



# MyBuyer's Book:

your guide to the buyer's game

1. Deciding to buy

2. Secure financing

3. Search for a home

4. Make an offer

5. Due Diligence

6. Negotiations

7. Insurance

8. Closing the deal

9. Moving & Storage

10. Home Improvements



Follow the path to a successful buying experience. Don't skip a step, or you could wind up back at the starting line!



## Play to Win!



# My BUYER'S BOOK

## Why MyREALTY.com™?

I built **MyREALTY.com** to assist the consumer in understanding and making real estate transactions. Our main objectives are to: **1) Simplify** the real estate transaction process, **2) Save you time**, and **3) Save you money**. At **MyREALTY.com**, you or your real estate agent can list properties for free on the **Global Listing Service™ (GLS)**, purchase marketing products used by real estate professionals, as well as, search for properties and locate real estate agents, lenders, and other service providers. This is your **FREE** and informative *MyBuyer's Book*. We want all homeowners to be able to experience "MyMoment"; that place in the sun, that time away from it all, where **MyREALTY.com** wants to take you. Whether it's with a cold drink on your new patio or cuddling by the fireplace of your mountain getaway, **MyREALTY.com** will help guide you there.

As a former Realtor, Commercial and Investment Specialist, and owner of more than 10 homes, 50+ properties (including two subdivisions) and several commercial buildings, I am a big believer that all real estate is not necessarily an investment – especially when it comes to home ownership.

If you want to purchase a house to convert into your own palace, please take the time to create a list of pros and cons and include time and money variables. Many folks simply want a home with a fenced yard for the kids and dog. The bottom line is that purchasing a home is ultimately more of an emotional decision than an investment decision. If home ownership is what you are after, then **MyREALTY.com** is here to help!



Thanks for visiting MyREALTY.com!



**Todd Murphy**  
CEO and Founder, MyREALTY.com



## What are you missing out on?

A new home. Money. The right real estate. Entertainment. The news. Buyers. Sellers. Brokers. Closing tools.

If you're missing any of these things, you're missing **MyREALTY.com**.

**MyREALTY.com** is simple. MyREALTY is fast. MyREALTY is secure. MyREALTY is valuable. Best of all, MyREALTY puts you where you need to be. Where you are in charge.

Get the home you want, the price you are asking, the services you are looking for and the assistance you need to make it happen. Your dreams become reality in one, convenient location.

You pick the place – In your living room, on a lawn chair in your backyard or while waking up with a cup of coffee. You'll learn, you'll make money--you will experience the moment – and you'll make your next move your best move.

## MyTransaction: Easier than you might think.

One of the things about which we most want to educate you is the transaction process, something which seems daunting to many people, especially first-time home buyers. The process is not that complex, but the stacks of forms required by real estate agents, lenders, title insurance companies, and escrow/closing companies or attorneys often make transactions appear overwhelming.

To simplify a real estate sale and purchase process, let's break it down into ten easy-to-follow components:

- 1. Making the decision to buy** — Evaluate your needs: are you relocating, or trying to meet the needs of a growing family? What features are you looking for in a home? Determine what you need, and what areas you can compromise on.
- 2. Securing financing** — Contact lenders or your financial institution. How much can you afford to spend on a property, and how much are you qualified to borrow? Be prepared to document your income and debts.
- 3. Search for a home** — Start looking, either on your own or through a buyer's agent. Keep your needs and your budget in mind. Use internet listings, newspapers and other resources.
- 4. Making an offer** — Once you have selected a home you can afford and have it successfully inspected, present a offer. Include considerations for appliances, repairs, etc. Present earnest money to secure offer at this time.
- 5. Due Diligence** — Have the home inspected by a qualified inspector. Obtain preliminary Title Report, owner's disclosure statement, purchase complete property report, talk to neighbors, research house history.
- 6. Negotiation** — Work with seller and agent to resolve issues not previously addressed. This could include counter offers, compensation for repairs and other items.
- 7. Homeowner's insurance** — Research cost and availability of homeowner's insurance. Will you need special coverage for flooding, fire or other natural hazards? Which company will best work for you?
- 8. Closing** — Research cost and availability of homeowner's insurance. Will you need special coverage for flooding, fire or other natural hazards? Which company will best work for you?
- 9. Moving and Storage** — You've got the house, now you need to get your stuff in it. Preparation is the key for a painless move - be sure to have boxes, packing materials and transportation ready. Consider storage options for those items that can't be moved readily.
- 10. Improvements and upgrades** — Make the place your own. Add the amenities and personal touches to turn MyHome into MyPalace, either on your own or with the help of a contractor.



## What your credit score means to you

If you are currently saddled with debt, you should do everything you can to alleviate that liability. There are three credit reporting companies in the United States: Equifax, Experian, and TransUnion. By law, these companies are required to give you a FREE credit report every year.

Your credit score is a three-digit number designed to help creditors predict your ability to pay them back. If you have a great score, maybe somewhere above 600, you'll be inundated with low-interest credit card offers. If you have a low score then it is difficult to obtain any kind of credit. One missed payment can severely damage your score and cost you thousands of dollars in higher interest rates.

