The Ultimate Guide to Buying Your Home

Sam Del Rosario, Realtor ®, CNHS

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Dear Home Buyer,

Thank you for giving me the opportunity to help guide you through your home buying process. It can be very confusing, sometimes complicated, and is always important to you, your family, your future and me. Please be assured you will receive my very best service incorporating all my experience and training to make a committed effort to have this process be understandable, hassle free and hopefully, a pleasure for all involved. So, let's get started!

The information in this handbook will educate and assist you with the following:

- *Help determine your wants and needs*
- *Preview properties that meet your criteria*
- *Steps of the buying process*
- *Loan information*
- *Writing, presenting and negotiating the offer*
- *Explaining the escrow and title process*
- *Physical inspection process*
- *Home warranties*

I look forward to working with you during the entire home buying process. I welcome any questions you may have after reading this information. Please feel free to contact me at any time.

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HOME BUYING - ONE STEP AT A TIME

MY COMMITMENT TO YOU

I am a full time professional agent, I am educated in the legal aspects of real estate practice and licensed by the State of Pennsylvania to provide real estate services. As a member of both the Pennsylvania and National Associations of REALTORS®, I abide by a strict Code of Ethics to provide you with the highest level of service. As an associate agent, I am part of one of the strongest networks of professional REALTORS. I earn my living by serving the needs of home buyers and sellers with integrity.

SKILLED SERVICE

A large part of my work is performed "behind the scenes"; previewing homes, researching comparable sales, gaining market knowledge, evaluating changing legislation, and maintaining my professional credentials. For every hour I spend showing you homes, I will have spent up to ten hours preparing. I am constantly acquiring information that will help me to better serve you.

HOW I AM COMPENSATED

I am not paid a traditional salary; I work entirely on commission, which I receive only if I initiate and complete a transaction for you. I am compensated only when all of your needs have been satisfied and you take ownership of your new home. All of the services I provide are uncompensated unless you purchase a home through me. Real Estate commissions traditionally are paid at the close of escrow (Settlement) from the seller's proceeds.

YOUR COMMITMENT TO ME

I will invest substantial time and effort in locating your home, and will represent you with unequalled integrity throughout the purchase of that home. In return, I request your loyalty - a commitment that you will work with me, exclusively, in selecting and purchasing your home.

PUTTING ME TO WORK FOR YOU

If you see any home that interests you, ask me about it. Whether it is advertised by sign, in the newspaper, a "For Sale By Owner," listed with another agent, or not even on the market - I am able to best represent you in the pursuit of the property.

If you have any questions about how I work, please ask. Our professional relationship is critical to the successful purchase of your home.

ACKNOWLEDGED BY_______________________________________

DATE____

HOME BUYING - ONE STEP AT A TIME

1. **Select an agent and establish a relationship**
   I am a full time, professional agent with extensive market knowledge. We will work closely together to find the right home for you.

2. **Initial consultation with your agent to evaluate your needs and resources**
   Once I establish your needs, I will provide guidance to financial institutions where you can obtain information in order to get the best financing available. We will meet to discuss your needs and analyze your resources.

3. **Identify property to buy**
   I will show you homes based upon the criteria that we establish. The more precise and direct you are with me, the more successful your search will be.

4. **Determine Seller's motivation**
   Once you have found the home that you wish to purchase, I will do the necessary research to help you structure an effective offer.

5. **Write offer to purchase**
   I will draft the Purchase Agreement for you, advising you on protective contingencies, customary practices, and local regulations. At this time, you will need to provide an "earnest money" deposit, usually from 1 to 3% of the purchase price (the deposit is not cashed until your offer has been accepted by the Seller).

6. **Presentation of offer**
   I will present your offer to the Seller and the Seller's agent. The Seller has three options: they can accept your offer, counter your offer, or reject your offer. My personal knowledge of your needs and qualifications will enable me to represent you in the best way possible.

7. **Seller's response**
   I will review the Seller's response with you. My negotiating skills and knowledge will benefit you in reaching a final agreement.

8. **Open escrow**
   When the Purchase Agreement is accepted and signed by all parties, I will open escrow for you. At this time your earnest money will be deposited. The escrow will receive, hold and disburse all funds associated with your transaction.

HOME BUYING - ONE STEP AT A TIME

9. **Contingency period**
This is the time allowed per your Purchase Agreement to obtain financing, perform inspections, and satisfy any other contingencies to which your purchase is subject.

   Typical contingencies include:

   Approval of the Seller's Property <u>Disclosure</u> Statement
   Approval of the <u>Preliminary Report</u> from the Title Company
   <u>Loan approval</u>, including an appraisal of the property
   Physical inspections of the property
   Pest inspection and <u>certification</u>

10. **Homeowner's Insurance**
I will coordinate between your Insurance Agent and the Escrow Officer to make sure your policy is in effect at close of escrow.

11. **Down payment funds**
You will need a Cashier's Check or money transfer several days prior to the closing date of escrow.

12. **Close escrow**
When all of the conditions of the Purchase Agreement have been met, you will sign your loan documents and closing papers. You will deposit the balance of your down payment and closing costs to escrow and your lender will deposit the balance of the purchase price. The Deed will then be recorded at the County Recorder's office and you will take ownership of your home.

TAKE A TIP FROM ME:
Arrange For Movers Now

I will offer suggestions to you, so you can shop for the best price.

Selecting An Agent

Most people don't venture out into the Real Estate market without the support of an agent who finds new listings, shows homes that are on tour and offers real estate advice. The few who decide to look for a house on their own put themselves at a real disadvantage; they may not know the market in a given area, nor do they have help or access to the Multiple Listing Service (MLS) computerized listings of homes for sale that only an agent can utilize. So, before you start your home shopping, you should first start shopping for a real estate professional.

Your Real Estate Professional Should Be...

A major factor in finding your "special home" that suits your personal lifestyle, meets your needs and wants, yet stays within your budget.

Able to access and analyze the multiple listing service system, locating properties for sale in your specified area of interest.

Knowledgeable about your marketplace.

Respectful of your desires and let you make your own decisions, and not force you into buying something that isn't right for you.

Aware of the complicated local and state requirements affecting property that may affect your rights of ownership.

Successful in multi-party, face-to-face negotiating. Your Realtor will write up your offer and then present it to the seller for you.

Willing to cooperate with all brokers to get the best price for you in your market.

