asked questions, and fact sheets to help me discover the home and neighborhood characteristics most important to you.

After you've had the chance to review this information, We meet to go over the entire process and get started on finding your new home. I'll prepare an in-depth, customized package of homes for you to review, highlighting properties that meet your criteria in neighborhoods that suit your lifestyle.

I am so excited to get started on finding you the perfect home.

Warmest Regards,
Michelle Glass



YOUR HOME SEARCH

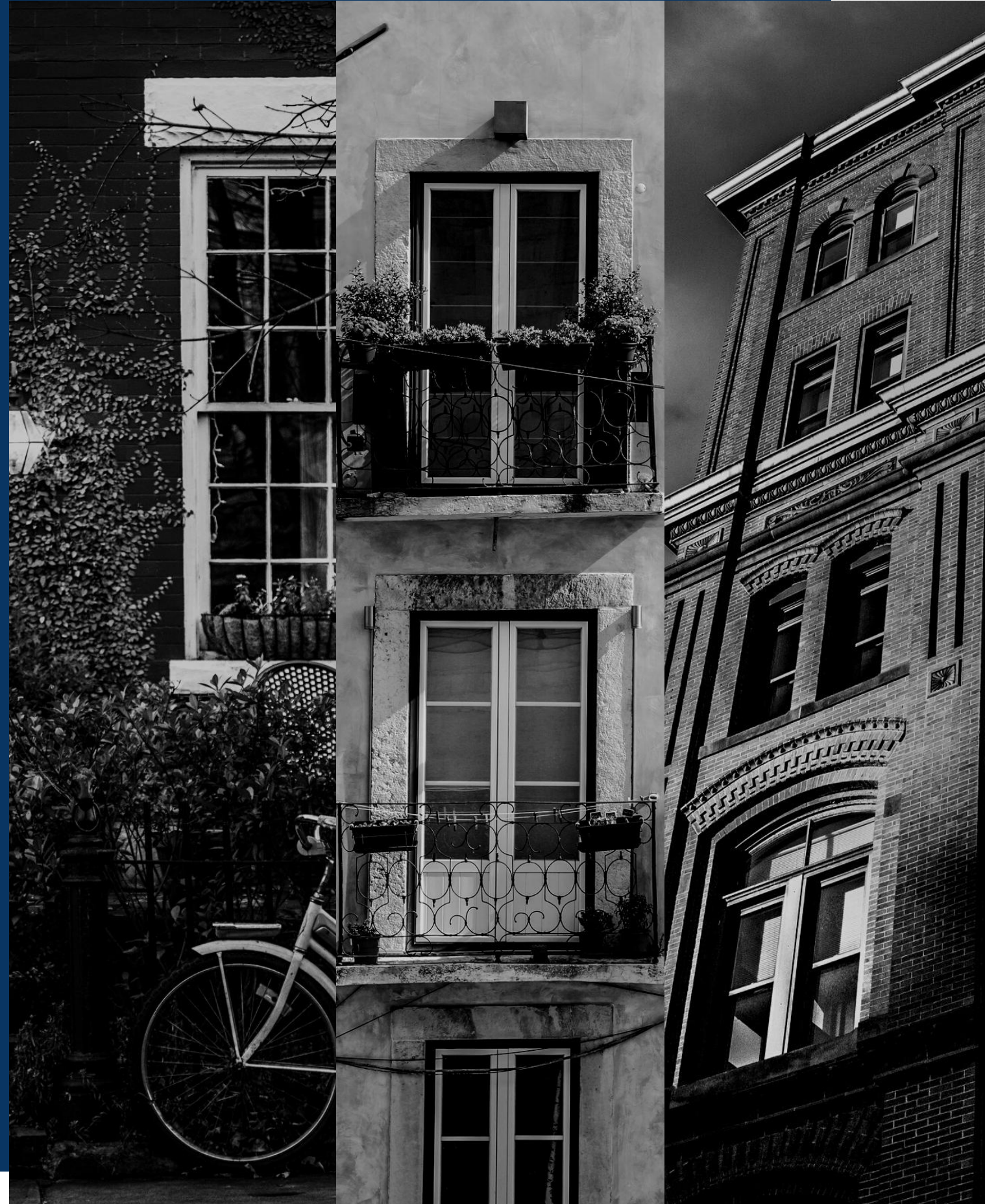
We love helping buyers find their dream homes. That's why we work with each client individually, taking the time to understand their unique lifestyles, needs, and wishes. This is about more than a certain number or a particular zip code. This is about your life and it's important to us!