If your application for credit is denied, the lender is bound by federal law to tell you specifically why you were rejected. However, to save you time and heartache, MyREALTY.com knows that not enough income and too much debt are two of the most common issues to negatively affect your chance at a home mortgage.

## Step 1.) Decision to Buy

Ask yourself, "Do I really want or need to own?" It might be bad for business that a massive real estate web portal would bring this up, but before you go head over heels for a house, remember: *when you rent, you can call the landlord to fix your leaky roof or running toilet.* Yes, there are tax benefits to owning your own home, but closing costs, taxes and maintenance can quickly negate any tax deductions. If you still feel you're ready to become a homeowner, then please proceed to the next question...

What can you afford? Before you apply for a loan, we suggest that you understand what you can and can't afford. How much do you have for a down payment? How much can you afford to pay for a monthly payment?

See the free [MyREALTY mortgage calculator here.](#)

### Renting vs. Owning

#### Renting Advantages:

- ✦ Your costs are fixed for entirety of lease.
- ✦ Less liability. If someone sprains an ankle on the grounds, you're not responsible.
- ✦ No chance of losing equity or cash on investment.
- ✦ More mobile, not tied to mortgage.
- ✦ Low maintenance. When the toilet leaks, someone else is supposed to fix it.
- ✦ No large down payments and closing costs (title insurance, mortgage fees, homeowner's insurance, county taxes)

#### Renting Disadvantages:

- ✦ You aren't gaining any equity.
- ✦ You are less able to customize your living space (or knock down a wall and see what your landlord thinks.)
- ✦ No tax breaks. (Essentially, you're paying your landlord's mortgage for him.)

#### Buying Advantages:

- ✦ As you pay your monthly mortgage and the value of your property increases, so does your equity.
- ✦ For many, owning a home is a large part of their retirement.
- ✦ Ability to remodel and decorate.
- ✦ Tax advantages such as writing off real estate taxes and interest paid on mortgage.
- ✦ You have your own space without strangers living just a wall away.
- ✦ Patios, porches, backyards and shade trees (finally, experience MyMoment).

#### Buying Disadvantages:

- ✦ Your costs vary greatly.
- ✦ Up front costs are much more substantial than renting.
- ✦ Ability to remodel and redecorate (it's easy to get over your head).
- ✦ You own the maintenance.



### MyREALTY links you to the tools you need

Search millions of homes, lots and land listings from the company of your own home.

**Try the MyREALTY.com global listing service for free!**

Take the next step.

**See virtual tours of area homes here.**

## Step 2.) MyLoan/MyMortgage

To be clear, a mortgage is not a loan. A mortgage is a conditional pledge of the property to a lender as security for performance on the repayment of a debt/loan. We recommend obtaining a **pre-approval letter** before you search for a new property. There is a big difference between being pre-qualified and pre-approved.

**Pre-qualification** simply states that you are “qualified” to purchase a home in a certain price range.

Unlike pre-qualification, a **pre-approval** letter shows a mortgage lender’s commitment to lend a certain amount of money at a locked **interest rate**. It is best when buyers apply for a mortgage pre-approval before putting a bid on a home, in order to prove to the seller (and listing agent) that you are serious and capable of purchasing a home of that value.

Having a pre-approval letter may be advantageous over other potential homeowners, as well as, those with pre-qualification letters, as it is written proof that the mortgage lender guarantees a certain loan amount. A mortgage pre-approval can also motivate real estate agents to be more diligent in finding potential buyers a home, as they often appear to be more serious than those who have not completed the pre-approval process.

Another advantage of applying for a mortgage pre-approval is that it facilitates the purchase transaction and shortens closing time, as the loan has already been applied and approved. Once the potential homeowner's offer is accepted, the only things remaining are an appraisal and title search on the property.

### MORTGAGE BASICS

Once you're ready, shop around for the best mortgage broker. This could be your bank or a lending institution that specializes in home mortgages. Initially you'll have the option to lock your home financing into the current rates and points. You can also choose to let the interest rate "float" from thirty days to six months, but waiting could mean the rates go up.



After reviewing disclosures and paying any required processing fees, you'll order an appraisal to determine the fair market value of the home (some mortgage and loan programs don't require appraisal, but most lenders will select the appraiser).



## Women paying more for typical home loans

Are you a woman earning double the area's median income? You're still fifty percent more likely to end up with a loan less prime than men with similar earnings.

The Consumer Federation of America found that “in 2005, about a third of women took out mortgages with interest rates over 7.66 percent (well above the average prime mortgage rate of 5.87 percent) compared with about a quarter of men.”

The examination of 4.4 million mortgage originations where borrowers were identified by their gender also discovered:

- Women with high incomes were 46.4 percent more likely than men with comparable incomes to have the more expensive mortgages.

- Women with median incomes are 8 percent more likely than their male counterparts to end up with sub-prime loans.



After signing additional disclosures and the appraisal, credit reports are received, and a loan officer prepares your loan. Your loan officer will then direct paperwork to your escrow agent (often a title/closing company or an attorney). The property's ownership will then transfer from the seller or the seller's lender to your lender.