BUYER'S NEEDS WORKSHEET

BUYER INFORMATION

Name:____

Address: ______________________________________City: ____________________________

Home Phone: ____________________________Work Phone: ___________________________

Spouse Phone: _____________________________ Other Phone: _________________________

How many will be living in your home? ____________________ How many kids? __________________

Do you have any pets? _________ What kind? ____

Where are you employed? ____

Where is your spouse employed? ____

Are you currently working with another Broker? ________ If yes, which broker? ____________________

Currently, are you A Homeowner 1st Time Buyer (circle one)

How soon would you like to move? __________________Have you started looking for a home? _________

If so, how long have you been looking? _______________What did you see that you liked? _____________

BUYER INFORMATION

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Address: ______________________________________City: ____________________________

Home Phone: ____________________________Work Phone: ___________________________

Spouse Phone: _____________________________ Other Phone: _________________________

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If so, how long have you been looking? _______________What did you see that you liked? _____________

BUYER'S NEEDS EVALUATION

NAME(S)____

ADDRESS:____

PHONE: (HOME)____

(WORK) Buyer I:____________________Buyer II____________________________

OWN:____________________________________ RENT:_____________________________

CHILDREN'S NAMES AGES:

____

____

____

WHY HAVE YOU DECIDED TO MOVE?____

____

WHEN WOULD YOU LIKE TO MOVE?____

HOW LONG HAVE YOU BEEN LOOKING?______________________________________

DESCRIBE YOUR PRESENT HOME:____

____

____

WHAT DO YOU LIKE MOST ABOUT YOUR PRESENT HOME?_______________________

____

WHAT DO YOU LIKE LEAST ABOUT YOUR PRESENT HOME?______________________

____

HOBBIES & SPECIAL INTERESTS____

____

ARE THERE ANY AREAS, NEIGHBORHOODS OR HOMES YOU LIKE?_______________

____

WHAT TYPE OF HOME WOULD YOU LIKE?_____________________________________

BEDROOMS__________________BATHS______________FAMILY ROOM____________

SEPARATE DINING ROOM______ EAT-IN KITCHEN____ FLOOR PLAN_____________

STORIES______________________ LOT SIZE___________ SQ. FEET_________________

LEVEL YARD__________________ POOL______________ HOT TUB_________________

PLAY AREA___________________ AREA______________ SCHOOL DISTRICT________

TRANSPORTATION NEEDS__________________________ FIREPLACE_______________

ANY OTHER NEEDS OR FEATURES____

IS YOUR HOME CURRENTLY ON THE MARKET?_________AT WHAT PRICE?_________ IS THERE ANYTHING WHICH WILL PRECLUDE YOU FROM PURCHASING A HOME TODAY?____

PROPERTY CRITIQUE

Below is a chart to help you compare and remember each property you preview.

Address: ____

Beds: _________ **Baths:** _______

Sq.Ft. ________ **F/P:** _________

Living: ________ **Dining:** ______

Pros	Cons

Address: ____

Beds: _________ **Baths:** _______

Sq.Ft. ________ **F/P:** _________

Living: ________ **Dining:** ______

Pros	Cons

Address: ____

Beds: _________ **Baths:** _______

Sq.Ft. ________ **F/P:** _________

Living: ________ **Dining:** ______

Pros	Cons

Address: ____

Beds: _________ **Baths:** _______

Sq.Ft. ________ **F/P:** _________

Living: ________ **Dining:** ______

Pros	Cons

Address: ____

Beds: _________ **Baths:** _______

Sq.Ft. ________ **F/P:** _________

Living: ________ **Dining:** ______

Pros	Cons

NOTES

THE LOAN PROCESS

PREQUALIFICATION/INTERVIEW

Application interview

Lender obtains all pertinent documentation

ORDER DOCUMENTS

Credit report, appraisal on property, verifications of employment, mortgage or rent, and funds to close, landlord ratings, preliminary title report

LOAN SUBMISSION

The loan package is assembled and submitted to the underwriter for approval

DOCUMENTATION

Supporting documents come in

Lender checks on any problems

Requests for any additional items are made

LOAN APPROVAL

Parties are notified of approval

DOCUMENTS ARE DRAWN

Loan documents are completed & sent to escrow Borrowers come in for final signatures

FUNDING

Lender reviews the loan package

Funds are transferred by wire

RECORDING OF DOCUMENTS

Title company records the deed of trust at the county recorder's office.

Escrow is now officially closed

SHOPPING FOR A LENDER

A very important part of purchasing a home is finding the right lender. Listed below are questions to ask while shopping for a lender and characteristics you should look for when choosing a lender, as well as, what not to do when shopping for a lender.

QUESTIONS TO ASK WHILE SHOPPING FOR YOUR LENDER....

What is his or her reputation within the community? How many loans do they close each year?

Is the company well known in the area? How long has the company been in the business?

Is the lender a mortgage broker? Does the lender have access to a wide variety of loan packages?

Can the interest rates be locked in and for how long?

WHAT NOT TO DO WHEN SHOPPING FOR YOUR LENDER...

****Do NOT call around asking for interest rate quotes:***

Rates quoted over the phone are rarely locked prices. This is one way the lender gets you to come into his office. Rates can be subject to change unless they are predetermined for a specific period of time.

Interest rates can change daily. A quote you get today may not be available at the same price tomorrow.

The interest rate you are quoted over the phone by a lender who knows nothing about you may not be a program that will fit your needs or situation.

You will have no knowledge of the other programs the lender may have to offer you.

Getting Prequalified

Most Real Estate Agents and Lenders recommend that home buyers get pre-qualified or preapproved with a lender before selecting a home to purchase. This way you will have the best information about the right price range for your pocketbook.

Reasons To Get Prequalified....

With prequalification, you can determine which loan program best fits your need and which programs you qualify for. (List of loan programs to follow)

You will know exactly how much you are qualified for. It's no fun to find your "ideal home" and then find out you can't afford it.

Your monthly payment will be set. This will allow you to budget your money before making this large investment.

It shows you what the down payment and closing costs will be.

If you are a first-time buyer, you may be able to qualify for a special first-time buyer program which may allow you to afford more home for your money.

If you feel you would like and can afford a higher mortgage payment but are not able to meet qualifications, co-mortgagor financing may be made available to you.

PREQUALIFICATION WORKSHEET

Date: ______________________________ Requesting Agent: __________________________________

Borrower #1: ____ Social Security #: _________________

Borrower #2: ____ Social Security #: _________________

Address: ____ City: ___________________________

GROSS MONTHLY INCOME:

Borrower #1: _________________________

Borrower #2: _________________________

Other: _________________________

TOTAL INCOME: _________________________

MONTHLY DEBT:

Car Payments: ___________________________

Credit Cards: ___________________________

Alimony: ___________________________

Child Support: ___________________________

Other: ___________________________

TOTAL DEBT: ___________________________

DOWN PAYMENT: Amount: ______________________ Source: _________________________

CREDIT: Bankruptcy: ___________________ Judgements: ______________________

Sales/Purchase Price:___________________________

Down Payment:_______________________________

Loan Amount:________________________________

Loan Program: _______________________________ LTV: ___________________

Interest Rate: _______________________________ P&I: ___________________

Margin: _____________ Index: _____________ Insurance: ___________________

Caps: _______________________________ PITI: ___________________

Housing Ratio: ____________________________ Total Dept Ratio:______________________________

Comments: ____

____

____

Homeowner's Association: __________________________ Dues: _________________________

Private Mortgage Insurance: ____

Information Needed at Loan Application

Picture ID with proof of Social Security Numbers.

Residence Addresses - past 2 years.

Names and Addresses of each employer - past 2 years.

Gross Monthly Salary. Base only: OVT & Bonus list separate.

Names, Addresses, Account Numbers & Balances of all Checking & Savings Accounts - last 2 months of bank statements.

Names, Addresses, Account Numbers, Balances and Monthly Payments of all Open Loans.