When you work with us, you get:

- A knowledgeable and professional Broker.
- A committed ally to negotiate on your behalf.
- The backing of a trusted team.

We have the systems in place to streamline the home-buying process for you. As part of our service, We will commit to helping you with your home search by:

- Preview homes in advance on your behalf.
- Personally touring homes and neighborhoods with you.
- Keeping you informed of new homes on the market.
- Helping your preview homes on the web.
- Advising you of other homes that have sold and for how much.
- Working with you until we find the home of your dreams.
- Assistance with Lender Pre-Approval.
- School Resources and Neighborhood Information upon request.
- Comparative Market Analysis on the property prior to making an offer.
- Writing a contract that will protect you.
- Coordination with Inspector, Lender, Title Company, and Closing Agent to make sure your accepted offer closes.



HOW HOME BUYING WORKS

1. PARTNER WITH AN AGENT

- Absorb their local insight
- Get to know neighborhood inventory levels
- See what's about to hit the market
- Gain access to off-market properties Review market averages
- Complete needs assessment

2. GET PRE-APPROVED FOR A LOAN

- Understand what you can afford
- Determine your monthly mortgage payment
- Understand your debt ratio
- Prepare for escrow
- Obtain a pre-approval letter

3. FIND YOUR NEW HOME

- Compare home and neighborhood averages, then narrow down the neighborhoods you want to live in
- Favorite homes and save them in collections
- Nix homes that don't meet the mark
- Schedule home tours and plan an itinerary with your agent
- Decide on your dream home

4. MAKE YOUR OFFER AND NEGOTIATE ON TERMS

- Review contract terms and time limit for the offer
- Negotiate purchase price
- Choose a title company
- Shop home insurance options
- Prepare for a down payment, earnest money
- Choose a target closing date
- Sign the offer
- Deliver escrow check
- Stay in close contact with your agent

HOW HOME BUYING WORKS

5. UNDER CONTRACT

- Secure a home loan
*more details to follow
- Acquire home insurance and send proof to your lender. Keller Covered streamlines finding the best insurance to fit your needs
- Request a list of what conveys with the property
- Schedule a home inspection and negotiate repairs
- Order an appraisal
- Acquire a property disclosure from the seller

- Neutralize any contingencies. [input any contingencies that may be specific to your area]
- Conduct a title search
- Choose your title company
- Schedule your closing
- Solidify both contract effective date and allowable move-in dates
- Certify funds for closing
- Stay in close contact with your agent, lender, and title company

6. BEFORE YOU CLOSE

- Transfer funds for closing
- Reserve a moving company and set a moving date
- Change your address through USPS, your bank, and other instances
- Set up your utilities to be activated or transferred
- Confirm that all contingencies are resolved
- Schedule the final property walk-through
- Designate a safe, dedicated space to save your final paperwork
- Stay in close contact with your agent, lender, and title company

7. CLOSING DAY: WHAT TO BRING

- Connect with your lender to wire down payment funds. You'll need to cover the cost of closing and the down payment. Bring a printed confirmation of your wire transfer
- Government-issued photo ID(s)
- Social Security numbers
- Home addresses from the last 10 years
- Proof of homeowner's insurance
- Your copy of the contract
- Your checkbook

8. CLOSING DAY

- Sign closing disclosure, promissory note, and all other documentation
- Title transfer
- Deed delivery
- Save your paperwork in your pre-designated spot
- Get your keys - congrats, it's all yours!

4 STEPS TO PRE-FINANCING

Step 1:

Make a rough estimate of how much you can afford based on your income and current debt.