The best advice we can provide is, "Don't get in over your head." Give yourself some margin every month, so you can save for retirement, rainy days, and an annual vacation. Put 20% down at an absolute minimum. We are advocates of being debt free, whenever possible, so put a lot of money down to maximize your equity up front, and go for a 15-year amortization (length of loan or years to pay off). Lenders typically amortize loans for 15, 20, 25, 30, and even 40 years.

**Beware of closing costs.** Closing costs come in the form of real estate commissions, title insurance, homeowners insurance, appraisals, home inspections, loan fees and closing costs, liens against the property, the closing itself, paying real estate taxes, filing fees, and the cost of the actual closing itself (by an attorney or title company). If your closing is coordinated through an escrow company, you will receive a form (HUD-1), which lists all of the costs associated with the transaction.

Assuming a \$200,000 home transaction, average fees run between 5 and 10%: Agent commission of 3 to 7% (when selling another home), loan fees of 2%, appraisal/inspection/closing fees of 0.5%, title and homeowner's insurance of another 1%, carpet/carpenter/repair of another 1 to 5%, etc. And this doesn't include the costs associated with your move. See following table for estimates:

<b>Sales Price:</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>ESTIMATED Transaction Fees</b>	Low	High	Low	High	Low	High
Commission 3-7%	3,000	14,000	15,000	35,000	30,000	70,000
Loan - 20% down	2,400	4,800	6,000	12,000	12,000	24,000
Appraisal	200	500	200	550	200	600
Inspection	300	500	300	500	300	500
Escrow & Filing Fees	220	300	220	300	220	300
Owner's Title Insurance	900	1,100	1,600	1,800	2,500	3,000
Lender's Title Insurance	500	600	850	975	1350	1600
Home Insurance (Varies widely)	500	900	1,000	2,000	2,500	5,000
Taxes	0	2,000	0	5,000	0	10,000
Repairs	0	3,000	0	5,000	0	10,000
Survey	0	500	0	500	0	500
Warranty	0	400	0	500	0	700
<b>TOTAL</b>	<b>\$8,020</b>	<b>\$28,600</b>	<b>\$25,170</b>	<b>\$64,125</b>	<b>\$49,070</b>	<b>\$126,200</b>
<b>After the Transaction:</b>						
Relocation / Move	1,000	9,000	2,000	10,000	4,000	20,000
Improvements	1,000	6,000	2,000	10,000	4,000	20,000
<b>NEW TOTAL</b>	<b>\$10,020</b>	<b>\$43,600</b>	<b>\$29,170</b>	<b>\$84,125</b>	<b>\$57,070</b>	<b>\$166,200</b>

## Working families spend more on transportation than their home

The National Housing Center in conjunction with the John D. and Catherine T. MacArthur Foundation discovered one more thing you should ponder before buying a home.

In your search for affordable housing, you may have to move further from work. This could mean your transportation costs will exceed the financial benefits of owning a home.

In a survey of 28 major metro areas, working families making \$20,000 to \$50,000 annually reported spending an average of \$9,700 on housing and \$10,400 on transportation.

From errands you run to the car in which you run them, where you live can quickly pile on the hidden costs of home ownership.

## 15-year mortgage versus 30-year mortgage

With **MyREALTY mortgage**, you'll have literally thousands of options to finance your home. Why does the term of your mortgage matter? Here's an example of a \$200,000 home with a \$160,000 note. This means you've put 20% or \$40,000 down, and the balance of the mortgage is the \$160,000.

Term	Interest Rate	Monthly Due	Total Interest	Overall Total
15 years	7.75 %	\$1,506	\$111,088	\$271,088
30 years	8.00%	\$1,174	\$262,653	\$422,653

As you can see, if you can afford the higher monthly payment, you not only pay off your home in half the time, but overall you save over \$150,000!

### Your Right to Rescind

From the time you sign the credit contract (mortgage) up until midnight of the third business day, you have the right to cancel the credit transaction. Here's all that must happen to begin your three-day right to rescind:

- ✎ You sign the contract for credit.
- ✎ You have received and reviewed the Truth in Lending disclosure that offers important information such as the annual percentage rate, the amount of your financing and corresponding finance charges, as well as the payment schedule.
- ✎ Received copies of a "Truth in Lending" notice explaining exactly what you're reading about here — your right to rescind.

The 'three day' period is business days only, including Saturdays but not Sundays or legal holidays. Any contract cancellation must be delivered in writing before midnight of the third business day. Also, during the three-day waiting period no business related to the contract can take place. The money promised by the contract cannot be transferred and no contractor can start building.

### Types of Mortgages

#### Fixed Rate Mortgage

A fixed rate mortgage has an interest rate and monthly payments that never change.

These mortgages afford borrowers stability because they are unaffected by the ups and downs of fluctuating rates. Both short and long term fixed loans are available.

#### Adjustable Rate Mortgage

Adjustable Rate Mortgages (ARMs) feature an interest rate that adjusts up or down at specified intervals of the mortgage term. The initial interest rates for ARMs are lower than those of fixed rate mortgages.