Names, Account Numbers, Balances and Monthly Payments of all Credit Cards.

Addresses of other real estate owned.

Loan information on other real estate owned.

Estimated Value of Furniture and Personal Property.

Certificate of Eligibility and DD214's (V.A. only).

Money for Credit Report and Appraisal.

W2's (2 years) and current check stub.

Full divorce decree if applicable.

FINANCIAL CONSIDERATIONS

Use this page as a work sheet to determine your price range in shopping for a home, as well as a convenient financial checklist.

Name (s) ____

Address ____

Phone Home: Buyer 1______________________ Buyer 2 ______________________

Work: Buyer 1______________________ Buyer 2 ______________________

Buyer 1 ________________________________ Buyer 2 ______________________

Employer ________________________________ Employer ______________________

Address ________________________________ Address ______________________

City, State Zip ____________________________ City, State Zip ___________________

Title ____________________________________ Title ________________________

Length of Employ. __________________________ Length of Employ. ________________

Annual Income ____________________________ Annual Income __________________

Other assets or income ____

____

____

Have you contacted a lender? ____

Lender Name ____

____

Loan amount you have been approved for ________________________________

Have you received pre-qualification letter? ______________________________

Credit report completed lately ____

Closing cost estimate ____

Conventional loan ____

Maximum down payment available ______________________________________

Source of down payment ____

Max. monthly payment incl. principal, interest & taxes _______________________

Present monthly payment Rent ____

Prepayment penalty on current loan ____________________________________

Do you need to sell a home in order to buy? _____________________________

Notes ____

____

Take a Tip from us:

Fully developing the information on this worksheet with your Realtor will be of assistance at the time an offer is presented.

QUALIFY AT A GLANCE
BUYER FINANCING OPTIONS

Property: ________________________ Price: ___________________
Owner's Name: ____
Phone: ____

Type Mortgage	Type Mortgage	Type Mortgage
Rate	Rate	Rate
Term	Term	Term
Down Payment	Down Payment	Down Payment
Mortgage Amount	Mortgage Amount	Mortgage Amount
Monthly Principal & Interest	Monthly Principal & Interest	Monthly Principal & Interest
Association Dues	Association Dues	Association Dues
P.M.I.	P.M.I.	P.M.I.
Monthly Homeowners insurance	Monthly Homeowners insurance	Monthly Homeowners insurance
Monthly Taxes	Monthly Taxes	Monthly Taxes
Total Monthly Payment	Total Monthly Payment	Total Monthly Payment
Buyers Estimated Monthly Income (Total Monthly Payment - 28%)	Buyers Estimated Monthly Income (Total Monthly Payment - 28%)	Buyers Estimated Monthly Income (Total Monthly Payment - 28%)

Rates and terms are subject to change without notice. This material is intended for example purposes only. Adjustable rate mortgage calculations are for initial rate only. No APR's are quoted.

MORTGAGE LOAN CHECKLIST

In order to expedite the mortgage loan process, please be sure that you bring everything you need to make your appointment as smooth and efficient as possible.

Sales Contract (On the purchase of your new home)

Copy of Sales Contract and certified copy of Closing Statement (On the sale of your present home)

Copy of driver license and Social Security Card (FHA only)

Residence History

Past 24 months of residence with complete addresses
Length of time you lived at each residence
Name of landlord and their address (if currently renting)

Employment History

Employers for the past two years with complete addresses
Dates of employment for each place
Most recent two years of W-2's
Most recent two years of tax returns (with all schedules and signed in blue ink)
Year-to-date profit and loss statement and current balance sheet (if self-employed only)
If there have been any gaps in your employment, be prepared to explain

Loans and Credit Cards

Creditors' names and addresses
Account numbers
Current total balances you owe
Monthly installments, payments and how many months are left to pay

Accounts

Name and address of each financial institution
Three months of bank statements for all accounts
All account numbers
All current balances and values

Current Real Estate

Property addresses
Estimated market values
Outstanding loan balances
Amount of monthly payment
Amount of monthly rental income, if applicable

Personal Property

Net cash value of your life insurance
Year, make and value of your automobiles
Value of your furniture and other personal property

If applicable, the following:

Divorce papers Certificate of eligibility & DD214 (VA Only)
Check for appraisal and credit report fees

TYPES OF LOANS

Adjustable Rate Mortgage	*Adjustable rate mortgages have an interest rate that is adjusted at certain intervals based on a specific index during the life of the loan.*
Balloon Payment Loan	*A fixed rate loan that is amortized over 30 years but becomes due and payable at the end of a certain term. May be extendible or may roll-over into another type of loan.*
Buy-Down Loan	*Buy-Down loans are fixed rate loans where the interest rate and the payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.*
Community Homebuyer's Program	*A fixed rate loan for first time buyers with a low down payment, usually 3-5%, no cash reserve requirement and easier qualifying ratios. Subject to borrower meeting income limits and attendance of a four hour training course on home ownership.*
Conventional Loan	*Conventional loans are sometimes more lenient with the appraisal and condition of the property. When you are buying a "fixer upper" you may need to use a conventional loan. Homes purchased above the FHA loan limit are usually financed with conventional loans.*
FHA Loan	*FHA loans are insured by the Federal Housing Administration under H.U.D. They offer a low down payment and are easier to qualify for than conventional loans.*
Fixed Rate Loan	*A fixed rate loan has one interest rate that remains constant throughout the life of the loan.*
Graduated Payment Mortgage	*A fixed rate loan that has payments starting lower than a standard fixed rate loan, which then increases by a predetermined amount each year for a set number of years.*
Non-Qualifying Loan *(Assumable)*	*Non-Qualifying loans are preexisting loans which can be assumed by a buyer from the seller of a property without going through the qualifying process. The buyer pays the seller for their equity and then starts making payments.*
VA Loan	*VA loans are guaranteed by the Veterans Administration. A veteran must have served 180 days active service.*

POINTS EXPLAINED

What is a Point?

One point is equal to 1% of the NEW Loan Amount.

Why do Lenders charge Points?

Whenever governmental regulation, state usury law and/or competitive practices prohibit the lender from charging a rate of interest which would make the real estate loan competitive with other fields of investments, the lender must seek some method of increasing the yield for the investors. By charging "points", the lender can bring the real estate loan up to those other investments.

Are points called by different names?

Yes. Loan Origination Fee, Commitment Fee, Discount Fee, Warehousing Fee, Funding Fee, etc.

Who must pay the points?

FHA: the Buyer is usually charged with the Loan Origination Fee; the Discount Fee can be paid by the Buyer or Seller.
VA: the Buyer is usually charged with the Loan Origination Fee and the Funding Fee.
Conventional: points can be paid by the Buyer, the Seller, or split between the two. State on Contract of Sale!
City/County/State government sponsored loans: as published by them.

Do the number of points charged fluctuate?

Yes. If rates on mortgage loans are lower than other investments (such as stocks, bonds, etc.) then funds will be drawn away from the mortgage market. Also, when there is a heavy demand upon the money market because of business needs, role requirements or other government borrowing, the result is that money for home mortgages becomes scarce and more expensive. When this occurs, more points can be charged. Points balance the market. Points are not set by government regulation but by each lender individually.