Lenders and financial experts recommend that your monthly debts should be no more than 36% of your monthly income. (For a more conservative estimate, this should be based on your take-home pay instead of your gross pay.)

If you have additional outstanding debts such as student loans or credit cards, you will need to factor in those monthly payments into your total monthly debt payment. An online mortgage calculator can help you determine your borrowing power at current mortgage rates based on your income and your current outstanding debt, and will likely be the best tool for you to make this initial estimate

| Annual Salary | Monthly Take Home Income | Monthly Debt Payment |
|---------------|--------------------------|----------------------|
| \$50,000 | \$4,167 | \$1,500 |
| \$60,000 | \$5,000 | \$1,800 |
| \$70,000 | \$5,833 | \$2,100 |
| \$80,000 | \$6,667 | \$2,400 |
| \$90,000 | \$7,500 | \$2,700 |
| \$100,000 | \$8,333 | \$3,000 |
| \$110,000 | \$9,167 | \$3,300 |
| \$120,000 | \$10,000 | \$3,600 |
| \$130,000 | \$10,833 | \$3,900 |
| \$140,000 | \$11,667 | \$4,200 |

Keep in mind that these are guidelines.

There are many other factors that determine how much a lender will approve you to borrow and how much you personally feel that you're able to afford.

4 STEPS TO PRE-FINANCING

Step2:

Take a close look at your credit report.

Your credit history is one of the principal measures used by a lender to determine your interest rate. The better your credit, the better lending terms your bank or lending institution will be able to offer you. A higher interest rate translates into a higher monthly mortgage payment, and so your credit score will directly affect how much money you can borrow and at which homes you should be looking.

You should be aware of what information is on your credit report by obtaining and reviewing copies of your credit report from the three main credit report agencies.

What not to do 

If at all possible, you should avoid making a major purchase or changing your job if you're seriously considering buying a home in the next few months. This may negatively effect your credit score.

Equifax

www.equifax.com

1.888.766.0008

TransUnion

www.transunion.com

1.800.888.4213

Experian

www.experian.com

1.888.397.3742

HOW DOES YOUR SCORE RATE?

| Low | Fair | Good | Great | Exceptional |
|-----------|---------|---------|---------|-------------|
| Below 620 | 620-690 | 690-740 | 740-780 | Above 780 |

4 STEPS TO PRE-FINANCING

Step3:

Gather the documents / Take a look at your assets and monthly expenses

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You should be aware of what information is on your credit report by obtaining and reviewing copies of your credit report from the three main credit report agencies.

These documents, in addition to your credit report, will help establish with the lender your debt to income ratio and your ability as a borrower to repay debts:

Social Security Number

W2 Forms from the previous two years

Pay Stubs (most recent months)

Employment History Summary

Bank Statements (3 months)

Creditor Information. This includes debts like:

- Student Loans
- Auto Loans
- Credit Cards
- Child Support Payments

Federal Tax Returns (2 Years)

Complete Record of Assets

- Stocks, bonds, & investment accounts
- IRA / Retirement plan
- Life insurance policies
- Automobiles owned
- Construction loan
- Gift letters
- Documentation of other income

Improving any of these areas will help you qualify for better lending terms, so keep that in mind before you speak with a mortgage professional. If it's possible to pay off a car loan or a credit card balance before you seek financing for your new home, the preferential financing terms that you could receive may save you thousands of dollars over the life of your mortgage.

4 STEPS TO PRE-FINANCING

Step4:

Talk to a qualified lender

After looking at this information for yourself, it's time to speak to a qualified lender. A professional advisor will not only be able to give you information on the best rates and terms available in the current market but he or she can also explain to you what options you have given your unique financial situation.

There are a considerable number of choices available to consumers and I advise you to learn as much as you can about the different lending options that are available to you.

Talking to a lender at this time will help you get a more accurate idea of what you can afford. When we begin to look seriously at homes, you'll go back to the lender and shop around for the best loan available.