## What happens if you renege on a loan after the three-day period?

There do not seem to be any precedents that favor the borrower when exiting home loans. A 2005 U.S. District Court decision in *O'Brien v. Aames Funding* found that O'Brien, who sued to get out of a refinance loan three years after she agreed to it, could not renege and was obligated to the contract with Aames.

What can you do if you must get out of your financial obligation?

- Sell the property
- Use a quitclaim deed to transfer or "quit" any of your interest in the property
- If you want out because you don't prefer the terms of the specific mortgage or lending company then you can refinance. **BEWARE:** Check for any prepayment penalties! If you decide to get a new mortgage (refinance) with another lender you may have to pay the existing lender, say, 5% of the all the money you still owe them.

— If you've signed a mortgage jointly and you want out (often the case in divorce), you can sign the property over to the co-owner. This can be accomplished by using a quitclaim deed or by having the other party refinance without you.

## Considerations when looking for a mortgage

— Many of the fees in a real estate transaction are negotiable.

— Talk to family, friends and co-workers before choosing your mortgage broker. A little Internet research helps as well. Selling mortgages is a competitive field, so don't go with the first mortgage company you meet.

— Beware of the interest-only loan. It's not always a bad idea, especially on an investment "fix n' flip" property, but with real estate appreciation slowing you don't want to get an interest-only loan just so you can afford a bigger home. If your home's value stagnates and you're only paying interest, then you may end up owing the lender more than your house is worth.

— Before you refinance, make sure your current lender doesn't enforce a prepayment penalty.

— Don't get caught up solely on the interest rate. Other components, such as closing costs and fees, may vary greatly from lender to lender.

— Renting isn't always a bad thing. Buy a home when you're ready, not because someone says you're throwing away money.

ARMs are typically easier to qualify for than fixed rate loans because the starting rate, as well as the payments, is lower. But BEWARE...because the rate is adjustable and not fixed, it can and often will rise with the fluctuating economy.

Described by "3/1," "5/1" and "7/1," these ARMs featuring initial fixed rate periods of three, five, and seven years. Following the initial period, rates will then adjust annually for the life of the loan.

### Conventional Mortgage

Administered by government regulated private companies Fannie Mae and Freddie Mac--the conventional loan limit for single families is \$417,000 in the continental United States.

### Jumbo Loan

Going bigger than \$417,000? These loans are funded by private investment banks and are very common today.

### FHA Loan

Loans actually insured by the Federal Housing Authority and designed for lower to middle income and first-time home buyers. The criteria to get an FHA loan are less than a conventional home loan.

### VA Loan

Insured by the Veterans Administration these loans offer less stringent down payment and qualification standards.

### No Documentation Loan

If you don't wish to share your income, or perhaps you are self-employed, a No-Doc loan lets you skip income verification. That convenience comes at a price, usually in a higher interest rate.

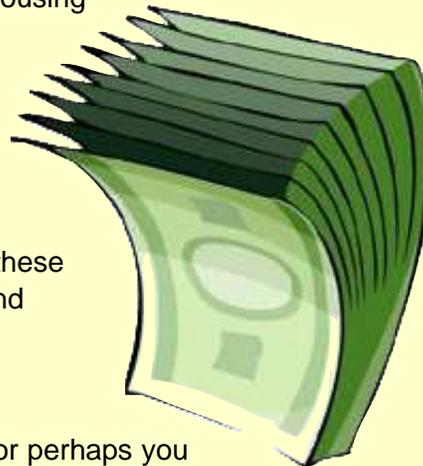
### Negative Amortization Mortgage

Don't have a regular, steady income? With a negative amortization mortgage your monthly payment can be less than the accruing interest on the balance of your loan. You're not building any equity but your payments are much less than with a conventional loan with principal and interest payments.

### Reverse Mortgage

If you are at least 62-years-old and have some equity in your home, you can qualify for this mortgage. A reverse mortgage is, essentially, a loan against your home where, as long as you live there, you do not have to pay it back. You can borrow up to 65% of the home's appraised value.

[Go here for more important mortgage tips and an easy way to get started on your dream.](#)



## MyDown Payment

The money you put 'down' on a home can save you thousands of dollars. The more you are able to put down, the more lenders will want to work with you and the better your interest rate will be. If you're able to put twenty percent down on the price of a property, you'll be able to avoid private mortgage insurance (PMI), another expense many people don't foresee. Banks and other lenders use your down payment to create a Loan-to-Value (LTV) ratio.

You'll hear a lot about loan-to-value. It's typically expressed in percentage and it carries a lot of weight in what you'll have to pay for your mortgage. A loan-to-value scenario might be that on a \$100,000 home, you have an 80% LTV. That means that you've put twenty percent, or \$20,000, on the \$100,000 property. If you put nothing down you have zero loan-to-value and the lender is liable for the entire loan-in addition, higher interest rates (PMI) will most likely ensue.

What if you can't come up with the necessary down payment?