On VA loans, is there any way to lock in the number of points?

Not without jeopardizing the sale. Even when a lender stipulates in writing the number of points to be charged, that guarantee states "if the interest rate is not changed by the government." Points charged on an FHA or conventional loan are usually not changed from commitment time to settlement.

Is FHA or VA financing unfair to sellers?

No. Homes can sell faster because more buyers can qualify with the lower down payment requirement, lower interest rate, - long term loans with lowest monthly payments. Sellers receive all cash for their equity to reinvest in a new home or other investment. The purpose of these loans is to provide purchasers the opportunity to buy homes with minimal cash investment thus providing a bigger market for sellers.

Are points deductible for income tax purposes?

Points on a home mortgage (for the purchase or improvement of, and secured by, the taxpayer's principal residence) are deductible currently if points are generally charged in the geographical area where the loan is made and to the extent of the number of points generally charged in that area for a home loan. If you are in doubt about points being deductible you should contact your tax return preparer.

WHAT IS AN ESCROW?

An escrow is an independent "stakeholder" account and is the vehicle by which the interests of all parties to the transaction are protected.

The escrow is created after you execute the contract for the sale of your home and becomes the depository for all monies, instructions and documents pertaining to the sale. Some aspects of the sale are not part of the escrow. For example, the buyer and seller must decide which fixtures or personal property items are included in the sales agreement. Similarly, loan negotiations occur between the buyer and the lender. Your real estate agent can guide you in these non-escrow matters.

HOW DOES THE ESCROW PROCESS WORK?

The escrow officer takes instructions based on the terms of your Purchase Agreement and the lender's requirements. The escrow officer can hold inspection reports and bills for work performed as re-quired by the purchase agreement. Other elements of the escrow include hazard and title insurance, and the grant deed from the seller to you. Escrow cannot be completed until these items have been satisfied and all parties have signed escrow documents.

HOW DO I OPEN AN ESCROW?

Either your real estate agent or the buyer's agent may open escrow. As soon as you execute the Purchase Agreement, your agent will place your initial deposit into an escrow account at the escrow company.

HOW DO I KNOW WHERE MY MONEY GOES?

Written evidence of the deposit is generally included in your copy of the sales contract. The funds will then be deposited in a separate escrow or trust account. You will receive a receipt for the funds from the escrow company.

WHAT INFORMATION DO I NEED TO PROVIDE?

You may be asked to complete a Statement of Identity as part of the paperwork. Because many people have the same name, the Statement of Identity is used to identify the specific person in the transaction through such information as date of birth, social security number, etc. This information is considered confidential.

HOW LONG IS THE ESCROW?

The amount of time necessary to complete the escrow is determined by the terms of the Purchase Agreement. It is normally 45 to 60 days, but can range from a few days to several months.

HOW TO TAKE TITLE IN PENNSYLVANIA

COMMON WAYS OF HOLDING TITLE CONCURRENT CO-OWNERSHIP INTERESTS

	TENANCY IN COMMON	JOINT TENANCY	COMMUNITY PROPERTY	TENANCY IN PARTNERSHIP	COMMUNITY PROPERTY W/ RIGHT OF SURVIVORSHIP
SUCCESSOR'S STATUS	Devisees or heirs become tenants in common.	If more than one joint tenant remains, all continue to hold title to decendent's share as joint tenants.	Upon death of one spouse/domestic partner who leaves a will, devisees or heirs second to the decendent interest, otherwise, survivor's spouse/domestic partner continues to own entire title, including that of the decendent.	Heir or devisees have rights in partnership interest but not in specific partnership property.	Upon death of one spouse/ domestic partner, survivor continues in ownership of entire property including share of the deceased spouse/domestic partner. Surviving spouse/ domestic partner continues to own entire title, including former title interest of deceased spouse/domestic partner.
CREDITOR'S STATUS	Co-owner's interest may be sold on execution sale to satisfy his creditor. Purchaser becomes a tenant in common with remaining co-tenants. Termination may occur as a result of involuntary sale (e.g., a foreclosure sale under a mortgage or deed of trust).	Mortgage or deed of trust executed by one joint tenant or a judgment lien against interest of one joint tenant, does not sever joint tenancy or affect right of survivorship unless property is sold by foreclosure or execution sale prior to death of the party who incurred the lien.	Community property is generally liable for a debt incurred by either spouse/ domestic partner before or during marriage, regardless of which spouse/domestic partner has management and control of the property or which spouse/domestic partner is party to the debt. Earnings of married person during marriage or of a domestic partner during ther term of the partnership are not liable for pre-marital debt of other spouse/ domestic partner if earnings from which debt is paid remains uncommingled with other community property and held in account where other spouse/domestic partner does not have access; community property not liable for debts incurred subsequent to separation. Earnings of a spouse/ domestic partner are not liable for the debts of the other spouse/domestic partner contracted before the marriage.	Partnership real estate is treated as personal property and may be sold to pay debts. If the interests of creditors will not be adversely affected, in lieu of sale of the property, the partners may be awarded their respective interests in the property or it may be partitioned. Creditors receive priority in payment of partnership liabilities, a partner's right in specific partnership property is not subject to attachment or execution, except on a claim against the partnership.	Community property is generally liable for a debt incurred by either spouse/ domestic partner before or during marriage, regardless of which spouse/domestic partner has management and control of the property or which spouse/ domestic partner is party to the debt. Earnings of married person during marriage or of a domestic partner during the term of the partnership are not liable for pre-marital debt of other spouse/domestic partner if earnings from which debt is paid remains uncommingled with other community property and held in account where other spouse/domestic partner does not have access; community property not liable for debts incurred subsequent to separation. Earnings of a spouse/domestic partner are not liable for the debts of the other spouse/domestic partner contracted before the marriage.
PRESUMPTION	Favored in doubtful cases except husband and wife case. Reference to husband and wife in the deed of sale, without mention of any other form of ownership, creates statutory presumption that the property is community in nature.	Deed must expressly vest title to grantees as joint tenants.	Deed must expressly vest title in the name of the spouses/domestic partners as "husband and wife or domestic partners" as community property.	Arises only by virtue of partnership status on property placed in partnership. Partner's interest cannot be seized or sold separately by his personal creditor, but his share of profits, may be obtained by a personal creditor. Entire property may be sold on execution sale to satisfy partnership creditor.	Deed must expressly vest title in the name of the spouses/ domestic partners as "husband and wife or domestic partners as community property with right of survivorship" and deed may be signed by the grantees.

THIS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. SPECIFIC QUESTIONS FOR ACTUAL REAL PROPERTY TRANSACTIONS SHOULD BE DIRECTED TO YOUR ATTORNEY OR C.P.A.