KNOW YOUR MORTGAGE

When considering your financing options, you'll want to review many different things about the loans offered to you. In this section, you'll find a basic overview of home loan features and the things you should consider as you shop for a lender or loan

Know Your Lender

Home loans are available to consumers from thrift institutions commercial banks, mortgage companies, credit unions and mortgage brokers. You may also obtain a loan through a mortgage broker. A Mortgage Broker is unlike other lenders in that the broker does not lend money to you directly. A broker will help find you a lender and secure the terms of your arrangement.

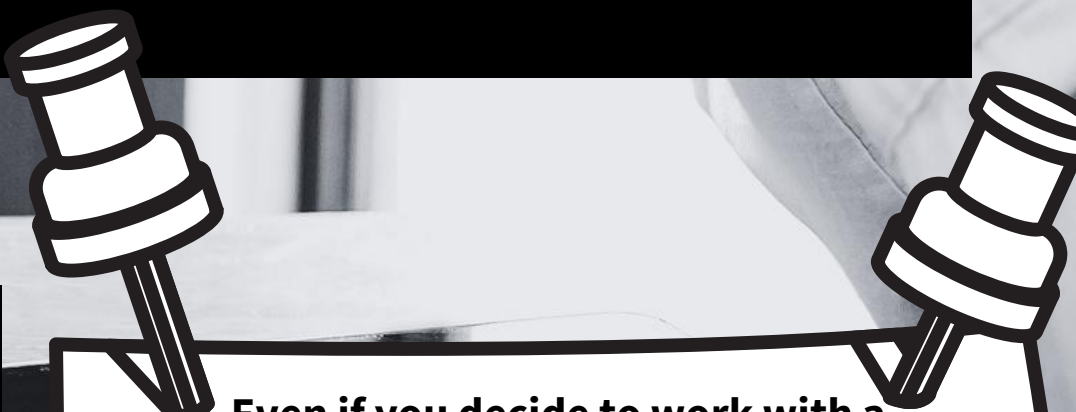
Mortgage Broker vs. Traditional Lender

A broker may have access to several lenders and therefore can offer you a wider selection of loan products and terms. He or she can help you shop for the best deal based on your circumstances. (A Broker is not obligated to find you the best deal possible, so be sure to ask questions.

For their work, brokers are paid a fee in addition to the lender's origination fees. Brokers set their own compensation, so you'll need to ask anyone you speak to how their fees are determined.

Know Your Lender

Not all home mortgages are structured the same. There are several borrowing options for home buyers and the type of loan that you choose should work for your unique financial situation.

Two white pushpins with black outlines are pinned to the top corners of a white rectangular note with a black border. The note contains text about asking if a broker is involved.

Even if you decide to work with a traditional lender, ask if a broker is involved. Many financial institutions act as both lenders and brokers, so you should ask if a broker is involved in any loan you are offered.

It's always a good idea to check out the reputation of any lender you consider working with. The National Association of Mortgage Brokers or the Better Business Bureau can tell you if a lender is in good professional standing

Fixed Rate (Traditional Loan)

These loans are usually structured with repayment terms of 15, 20, or 30 years. The lender will agree to charge a fixed interest rate over the life of the loan. With this loan type, your monthly mortgage payments will remain the same for the length of the term.

Adjustable-Rate Loans (ARMs)

Also known as variable rate loans often offer a teaser rate for the initial period of the loan. This introductory interest rate is usually lower than rates offered for fixed-rate mortgages. The interest rate will fluctuate over the life of the loan based on market conditions. Rate changes happen at certain periods, and the lender can set both a maximum and minimum on the rate of fluctuation.



KNOW YOUR LOAN TYPE

Know Your Loan Types (continued) Federal Housing Administration (FHA) Loans

Federal Housing Administration (FHA) insured loans are made by private lending institutions such as banks, savings & loans, or mortgage companies to eligible borrowers for the purchase of a home. To secure an FHA loan, a borrower must apply and qualify with a certified FHA Lender.

Additionally, eligible borrowers must be able to pay a minimum of 3.5% of a home's purchase price. If the loan is approved, FHA will insure a portion of the loan's value to the lender. If you have no credit, you may still qualify if you have an on-time paid rent history from up to 12 months and have two types of establishing credit, such as a utility, cell phone or the insurance bill.