**MyREALTY.com** has answers for you!

- ✦ Members of your family, including domestic partners, can give a once-a-year 'gift' of \$11,000 without tax implications.
- ✦ If you're a first-time homebuyer you can, without penalty, use money from your IRA.
- ✦ Although an FHA loan allows you to purchase a home with very little down (2-3%,) they do require much higher mortgage insurance and steeper interest rates than your average conventional loan. But if it gets you into a home, down the road you can always refinance.
- ✦ Zero money down is an option with some loans, but it can be a risky venture going into a home with no equity. Keep in mind if you sell too soon, you might very well lose money.
- ✦ Seller financing brings many options to the table. The best might be having the seller carry the entire mortgage. The buyer simply works out the terms of the loan with the seller. This can alleviate closing costs, bank fees and unreasonable interest rates. Sellers can also partially finance a home with a bank or other lender, picking up the remainder of the tab (this means you'll have two payments, one to the seller and another to the bank or lender.)
- ✦ You can also get what is called a piggyback loan. You may have heard of a loan program called an 80-10-10. This is when you put down 10 percent of the price of the home, borrow 80 percent of the rest, and get a second mortgage to put down the remaining ten percent. Then you have your 20 percent down. The second mortgage will almost always come at a higher interest rate than the first.



## Boomers Don't Break for Urban Homes

If you're eyeing a home in an urban setting you might have much better luck finding the place you want at a price better than expected.

How?

According to "Housing Trends Among Baby Boomers," based on data from the Health and Retirement Study, the fastest growing American population doesn't seem to be all that interested in retiring or even owning a second home in an urban environment.

- Last resort only! If you happen to have a 401k, you can actually use it to give yourself a loan. The most recent borrowing limit is up to \$50,000, or 50 percent, whichever is larger. However, within five years you must pay back this 'loan' through payroll deductions. If you quit or lose your job you must pay the loan back within 60 days or face severe penalties from the IRS.

## Step 3.) MySearch

Over the last five years the number of homebuyers who used the Internet to find their next home has doubled. According to the Pew Internet of American Life Project, 51% of people ages 18-29 searched online housing information, as did 43% of Internet users 30-49 years old. You can start your search with the **Global Listing Service**, or enlist extra help with a **buyer's agent**.

Todd Murphy, the CEO and founder of **MyREALTY.com**, helps you with some of the dos and don'ts of finding the right real estate agent in this online bonus - **Murphy's Laws** .

As a buyer, you likely already know what you are looking for. Have you decided on a resale in a certain neighborhood? Are you looking for a new speculation (spec) home built by an investor / developer / new homebuilder? Or maybe you have decided to buy a lot and build your own customer home - or place a modular home at your dream site. Or maybe you are simply looking for a second home or recreational property. Whatever it is you are seeking, **MyREALTY.com** can help with this **convenient checklist**.

The National Association of Realtors™ recently found that 87% of the time, a woman is responsible for making the final decision about a home. According to what we've read, that's a good thing. Women are the more savvy of the sexes when it comes to safety, practicality and overall design. **So what do women want in their home?**

## Step 4.) MyContract – Negotiating a buy-sell agreement

Once you have decided to write an offer, the price should clearly be something you can afford (ensured by pre-approval letter from **MyREALTYmortgage.com**), and one that won't burden you with regrets. The market will help you determine whether or not you can make an offer below asking price, pay full price, or even offer a premium to ensure that you get the home.

Some savvy buyers offer full price in order to get an acceptance, and negotiate down after a home inspection to fix items that require repair.

The best way for a seller to ensure that this doesn't happen is to make sure that their repair list is complete.



## Who is what?

If during your search you run across mysterious acronyms and/or titles, maybe this list will help you sort through the real estate alphabet soup.

### **Real Estate Agent**

Licensed by the state in which they sell, a real estate agent works for a real estate broker and receives a percentage of the sale price of a property.

### **Real Estate Broker**

With more training, a broker can supervise real estate agents.

### **Realtor™**

A real estate broker or agent who is a member of the National Association of Realtors.

### **Buyer's Agent**

A real estate agent representing the buyer. All parties engaged in the transaction must agree whether the buyer's agent will be paid by either the buyer, seller, or listing agent at closing. Often the buyer's agent splits the commission with the listing agent.

### **Listing Agent**

Represents the seller. The listing agent's name and contact information appear on yard signs and in the properties brochures, etc.

### **FSBO**

For Sale By Owner



When you put in an offer, the seller will want to know if you earnestly intend to purchase the property. Therefore, you are required to include a deposit, or earnest money, with your requested purchase price. Typically the “earnest” money is around 1% of the purchase price of the home. If the market is hot, however, some people will include more earnest money than normal to display how interested they are in buying.

Earnest money is placed in a trust and belongs jointly to the buyer and the seller. If the deal goes awry, any cancellation fees will come from that money. If the deal goes through, the earnest money is typically applied to the down payment on the property.

Here's a sample earnest money promissory note you can download to get you started: [MyREALTY.com has links to a full library of legal documents and resources to help you find the right home.](#)

Who can write a sales contract? Anyone. A real estate sales contract simply does the following:

- ✦ Identifies the property being sold
- ✦ Names the buyer and seller
- ✦ States the amount of money the buyer will pay (consideration)
- ✦ The date when title to the property will be exchanged for the money.