HOW TO TAKE TITLE IN PENNSYLVANIA

COMMON WAYS OF HOLDING TITLE CONCURRENT CO-OWNERSHIP INTERESTS

	TENANCY IN COMMON	JOINT TENANCY	COMMUNITY PROPERTY	TENANCY IN PARTNERSHIP	COMMUNITY PROPERTY W/ RIGHT OF SURVIVORSHIP
. PARTIES	Any number of persons (can be husband and wife or domestic partners, but see "Presumption" limitations below).	Any number of persons (can be husband and wife or domestic partners).	Only husband and wife or domestic partners.	Only partners (any numbers).	Only husband and wife or domestic partners.
DIVISION	Ownership can be divided into any number of interests equal or unequal.	Ownership interest must be equal.	Ownership and managerial interests are equal, except control of business is solely with managing spouse or domestic partners.	Ownership interest is in relation to interest in partnership.	Ownership and managerial interest are equal, except control of business is solely with managing spouse/domestic partners.
TITLE	Each co-owner has a separate legal title to his undivided interest.	There is only one title to the whole property. (Joint ownership in undivided equal shares.)	Title is in the "community".	Title is in the "partnership".	Title is in the "community."
POSSESSION	Equal right of possession (only unity of interest required).	Equal right of possession. A joint tenant can be in exclusive possession of the property or he can lease his interest to a third party without affecting the nature of the joint tenancy. Such lease will terminate upon the death of the lessor joint tenant, with the surviving joint tenants taking the interest therein.	Both co-owners have equal management and control with similar absolute power of disposition.	Equal right of possession but only for partnership purposes, absent consent of other partners to the contrary. The partnership property belongs to the firm and not the individual partners.	Both co-owners have equal management and control with similar absolute power of disposition.
CONVEYANCE	Each co-owner's interest may be conveyed separately by its owner. Tenancy in common dissolved by conveyance of co-tenant interest to another. New tenancy in common is created between grantees and remaining co-tenant's.	Conveyance by one co-owner without the others breaks his joint tenancy.	A spouse or domestic partner may not make a gift of or dispose of community personal property without valuable consideration and written consent of the other spouse or domestic partner; "Necessaries" (furniture, furnishings, or fittings of the home, or the clothing or wearing apparel of the other spouse or domestic partner or minor children) may not be disposed of without the written consent of the other spouse or domestic partner.	Any authorized partner may convey whole partnership property. No partner may sell or assign his interest in specific partnership property without the consent of and in conjunction with all co-partners.	A spouse/domestic partner may not make a gift of or dispose of community personal property without valuable consideration and written consent of the other spouse/domestic partner; "Necessaries" (furniture, furnishings, or fittings of the home, or the clothing or wearing apparel of the other spouse/domestic partner or minor children) may not be disposed of without the written consent of the other spouse/ domestic partner.
PURCHASER'S STATUS	Purchaser will become a tenant in common with the other co-owners in the property.	Purchaser will become a tenant in common with the other co-owners in the property.	Purchaser can only acquire whole title of community, cannot acquire a part of it.	Purchaser can only acquire the whole title.	Purchaser can only acquire whole title of community, cannot acquire a part of it.
DEATH	On co-owner's death, his interest passes by will to his devises or his heirs by intestate succession. No survivorship right.	Upon the death of joint tenant, title to the property passes to the surviving joint tenants by operation of law, to the exclusions of the heirs and creditors of the deceased joint tenant. Ownership cannot be disposed by testamentary disposition, and it does not pass to the heirs of the decedent by interstate succession.	On co-owner's death, 1/2 belongs to survivor as separate property, 1/2 goes by will to decedent's devises or by succession to survivor.	On partner's death, his partnership interest passes to the surviving partner pending liquidation of the partnership share of deceased partner then goes to his estate.	Upon the death of one spouse/ domestic partner, title to the property passes to the surviving spouses/domestic partners by operation of law, to the exclusion of the heirs and creditors of the deceased spouse/domestic partner. The survivor holds title to the property as his sole and separate property. Community property with right of survivorship cannot be disposed by testamentary disposition, and it does not pass to the heirs of the decedent by interstate succession.

THE ROLE OF THE TITLE COMPANY IN REAL ESTATE TRANSACTIONS

A HOME designed to meet the individual needs of the family is a wonderful experience, but before the buyers actually get their dream home, they will run headlong into dozens of home ownership details.

The purchase of a home may prove to be the largest single financial investment many people may make in their lifetime; therefore, the importance of fully protecting such an investment cannot be over stressed.

A basic home ownership protection essential to the security of the home is safe, sound, reliable title insurance.

But what is title insurance?

It is the application of the principals of insurance to risks which are present in all real estate transactions. These risks are divided into two main categories: hidden hazards which cannot be detected in the examination of title and human errors which will always be with us.

Examples of hidden hazards are FORGERY, INCOMPETENCE OF GRANTOR OR MORTGATOR, UNKNOWN HEIRS, FRAUD, IMPERSONATION, etc.

Title insurance differs from other types of insurance by protecting against future losses rising out of events that have happened in the past. There are no annual premiums. One premium, based on the amount of the sale or mortgage, is paid when the policy is issued and is good for the life of the policy.

A mortgage policy, insuring the lender, stays in effect until the loan is paid off. An owner's policy, insuring the buyer, is good as long as the owner or owner's heirs own the property.

Initially, the title company will search and examine the public land records to investigate information surrounding title to the property. The facts revealed by the search will determine:

That the seller is, in fact, the legal owner of the property.

That the "estate" or degree of ownership being sold is currently and accurately vested in the seller.

The presence of any unsatisfied mortgages; judgements or similar liens which must be satisfied before "clear title" can be conveyed.

Existing restrictions, easements, rights of way or other rights granted to others who are not owners which may limit the right of ownership.

The status of property taxes and other public or private assessments.

These matters will be reflected in a preliminary report. The preliminary report is issued to the mortgage lender or purchaser before the closing.

As you can see, the title company is constantly involved in the sales transaction almost from the time the purchase agreement is signed, through and beyond the closing. Working mostly behind the scenes, but always in close coordination with Realtors, escrow, lenders, and legal counsel, the title company strives to carry out this complex procedure in an efficient and friendly manner.

Title insurance protection gives a homeowner peace of mind by protecting the security of the home and the safety of the investment.

TITLE INSURANCE

In Pennsylvania, most real estate transactions are closed with a title insurance policy. Many home buyers just assume that when they purchase a piece of property, possession of the deed to the property is all they need to prove ownership. This is not true. Hidden hazards may attach to real estate. A property owner's greatest protection is a policy of title insurance...

WHAT IS TITLE INSURANCE?

It is a contract of indemnity which guarantees that the title is as reported and, if not reported and the owner is damaged, the title policy covers the insured for their loss up to the amount of the policy.

Title insurance assures owners that they are acquiring marketable title. Title insurance is designed to eliminate risk or loss caused by defects in title from the past. Title insurance provides coverage only for title problems which were already in existence at the time the policy was issued.

THE TITLE SEARCH

Title companies work to eliminate risks by performing a search of the public records or through the title company's own plant. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, any recorded liens or encumbrances or any other matters of record which could affect the title to the property. When a title search is complete, the title company issues a preliminary report detailing the current status of title.

THE PRELIMINARY REPORT

A preliminary report contains vital information which can affect the close of escrow: Ownership of the subject property; where the current owners hold title; matters of record that specifically affect the subject property or the owners of the property; a legal description of the property and an informational plat map.