Veterans Administration (VA) Guaranteed Loans

VA Home Loans are available to qualified veterans and their spouses. Private lending institutions issue the loans which are in turn guaranteed by the Veteran's Administration. The VA does not require any down payment on VA Guaranteed Loans and allows the borrower to receive a competitive, fixed interest rate. Every building is required to have a pest inspection and the buyer can't pay for repairs. Additional items you will need for this loan are:

1. VA Certificate of Eligibility (the lender will obtain)
2. Form DD-214 or Statement of Service, if the in-service veteran
3. Most recent leave and earnings statement, if the in-service veteran
4. Name and address of child care provider

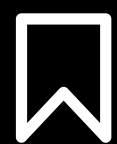
Know Your Rate - And Your Terms

When you start shopping for a loan, you'll start looking at interest rates. The interest rates, terms, and fees for a mortgage will be based on your qualifications as a borrower and the current lending market. Keep in mind though that finding the right loan is not just about finding the lowest interest rate possible. Mortgage institutions offer loans of varying terms – typically 30, 20, or 15 years. Shorter-term loans can save you thousands of dollars over the life of your loan if you can afford a higher monthly payment. You'll want to get a complete picture and breakdown of what a given offer means to you every month as well as how much money you'll be spending over the life of the loan. At a minimum, you should request quotes with a few different scenarios from a few lending institutions and compare the financial impact of each situation before you determine your best course of action. Shopping around is worth your time!



The best type of loan for you will likely be based on the down payment you can afford and the length of time you plan to spend in your home.

If you're considering a variable rate mortgage, you'll want to be sure to understand what a rate increase could do to your monthly payment. Be sure to ask when and how your loan payment will vary.



KNOW YOUR FEES

Most loans have fees in addition to the total amount you are borrowing to finance your home. You can sometimes borrow the money needed to cover these fees, but that will increase the overall amount of debt you undertake. Some fees are paid upfront, and others are not due until closing.

Points

The institution that actually loans you the money will generally charge an origination fee for processing the loan. They are often expressed as a percentage of the amount of the loan.

Loan Origination Fees

The institution that loans you the money will generally charge an origination fee for processing the loan. They are often expressed as a percentage of the amount of the loan.

Underwriting Fees

Certain lenders will charge a fee to investigate your creditworthiness and determine if you are likely to repay your loan.

Broker Fees

Typically paid at closing, a mortgage broker may charge you a fee in addition to the origination fee. If you are working with a broker, be sure to check with them what their fee is.




Transaction / Settlement / Closing Costs

These fees lump together several charges for application fees, title examination, abstract of title, title insurance, property survey fees, deed preparing fees, other mortgage fees and settlement documents, attorney fees, recording fees, notary fees, appraisal fees, and credit report fees. The Real Estate Settlement Procedures Act requires that a lending institution provide a borrower with a good faith estimate of closing costs at the time of application. This estimate must list each expected cost as a range or as an exact amount where applicable.

Know Your Down Payment and Private Mortgage Insurance

The largest upfront cost in purchasing a home is the down payment. Most traditional lenders expect borrowers to put at least 20% of a loan's total amount down.

Borrowers who are unable to do so are required to purchase Private Mortgage Insurance (PMI). This insurance protects the lender in case of default by the borrower.



If PMI is required, ask your lender what the total cost of the insurance will be, how much it will increase your monthly payment, and how long you will be required to carry the insurance.



10

That's the median number of houses a homebuyer will look at before they choose one.

LET THE SHOWINGS BEGIN!

Home shopping can be both exciting and exhausting but doing some preparation before you hit the street to look at homes will help out tremendously

Schedule Showings

It's time to get out and see some of the houses you've been looking at in person. We will compile a list of the properties you've found as well as options I've found of similar properties on the local Multiple Listing Service (MLS).