And now some smart additions to any real estate sales contract:



- ✦ A deposit explanation that declares how much the deposit will be and who will hold the deposit money.
- ✦ When and where the closing will take place
- ✦ If and when the property must be inspected or if it is to be sold “as is.”
- ✦ If any warranties are included with the property.

## Include the plat map in contract to confirm legal boundaries

Including a copy of the plat map with the county's official location of the property is a good idea when drawing up a contract.

Streets and addresses (as well as their names and numbers) can change over time, but a surveyed plat of the property will remain the same.

Maps are typically available from you county assessor's office. Homes and buildings on these maps are often referred to as “improvements,” while land is described as “real property.”

- ✎ Whose insurance will cover the property until the closing date.
- ✎ Notice of any disclosures on the property (lead paint is the big one, but anything, ANYTHING notable that could adversely affect the value of the property should be identified).
- ✎ When will the buyers take possession?
- ✎ Who will pay for pest, well, septic and other inspections, buyer or seller?
- ✎ What is included and excluded with the property? Refrigerator? Washer/Dryer?
- ✎ Any provisions for arbitration and disputes.
- ✎ Any other contingency you can think of. Who will pay if there's termite damage? If the roof is old, will the sellers replace it?
- ✎ Clear the title. Does the buyer own the property outright? A real estate contract must also say something to the effect that "This is a legally binding contract, so if you do not understand it, please get legal advice before signing."

## Step 5.) MyDue Diligence

No matter how professional your real estate agent is, thorough your inspector, and meticulous your lender might be, you also need to put in the effort to make sure the property you're buying (paying thousands for!!) conforms to not only legal standards but your own. Here are some important components to investigate when you're on the cusp of buying a home. Just think of them as an easy way to ensuring you're a happy homeowner.

- ✎ MyInspection - Before you get sucked in by a home's oak floors or wrapped up in the kitchen's granite counters, your inspection should go from the ground up, literally. [Here's a handy inspection list of what to look for.](#)
- ✎ Hiring a qualified home inspector - We highly recommend finding a seasoned inspector, who will provide a complete written report - with pictures. You should attend the inspection, and ask that the owner not be present - in the event he wants to interfere with the process.
- ✎ Property - We highly recommend a [MyREALTY.com property report](#). It provides a thorough background of the property's history.
- ✎ Title Report Review - This is prepared prior to closing. It lets you know how the title is currently held and what kind of exceptions are included such as easements, liens and encumbrances. The title report will also list any exclusion, like mineral rights for example, on the property. As a buyer it is important to review the title report thoroughly because you might find something the seller needs to clear up before any transaction takes place, or you can back out of the deal.



**MyREALTY links you to the tools you need**

**Prospective home buyers can find all the information you need in a MyREALTY property report.**

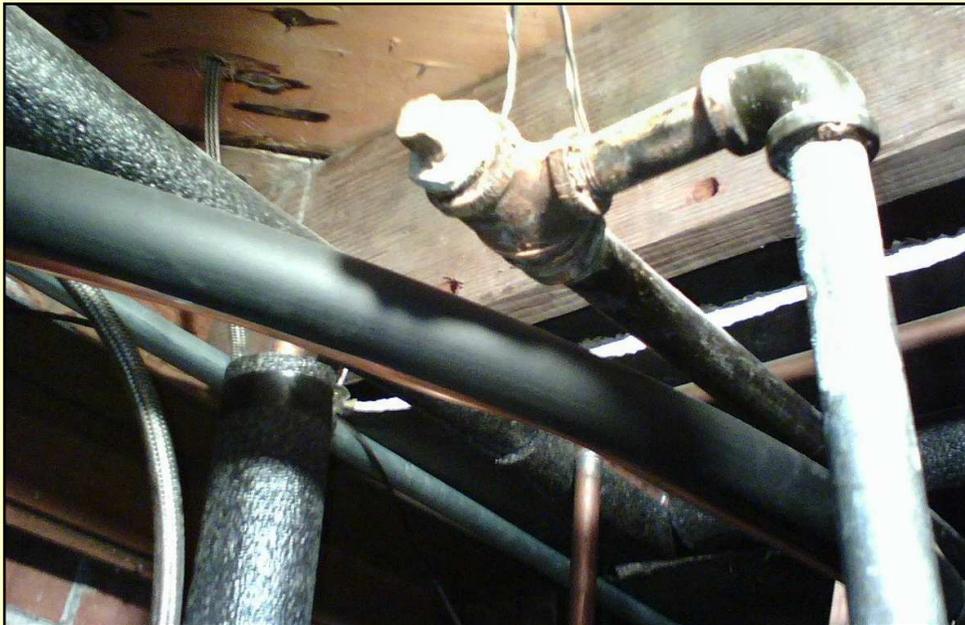
**Additionally, check out our library of legal forms.**

**Bored? Kill time with the MyREALTY.com Fun Pages.**

✦ Boundary Line Survey - This is important when buying land or a home on a lot that's not part of a formal subdivision. Boundary line surveys are vital on heavily treed lots where borders may not be so easy to spot and trees cross into other's property. You'll also discover any encroachments from neighbors. Did someone build a barn and part of it is on your land? You might be able to negotiate free pony rides.