POLICY COVERAGE COMPARISON

CLTA Owners Policy

1. Title to the estate or interest described in Schedule A being vested other than stated therein.
2. Any defect in or lien or encumbrance on the title.
3. Unmarketability of the title.
4. Lack of a right of access to and from the land.

ALTA Residential Policy

1. Someone else owns an interest in your land.
2. A document is not properly signed, sealed, acknowledged, or delivered.
3. Forgery, fraud, duress, incompetency, incapacity or impersonation.
4. Defective recording of any document.
5. You do not have any legal right of access to and from the land.
6. There are restrictive covenants limiting the use of the land.
7. There is a lien on your land because of: a mortgage or deed of trust, judgment, tax or special assessment or HOA lien.
8. There are liens on your title arising now or later, for labor and materials furnished before the policy date - unless you agreed to pay for the labor and materials.
9. Others have rights arising out of leases, contracts, or options.
10. Someone else has an easement on your land.
11. Your title is unmarketable, which allows another person to refuse to perform a contract to purchase, to lease or to make a mortgage loan.
12. You are forced to remove your existing structure - other than a boundary wall or fence - because: it extends on to adjoining land or on to any easement; it violates a restriction shown in schedule B; it violates an existing zoning law.
13. You cannot use the land because use as a single-family residence violates a restriction shown in schedule B or an existing zoning law.
14. Other defects, liens, or encumbrances.

ALTA Homeowners Policy

1. Someone else owns an interest in your title.
2. Someone else has rights affecting Your Title arising out of leases, contracts, or options.
3. Someone else claims to have rights affecting Your Title arising out of forgery or impersonation.
4. Someone else has an easement on the land.
5. Someone else has a right to limit Your use of the land.
6. Your Title is defective.
7. Any of covered risks 1 through 6 occurring after the policy date.
8. Someone else has a lien on Your Title, including a: Mortgage; judgment, state or federal tax lien, or special assessment; charge by a homeowners association; lien occurring before or after the Policy Date, for labor and materials furnished before the Policy Date.
9. Someone else has an encumbrance on Your Title.
10. Someone else claims to have rights affecting Your Title arising out of fraud, duress, incompetency or incapacity.
11. You do not have both actual vehicular and pedestrian access to and from the Land, based upon a legal right.
12. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the Land, even if the covenant, condition or restriction is excepted in Schedule B.

(continued on next page)

DIFFERENCES IN TITLE INSURANCE

<u>ALTA Homeowners Policy</u> *(cont.)*

13. Your Title is lost or taken because of a violation of any covenant, condition or restriction, which occurred before you acquired Your Title, even if the covenant, condition or restriction is excepted in Schedule B.
14. Because of an existing violation of a subdivision law or regulation affecting the Land: You are unable to obtain a building permit; You are forced to correct or remove the violation; or someone else has a legal right to, and does, refuse to perform a contract to purchase the Land, lease it or make a mortgage loan on it. The amount of your insurance for this coverage risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
15. You are forced to remove or remedy Your existing structure, or any part of them - other than boundary walls or fences - because any portion was built without obtaining a building permit from the proper government office. The amount of Your insurance for this covered risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
16. You are forced to remove or remedy Your existing structures, or any part of them, because they violate an existing zoning law or zoning regulation. If You are required to remedy any portion of Your existing Structure, the amount of Your insurance for this covered risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
17. You cannot use the Land because use as a single-family residence violates an existing zoning law or zoning regulation.
18. You are forced to remove Your existing structures because they encroach onto Your neighbor's Land. If the encroaching structures are boundary walls or fences, the amount of Your insurance for this covered risk is subject to Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
19. Someone else has a legal right to, and does, refuse to perform a contract to purchase the Land, lease it or make a Mortgage loan on it because Your neighbor's existing structures encroach onto the Land.
20. You are forced to remove Your existing structures because they encroach onto an easement or over a building set-back line, even if the easement or building set-back line is excepted in Schedule B.
21. Your existing structures are damaged because of the exercise of a right to maintain or use any easement affecting the Land, even if the easement is accepted in Schedule B.
22. Your existing improvements (or a replacement or modification made to them after the Policy Date), including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the Land for the extraction or development of minerals, water or any other substance, even if those rights are excepted or reserved from the description of the Land or excepted in Schedule B.
23. Someone else tries to enforce a discriminatory covenant, condition or restriction that they claim affects Your Title which is based on race, color, religion, sex, handicap, familial status, or national origin.
24. A taxing authority assesses supplemental real estate taxes not previously assessed against the Land for any period before the Policy Date because of construction or a change of ownership or use that occurred before the Policy Date.
25. Your neighbor builds any structures after the Policy Date - other than boundary walls or fences - which encroach onto the Land.
26. Your Title is unmarketable, which allows someone else to refuse to perform a contract to purchase the Land, lease it or make a Mortgage loan on it.
27. A document upon which Your Title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.
28. The residence with the address shown in Schedule A is not located on the Land at the Policy Date.
29. The map, if any, attached to this Policy does not show the correct location of the Land according to the Public Records.

COVERAGE POLICY

Not all risks can be determined by a title search, since certain things such as forgeries, identity of persons, incompetency, failure to comply with the law, or incapacity, cannot be disclosed by an examination of the public record. The preliminary title report is an offer to insure under certain situations, whereas the title policy is a contract that gives coverage against such problems.

The American Land Title Association is the standard policy of title insurance in America. The list below shows you what is covered...

WHAT IS COVERED...

A forged signature on the deed

Mistakes in the interpretation of wills or other legal documents Impersonation of the real owner

Errors in copying or indexing

Falsification of records

Deeds delivered without the consent of the grantor

Undisclosed or missing heirs

Deeds and mortgages signed by persons of unsound mind, by minors or by someone listed as single but in fact, married

Recording mistakes

With regard to lender's coverage it covers:

The priority of the insured mortgage

The invalidity or unenforceablity of the insured assignment

The invalidity or unenforceability of the lien of the insured mortgage on the title

WHAT IS NOT COVERED...

Unrecorded matters

Matters that a correct survey would show, i.e. boundaries, easements, etc. Matters that a physical inspection of the property would disclose

Matters known, created or assumed by the insured

Rights of parties in possession

Unpatented water and mineral rights

DIFFERENCES IN TITLE INSURANCE

WHAT IS COVERED:
The ALTA Owner's Policy provides all of the coverages afforded under the CLTA Standard Coverage Policy plus:

A. Matters which a survey would disclose.
B. Easements not disclosed by the public records.
C. Encroachments, discrepancies or conflicts in boundary lines not shown by the public records.
D. Rights of parties in possession.

WHAT IS NOT COVERED:
Like all policies of title insurance, the ALTA Owner's Policy does not provide coverage against matters known, created or assumed by the insured.

ADDITIONAL REQUIREMENTS:
Since the ALTA Owner's Policy provides such broad coverage, additional requirements for the issuance of the policy may include:

A. A correct survey.
B. A field inspection.
C. A check with all utilities to make sure that they have no unrecorded easements.
D. Copies of all leases and/or tenant lists.

Since these requirements take time to complete, plan accordingly. Furthermore, the policy may contain further exceptions. Therefore, do not necessarily expect a clean report.