HERE ARE SOME GREAT TIPS TO KEEP IN MIND WHEN YOU'RE VIEWING PROPERTIES IN PERSON:

1. We don't want to view too many properties in one day
2. Don't be put off by interior decorations – they can and will be changed.
3. Bring a notebook, pen and / or digital camera with you as you search.
4. Keep a folder with flyers or printouts on properties that you've viewed.
5. When you find a property you like we can plan on visiting it at different times of the day.
6. Don't hesitate to ask questions.



Questions about the property

When you find a home you really like, there are some more probing questions you might want to ask. Remember, a professional home inspection will be necessary to completely answer most of these questions.

General

1. When was the home built?
2. How many owners has it had?
3. How does the asking price compare to other houses in the neighborhood?
4. What did the property sell for when the current owner purchased it?
5. What year was it purchased in?
6. What are the annual property taxes? Will the taxes increase with the transfer of deed?
7. Is there a builder's warranty on the property? What are the details of that warranty?
8. Will there be additional structures built around the property that could distort the view?

Major Systems

- 1. What is the age and condition of each major system in the home (plumbing, electrical, heating & cooling)?**
- 2. What type of fuel is the home heated with?**
- 3. What is the average monthly utility costs? What are the winter and summer highs and lows.**

Outside

- 1. What is the level of ground maintenance that will be required?**
- 2. Are there any structural anomalies or problems with the outside area of the property?**

Inside

1. Are the appliances built in?
2. Is there adequate insulation?
3. What improvements / additions has the homeowner made to the property since purchase?
4. What appliances is the seller offering in the sale?

MAKING AN OFFER

ONCE YOU HAVE FOUND THE PROPERTY YOU WANT , WE WILL WRITE A PURCHASE AGREEMENT. WHILE MUCH OF THE AGREEMENT IS STANDARD, THERE ARE A FEW AREAS THAT WE CAN NEGOTIATE.

THE PRICE

What you offer on a property depends on a number of factors, including its condition, length of time on the market, buyer activity and the urgency of the seller. While some buyers want to make a low offer just to see if the seller accepts, this often isn't a smart choice, because the seller may be insulted and decide not to negotiate at all.

THE MOVE-IN DATE

If you can be flexible on the possession date, the seller will be more apt to choose your offer over others

ADDITIONAL PROPERTY

Often the seller plans on leaving major appliances in the home; however, which items stay or go is often a matter of negotiation.

Typically, you will not be present of the offer presentation - we will present it to the listing agent and/or seller. The seller will then do one of the following:

- Accept the offer
- Reject the offer
- Counter the offer with changes

As a buyer, you will be in a better negotiating position if:

- You have been preapproved for a mortgage
- You are not selling a house at the same time
- You have not loaded your offer with other contingencies

By far most common is the counteroffer. In these cases, my experience and negotiating skills become powerful in representing your best interests.

When a counteroffer is presented you and I will work together to review each specific area of it, making sure that we move forward with your goals in mind ensuring that we negotiate the best possible price and terms on your behalf.

GETTING TO THE FINISH LINE

Your offer is accepted. Now it's time to get to work. Before we can close on the purchase of your new home, we need to take a few more steps to make sure the purchase is a sound decision.

Step 1: Home Inspection / Property Survey

As the buyer, you have the opportunity to hire a professional inspector to evaluate the condition of the home. An inspection clause is included in the written contract given to the seller.

The goal of a home inspection is to give you an objective, independent and comprehensive analysis of the physical condition of your potential new home and check for any safety issues that might otherwise be unknowable.

A professional inspector will check on the structure, construction and mechanical systems of the house. This usually includes checking these areas:

- Electrical systems
- Plumbing and waste disposal
- Water Heater
- Insulation
- Ventilation
- HVAC System

- Water source and quality
- Lead Paint
- Pests
- Foundation
- Doors
- Windows

- Ceilings
- Walls
- Floors
- Roof
- Radon gas
- Asbestos

You will receive a written report of the inspection and an estimate of the cost of any and all repairs. If you choose to be present during the inspection, you can ask your inspector about unique features of the property and get his or her opinion on the necessary maintenance for different areas of the property

Depending on the results of the inspection, you will have the opportunity to:

- Get out of the written offer if major problems are discovered
 - Renegotiate the purchase price to account for necessary repairs
 - Negotiate that repairs are made by the seller before final purchase of the property
- Your lender may also require that a legal land survey be completed of any property on which they issue a mortgage so that they can obtain a clear lender's title insurance policy

A surveyor will determine:

- Whether the house is within the property borders
- Whether there are any encroachments on the properties by neighbors
- The extent to which any easements on the property may affect legal title

- Electrical systems
- Plumbing and waste disposal
- Water Heater
- Insulation
- Ventilation
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Step 2: Clearing the Home Title

simply explained, "title" is the right to own, possess, use, control, and dispose of the property. When you buy a home, you are buying the seller's title to the home. A deed is written legal evidence that the seller has conveyed his or her ownership rights to you.

Before the closing meeting when the actual transfer of ownership occurs, an attorney or title specialist generally conducts a title examination. The purpose of the title examination is to discover any problems that might prevent you from getting a clear title to the home. Generally, title problems can be cleared up before settlement. But in some cases, severe title problems can delay settlement, or even cause you to consider voiding your contract with the seller.

Some "clouds on the title" can be corrected relatively easily while others can become quite complicated to remove. You should insist on being kept informed of every step in the title examination process. If title problems are uncovered, you need to understand your legal rights.

What is Title Insurance?

Title insurance is the best way to protect yourself against title defects that have occurred in the past, which may not appear until after you've taken ownership of the property.

Before a title insurance policy is issued, a title report is prepared based on a search of the public records. This report describes the property, along with any title defects, liens, or encumbrances discovered in the course of the title search. It is different from casualty insurance in that you pay a one-time fee and it protects against past (as opposed to future) events.

Title insurance will protect you against title defects that were not discovered in the course of the title search. If such a defect were discovered later, your title insurance would cover you. If title problems are severe enough and not covered by insurance, you could lose your house. A title insurance policy protects you and your heirs against title defects for as long as you own your home.

Step 3: Getting an Appraisal

Once you have determined that there are no defects on the title and all inspection concerns have been resolved, it is time to order an appraisal.

An appraisal is an estimate of the value of a property made by a qualified professional. The appraisal of your prospective home is as important as your credit history in obtaining a mortgage. After all, the property you are purchasing serves as the collateral for the loan.

Although the primary goal of the appraisal is to justify the lender's investment, it also protects you from overpaying. Your lender will generally hire the appraiser and will charge you as the buyer a fee for the service. If the appraisal falls short of the amount you wish to borrow you may be refused a mortgage or offered a smaller amount on the mortgage. Your offer contract will be contingent on whether the appraisal comes in at or above the purchase price you and the seller have agreed upon.

CLOSING 101

Prepare for it!

The closing day marks the end of your home-buying and the beginning of your new life! To make sure your closing goes smoothly, you should bring the following:

- A certified check for closing costs and down payment. make the check payable to yourself; you will then endorse it to the title company at closing
- An insurance binder and paid receipt
- Photo ID
- Social security numbers
- Addresses for the past 10 years

Own it!

Transfer of title moves ownership of the property from the seller to you. The two events that make this happen are:

- Delivery of the buyer's funds -
This is the check or wire funds provided by your lender in the amount of the loan.
- Delivery of the deed -
A deed is a document that transfers ownership of the real estate. the deed names the seller and the buyer gives a legal description of the property and contains the notarized signatures of the seller and witnesses.

At the end of closing, the deed will be taken and recorded at the county clerks office. It will be sent to you after processing

Here are just some of the items on the checklist that we will coordinate and manage for you:

- Brokerage Agency Relationship
- Confidential and personal counseling to determine your needs
- Communication and negotiation process
- Knowledge of the current real estate market to determine the best-selling strategy
- Working with the buyer's lender to determine how qualified a buyer is
- Explaining the buyers' contract
- Earnest money deposit
- Title insurance
- Home inspections and/or engineer's inspections
- Warranty services
- Lead-based paint and radon testing
- Closing procedures and closing cost
- Possession of the property
- Finding a replacement home or investment property