✦ Neighbor Introductions and Interviews - Besides being a great way to break the ice, talking to potential neighbors is probably the best way to get the real lowdown on a property. Without prying too much you can get some great answers with these good questions. Here are some ideas to take with you.

✦ Zone, Covenants, HOA - Discover what they are and find if they work for you. Zoning, Covenants and HOA's vary greatly from one neighborhood to another. Before you jump on that investment condo in the mountains find out how much you'll be shelling out in monthly HOA (Homeowner's Association) fees.



✦ The House History - You can play detective to find more about any home. Try and find out:

- What types of materials were used? Are the walls plaster or drywall? What woods are used in the floor, mantle, and banister? What kind of bricks?
- Look under lid of toilet tank; they are usually stamped by year.
- Talk to your neighbors.
- Visit your local or county courthouse to look at the deed registry. The registry is usually found in the assessor's office. Review the history of the purchase and selling price.
- Check building permits which list type of structure, dates of construction, details, and owner.



**MyREALTY has the best choices for mortgages**

**Over 7,000 mortgage and loan programs are right at your fingertips – check out MyREALTY mortgage.**

**Got Questions? Get Answers in the MyREALTY.com forums**

- If possible, track down previous owners to find out what improvements were made.
- You can sometimes locate surveyor maps to see if anything had been added or demolished.

Have you found a nice lot or the perfect chunk of land? [Here's a MyREALTY.com Land/Lot checklist to help with the inspection process, and help make sure you don't wind up making a major investment you regret.](#)

### MyNegotiation

It's a buyers market! Do not be afraid to negotiate, but be aware of the current market conditions and market value of the property that you want to purchase. Remember though, in order for any seller to take you seriously, you should be pre-approved for financing. [MyREALTY.com](#) can provide your free pre-approval letter!

When you're looking at a home listed for \$300,000 and you know the most you'd ever pay is \$275,000, then here's some quick steps to get the seller to meet your price:

-  If you offer \$275,000, the sellers are not likely to accept it, especially if the listing is new on the market. One option would be to wait a few weeks before making an offer. The seller might then be more receptive to a lower price.
-  If you just can't wait to start the negotiating, then here's what to do:
  - Offer less than your top price at the outset. So, you go \$250,000. The seller comes back with \$285,000.
  - Let the seller know you are serious about the house with a leap up in price, say to \$270,000.
  - The seller, if they are serious about selling, (and more and more are today), will want to meet you somewhere between their 285 and your 270. That should be right about at your 275!
-  Again, consider who is paying the closing costs or additional expenses during the sale. These can be used as leverage to obtain the best deal possible.

### Step 6.) MyRenegotiation

If you've found issues with defects in the house (from disclosure statement, home inspection report), clouds on the title (from title commitment or your own due diligence), you need to negotiate any remedies prior to the date specified in your buy-sell contract. We recommend that you have major items repaired by the seller, as opposed to taking a reduction in price, as the actual cost may turn out to be more than the estimated price - especially when it comes to new roofing, foundation repairs, or mitigation of mold/mildew, radon, termites, etc.



Pre-Approval is a click away at [MyREALTY.com](#)  
**Are you ready to buy?**  
**Get your FREE pre-approval letter here.**

## Step 7.) MyHomeowner's Insurance

Homeowner's insurance rates vary widely based upon location, credit report, claims history, deductible, and age and construction of home. Regardless, if you do some research, you'll find a difference in overall coverage and the premium you pay for it. Get quotes from three different providers.

- Ask your insurance agent or even the seller if any claims have been made against the property.
- Claims in the past five years could make your insurance more expensive.
- Get adequate coverage. Instead of opting for the standard industry policy of "Limited Replacement Cost," request an additional percentage that will ensure the total cost of rebuilding is recovered. To do this, find out how much it costs to build in your area. A real estate agent or a general contractor should be able to tell you the price to build per square foot. Multiply that number by the square footage of your home, compare that number to your current policy coverage, and you'll know if your insurance policy will afford a complete rebuild.
- Taking a larger or smaller deductible will affect the price of your annual premium. Ask your insurance agent how you can have a smaller annual payment with a larger one-time damage deductible.



## Step 8.) MyClosing

Typically, the closing is coordinated by an escrow agent from a title company, although an attorney is required in Alabama, Massachusetts, Delaware, Georgia and North Carolina. If you've selected a good closing entity (title company or attorney), the closing should go off without a hitch.



MyREALTY links you to the tools you need

Look through these great deals to save up to 50 percent on a home.

We Got Checklists.  
(Inspection, Buyer's, Neighbor's Seller's, etc)

You should have received your settlement/closing statement (**HUD-1 form**) at least three days before closing. It is at the closing when you must bring a cashier's check with the balance of your down payment.