BUYER'S COST ESTIMATED

Property Address____

____

Sale Price	$________________
Down Payment:	$________________
Amount Financed:	$________________

BUYER'S COSTS

Loan Origination Fee	_____________
Appraisal Fee	_____________
Credit Report	_____________
Additional Loan Fees	_____________
__________________	_____________
__________________	_____________

Prepaid Items

Interest	_____________
Hazard Insurance	_____________
Mortgage Insurance	_____________
Taxes	_____________
Assessments	_____________
Other Fees	_____________
_________________	_____________
_________________	

Title and Closing Charges

Escrow and Title Fee	_____________
Title Insurance	_____________
Notary Fee	_____________
Other Fees	_____________
_________________	_____________
_________________	_____________
_________________	_____________
_________________	_____________
_________________	_____________

Recording Fees

Recording Fees	_____________
Tax Stamps	_____________
Other Fees	_____________
_________________	_____________
_________________	_____________

Additional Settlement Charges_____

Pest Inspections	_____________
Home Warranty	_____________
Home Inspection Fee	_____________
Other Fees	_____________
_________________	_____________
_________________	_____________
Total Settlement Charges	___________
Down Payment	_____________

Total Estimate of Buyer's Costs______

Loan Type	______________
Amount financed	$_____________
Interest Rate	_____________%
Term	__________Years

Estimated Monthly Payment

Principal & Interest	______________
Mortgage Insurance Premium	__________
Taxes & Insurance	______________
Homeowners Assoc. Fee (if any)	_______
Total Monthly Payment	**$**____________

NOTE: This estimate has been prepared to assist the buyer in computing costs. Lenders and other related services will vary in their charges; therefore, these figures are not and cannot be guaranteed.

INSPECTION PROCESS

When you make an offer on a home, your Purchase Contract will likely contain provisions allowing you various inspections of the property. The purpose of these inspections is to educate you as to the physical condition of the property you are purchasing. While these inspections do not provide guarantees of the condition of the property, they do provide valuable information to you as a Buyer. It is important to remember that your Purchase Contract may provide for withdrawal from the contract if these reports are unsatisfactory to you, but inspections should not be considered an open door to renegotiate the purchase price.

STRUCTURAL PEST CONTROL INSPECTION

Often referred to as a "Termite Report," the Structural Pest Control Inspection is conducted by a licensed inspector. In addition to actual termite damage, the Pest Report will indicate any type of wood destroying organisms that may be present, including fungi (sometimes called "dry rot"), which generally results from excessive moisture.

Section I Conditions
Most Pest Reports classify conditions as Section 1 or Section 2 items. Section 1 conditions are those which are "active," or currently causing damage to the property. Generally, Section 1 items need to be corrected before a lender will make a loan on a home.

Section II Conditions
Those which are not currently causing damage, but are likely to, if left unattended. A typical Section 2 item is a plumbing leak where the moisture has not yet caused fungus decay.

Who Pays?
Your Purchase Contract will specify who is responsible for the cost of the inspection and making these corrections. This is a negotiable item and should be considered carefully. I will advise you as to what is customary and prudent.

PHYSICAL INSPECTION

The Physical Inspection clause in your Purchase Contract, when initialed by both parties, allows you the right to have the property thoroughly inspected. This is usually done through a General Home Inspection. While Home Inspectors are not currently required to have a license, most are, or have been, General Contractors. The Inspection and the resulting report provides an overall assessment of the present condition of the property.

What is Inspected
The Home Inspection covers items such as exterior siding, paint, flooring, appliances, water heater, furnace, electrical service, plumb-ing, and other visible features of the property. This is a general inspection and will often call for additional inspections by specific trades, such as roof and furnace inspections.

Further Inspections
If conditions warrant, the Home Inspector may recommend a Structural Engineer's Report. Such a report would identify structural failures and detail recommended corrections.

Who Pays?
Typically, this inspection is paid for by the Buyer.

GEOLOGICAL INSPECTION

You may also elect to have a Geological Inspection to educate yourselves as to the soil conditions at the home you are purchasing. This inspection is performed by a Geotechnical Engineer and involves not only physically inspecting the property, but also researching past geological activity in the area. The primary purpose of a Geological Inspection is to determine the stability of the ground under and around the home.

Who Pays?
Typically the Buyer pays, but as with other inspections, this is negotiable according to the contract.

HOME WARRANTY

Home Protection Plans are available for purchase by a Buyer or Seller. Such plans may provide additional protection of certain systems and appliances in your new home. I will provide you with brochures detailing different companies and options.

Full Disclosure of Property

Recent legal decisions and new legislation provide that the seller has a responsibility for revealing to the buyer the true condition of the property. The concept of selling a property "as is," with the buyer assuming all responsibility for determining the property condition, is not acceptable in the present marketplace. The sellers must disclose the known condition of the property to the buyer. This information should be made available to the buyer as soon as possible.

CHARM OR IRRITANT?

Having lived in this property, the seller has become accustomed to the peculiar conditions that may have developed. But for the buyer, that peculiarity may be more than a mere inconvenience. It may be an irritant which the buyer cannot tolerate. It is important for the seller to review the condition of the property with the real estate agent and take special note of any problems on the Disclosure Statement. Civic Code Section 1102 requires that the seller provide the buyer with a completed "Real Estate Transfer Disclosure Statement."

ALL SYSTEMS GO

A basic assumption in every sale is that the house and systems in the house are functional. For example, the roof will hold out the rain and sun, the hot water heater will provide hot water, and the heater will provide heat. If it is known that any of the systems do not function properly, such facts should be included in the purchase agreement and acknowledged by the buyer.

"AS IS"

An "as is" purchase is perfectly acceptable, as long as the buyer understands exactly what the "as is" condition entails. Thus, it can be said in the purchase agreement that the buyer accepts the roof and the plumbing and the electrical system in their present condition and acknowledges that they have defects. This acknowledgment provides a defense for the seller if it is later claimed he did not disclose the problems.

ENVIRONMENTAL HAZARDS

It is required that the seller discloses any knowledge of environmental hazards in the home or area such as asbestos or pollutants. You will be provided with a Real Estate Transfer Disclosure Statement filled out by the seller as to his awareness or knowledge on this subject.

TAKE A TIP FROM ME:

Environmental Hazards: A Guide For Home Owners and Buyers is a handbook prepared by the Pennsylvania Department of Real Estate to inform you of the various toxins and hazardous wastes and what you can do about them. A copy of this publication will be given to you.

Buyer Contacts

Real Estate Agent

Title Representative

Lender

Escrow Officer

Pest Control Inspector

Insurance Agent

Other Important Contacts:____

MOVING EXPENSES

When you meet the IRS's definition of a qualifying move, the following items are tax deductible:

TAX DEDUCTIBLE MOVING EXPENSES:

The cost of trips to the area of a new job to look for a home. Your home shopping expedition does not have to be successful for the cost to be deductible.

The cost of having your furniture and other household items shipped, including the cost of packing, insurance, and storage for up to 30 days.

The cost of getting your family to the new home town, including food and lodging expenses on the trip.