### Money-saving tips for closing

- ✦ You can negotiate closing costs with the seller, but make sure that whatever agreement you come to, it is put in writing in the sales contract. Be specific on escrow costs vs. loan costs.
- ✦ **MyREALTY mortgage.com** has mortgages that reduce closing costs and programs that wrap closing costs into the mortgage.
- ✦ Shop around for not only the best homeowner's insurance rates, but also the best policy/coverage. Same with attorneys, if your state requires an attorney for closing.
- ✦ A lender's good faith estimate should match the final contract. If not, find out why there are new fees and expenditures.
- ✦ By law, you are allowed a list of all costs related to the closing. Mondays are bad for closings. If your lender puts your mortgage money in escrow on Friday, you'll end up paying for an entire weekend of gained interest.

### What is escrow?

Escrow is an account handled by a neutral third party. It holds documents and money in a real-estate transaction until all conditions of a sale are met. Also, when you pay your mortgage, you can allot an amount to go to escrow for property taxes and insurance (typical); most lenders require taxes and insurance to be paid from escrow.

### MyServiceProviders

Find the right service providers at **MyREALTY.com!**

Agents, lenders, interior designers, landscapers and lawn mowing, painters, electricians, plumbers, etc... You can find them on the Service Providers page at **MyREALTY.com**. We highly recommend hiring the right professionals: real estate agents, attorneys, and tax accountants, to guide you through your transaction and tax needs.

## Step 9.) MyMove

Moving your household - go it alone or hire a professional moving company. Find movers and storage providers at **MyREALTY.com**.

Even before you pack anything you should:

- ✦ Go to the post office and fill out a change of address form or pay a small fee and do in online through their website.
- ✦ Change address with IRS, banks and credit card companies (think of the things you don't want showing up at the wrong house.)



Check it off the list with help from MyREALTY.com

Use our handy checklists to help you fill in all the blanks with inspections, buying, moving and everything you need.

- ✦ Find a new bank in your new city. It's a good idea to set up a checking account.
- ✦ Contact all utilities, business contacts and subscriptions and switch your address.
- ✦ Ask your current dentists and doctors for referrals. You might need a new pharmacy too.
- ✦ What church or civic organization will you be a part of in your new town? Your present memberships will need a notice of your departure as well.
- ✦ Rental trucks and movers need advanced reservations so give them a call now. If you need any travel arrangements get those organized.
- ✦ What about pets? You'll want to plan how they'll get to your new home.
- ✦ Taking down serial numbers and creating an inventory of your belongings is a good idea. Insurance companies also recommend video taping your belongs. You'll also want to make copies of important documents before mailing or moving them.
- ✦ Get more boxes than you ever imagined you'd ever need. You'll need them.
- ✦ Color code boxes for different rooms or mark them clearly. Give yourself time to be organized. Check closets, basement and any nooks and outbuildings for your belongings.
- ✦ Eat your inventory. Dine-in more and clean out your cupboards.
- ✦ Get ready to buy some pizzas to tempt friends to help you move.
- ✦ Contact the Division of Motor Vehicles for driver's license, auto registration and tags.
- ✦ Find the hospitals, police stations, veterinarian and fire stations near your home.

Here's a [MyREALTY.com downloadable moving checklist](#) to put on the fridge!

## Step 10.) MyPalace, MyConversion

This section covers small improvements, appliances, and furniture to convert "MyHome" into "MyPalace!"

We only have one life to live, and a lot of our time is spent in our homes, so we highly encourage you to make every improvement you can, as early as you can - even before you move in. We also recommend that you create a budget and spend within your means. You may also want to talk to your lender about wrapping major improvements into your loan. Improvements may include:

- ✦ Finishing the basement to add more rooms
- ✦ Home Theater
- ✦ New paint or flooring
- ✦ Replacing old light fixtures
- ✦ Granite countertops
- ✦ Spa, Sauna, or Steam room
- ✦ Stereo system with built-in speakers in the dining area, deck, front porch, entertainment room, etc.
- ✦ Barbecue area in the back yard - with natural gas piped to the grill



**MyREALTY has the tools you need to buy or sell**

**Need to sell your home before you buy? Get more valuable information here.**

**Burned out? Bored? Kill time with the MyREALTY.com Fun Pages.**

- Wet bar
- Entertainment room
- Workout room
- The new deck, front porch, or covered patio

The key to enjoying your improvements is convenience! We encourage you to place all new toys and improvements near the master bedroom or on the main floor, whenever possible.

## In Conclusion

Thank you for sharing your time with **MyREALTY.com**. There are a lot of viable online real estate companies but we sincerely believe that our desire to educate (rather than just sell) homebuyers creates a better real estate experience for everyone involved in the transaction. Buying a home is indeed a big deal, but with the necessary due diligence and research it is the best investment you can make. **MyREALTY.com** simply wants to get to you the information and tools you need to make the right decisions about the right home.

If you're reading this then we're guessing you've already retained a lot of information. Now you can **surf our millions of homes** listed on the Global Listing Service, **post a question** on MyCommunity Forum, a comment on the **MyREALTY.com blog**, or if you don't find everything you need to buy your home-and yes we even have the money at **MyREALTY mortgage** – then please **let us know** what we can do to help.



MyREALTY has the answers to all your Realty questions

What does that word really mean? Get to know the Realty and the Reality of real estate terms with the **MyREALTY.com Glossary**.