The cost of lodging and 80% of food expenses for up to 30 days in the new home town, if these temporary living expenses are necessary because you have not yet found your ideal home or it is not ready when you arrive.

Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commissions, legal fees, state transfer taxes and appraisal and title fees, could be used either to reduce the gain on the sale of the previous home or to boost the basis of the new one. But it's usually beneficial to count them as moving expenses up to the allowable dollar limits, because that gives you an immediate tax benefit.

CHECKLIST FOR MOVING

Before You Leave:

Address Change
Post Office: Give Forwarding Address
Charge Accounts, Credit Cards
Subscriptions: Notice requires several weeks
Friends and Relatives

Bank
Transfer funds, arrange check-cashing in new city Arrange credit references

Insurance
Notify company of new location for coverages: Life, Health, Fire & Auto

Utility Companies
Gas, light, water, telephone, fuel, garbage
Get refunds on any deposits made

Delivery Service
Laundry, newspaper, changeover of services

Medical, Dental, Prescription Histories
Ask doctor and Dentist for referrals; transfer needed prescriptions, eyeglasses, X-rays.

Obtain birth records, medical records, etc.

Pets
Ask about regulations for licenses, vaccinations, tags, etc.

Don't Forget To:
Empty freezer; plan use of foods
Defrost freezer and clean refrigerator. Place charcoal inside to dispel odors.
Have appliances serviced for moving
Remember arrangements for TV and antenna
Clean rugs or clothing before moving; have them moving wrapped
Check with your Moving Counselor; insurance coverage, packing and unpacking labor, arrival days, various shipping papers, method and time of expected payment
Plan for special care needs of infants or pets

On Moving Day:

Carry enough cash or travelers checks to cover cost of moving services and expenses until you make banking connections in your new city
Carry jewelry and documents yourself; or use registered mail
Plan for transporting pets; they are poor traveling companions, if unhappy
Carry travelers checks for quick, available funds
Let a close friend or relative know route and schedule you will travel including overnight stops; use him or her as message headquarters
Double check closets, drawers, shelves to be sure they are empty
Leave all old keys needed by new tenant or owner with Realtor® or neighbor

At Your New Address:
Obtain certified check or cashiers check necessary for closing Real Estate Transaction
Check on service of telephone, gas, electricity, water and garbage
Check pilot light on stove, hot water heater and furnace Have appliances checked
Ask Mail Carrier for mail he or she may be holding for your arrival
Have new address recorded on driver license
Visit city offices and register for voting
Register car within five days after arrival in state or a penalty may have to be paid when getting new license plates
Obtain inspection sticker and transfer motor club membership
Apply for state driver license
Register family in your new place of worship Register children in school
Arrange for medical services: Doctor, Dentist, Veterinarian, etc.

IMPORTANT TERMS TO KNOW

Adjustable Rate Mortgage (ARM): A mortgage with an interest rate that changes over time in line with movements in the index. ARMs are also referred to as AMLs (adjustable mortgage loans) or VRMs (variable rate mortgages).

Adjustment Period: The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM, which means that the interest rate can change once a year.

Amortization: Repayment of a loan in equal installments of principal and interest, rather than interest-only payments.

Annual Percentage Rate (APR): The total finance charges (interest, loan fees, points) expressed as a percentage of the loan amount.

Assumption of Mortgage: A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.

Balloon Payment: A lump sum principal payment due at the end of some mortgages or other long-term loans.

Binder: Sometimes known as an offer to purchase or an earnest money request. A binder is the acknowledgment of a deposit along with a brief written agreement to enter into a contract for the sale of real estate.

Cap: The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.

CC&R's: Covenants, Conditions and Restrictions. A document that controls the use, requirements and restric-tions of a property.

Certificate of Reasonable Value (CRV): A document that establishes the maximum value and loan amount for a VA guaranteed mortgage.

Closing Statement: The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

Condominium: A form of real estate ownership where the owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surfaces (wall, floors and ceilings) serve as its boundaries.

Contingency: A condition that must be satisfied before a contract is binding. For instance, a sales agreement may be contingent upon the buyer obtaining financing.

CRB: Certified Residential Broker. To be certified, a broker must be a member of the National Association of Realtors®, have five years experience as a licensed broker and have completed five required Residential Division courses.

Conversion Clause: A provision in some ARMs that enables you to change an ARM to a fixed-rate loan, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed-rate mortgages. This conversion feature may cost extra.

Cooperative: A form of multiple ownership in which a corporation or business trust entity holds title to a property and grants occupancy rights to share-holders by means of proprietary leases or similar arrangements.

Due-On-Sale Clause: An acceleration clause that requires full payment of a mortgage or deed or trust when the secured property changes ownership.

Earnest Money: The portion of the down payment delivered to the seller or escrow agent by the purchaser with a written offer as evidence of good faith.

Escrow: A procedure in which a third party acts as a stakeholder for both the buyer and the seller, carrying out both parties' instructions and assuming responsibility for handling all of the paperwork and distribution of funds.

FHA Loan: A loan insured by the Insuring Office of the Depart-ment of Housing and Urban Development; the Federal Housing Administration.

Federal National Mortgage Association (FNMA): Popularly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.

Fee Simple: An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.

Finance Charge: The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation 2.

Graduated Payment Mortgage: A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.

GRI: Graduate, Realtors Institute. A professional designation granted to a member of the National Association of Realtors® who has successfully completed twelve courses covering Law, Finance and Principles of Real Estate.

Home Inspection Report: A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structure and mechanical systems.

Home Warranty Plan: Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.

IMPORTANT TERMS TO KNOW

Index: A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.
Joint Tenancy: An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedent's interest in the property.
Lien: A legal hold or claim on property as security for a debt or charge.
Loan Commitment: A written promise to make a loan for a specified amount on specified terms.
Loan-To-Value Ratio: The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.
Margin: The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.
Mortgage Life Insurance: A type of term life insurance often bought by mortgagors. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the debt is automatically covered by insurance proceeds.
Negative Amortization: Negative amortization occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid balance, which means that even after several payments you could owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.
Origination Fee: A fee or charge for work involved in evaluating, preparing, and submitting a purposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.
PITI: Principal, interest, taxes and insurance.
Planned Unit Development (PUD): A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Uses may be residential, commercial or industrial.
Point: An amount equal to 1 percent of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.
Prepayment Penalty: A fee charged to a mortgagor who pays a loan before it is due. Not allowed for FHA or VA loans.
Private Mortgage Insurance (PMI): Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.
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 broker or associate active in a local real estate board affiliated with the National Association of Realtors®.
Regulation Z: The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.
Tenancy in Common: A type of joint ownership of property by two or more persons with no right of survivor - ship.
Title Insurance Policy: A policy that protects the purchaser, mortgagee or other party against losses.
VA Loan: A loan that is partially guaranteed by the Veterans Administration and made by a private lender.

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What's in the book?

The information in this handbook will educate and assist you with the following:

- Help determine your wants and needs
- Preview properties that meet your criteria
- Steps of the buying process
- Loan information
- Writing, presenting and negotiating the offer
- Explaining the escrow and title process
- Physical inspection process
- Home warranties