





Reasons You Need a REALTOR®

- A real estate transaction is complicated. In most cases, buying and selling a home requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multi-page government-mandated settlement statements. A REALTOR® will guide you through this complexity and can help you avoid delays or costly mistakes.
- Real estate has its own language. If you don't know a CMA from a PUD, you can understand why it's important to work with a REALTOR® who speaks that language.
- REALTORS® have done it before. Most people buy and sell only a few homes in a lifetime, usually with quite a few years in between each purchase. And even if you've done it before, laws and regulations change. That's why having a licensed expert on your side is critical.
- REALTORS® provide objectivity. Since a home often symbolizes family, rest, and security, not just four walls and a roof, home selling or buying is often a very emotional undertaking. And for most people, a home is the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you keep focused on both the business and emotional issues most important to you.
- REALTORS® offer access to pre-qualified buyers.
- REALTORS® are members of the NATIONAL ASSOCIATION OF REALTORS®, a trade organization of more than 1 million members nationwide. REALTORS® subscribe to a stringent code of ethics that help guarantee the highest level of service and integrity.



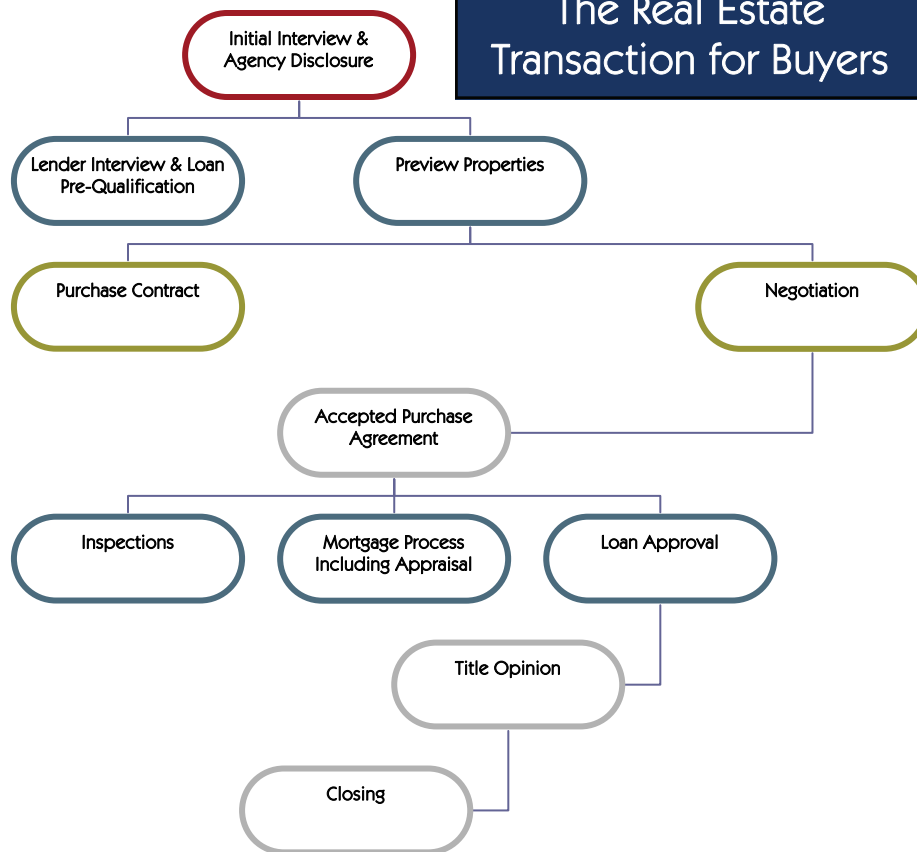
Understanding Terms

Seller's representative. A seller's agent is hired by and represents the seller. The agency relationship is usually created by a listing contract.

Buyer's representative. A REALTOR® who is hired by prospective buyers to represent them in a real estate transaction. The buyer can pay the REALTOR® directly through a negotiated fee. The buyer's rep may also be paid by the seller or by a fee split with the listing broker.

Consensual dual agent. Dual agency is a relationship in which the brokerage firm represents both the buyer and the seller in the same real estate transaction.

The Real Estate Transaction for Buyers





Benefits to Homeownership

Tax breaks. The U.S. Tax Code lets you deduct the interest you pay on your mortgage, property taxes you pay, and some of the costs involved in buying your home.

Gains. While there is no guarantee of appreciation, between 1998 and 2002, national home prices increased at an average of 5.4 percent annually.



Ownership Interest. Money paid for rent is money that you'll never see again, but mortgage payments allow you to build equity in your home.

Savings. Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing federal income tax.

Predictability. Unlike rent, your mortgage payments don't go up over the years so your housing costs may actually decline as you own the home longer. However, keep in mind that property taxes and insurance costs will rise.

Freedom. The home is yours. You can decorate any way you want and be able to benefit from your investment for as long as you own the home.

Stability. Remaining in one neighborhood for several years gives you a chance to participate in community activities, lets you and your family establish lasting friendships, and offers your children the benefit of educational continuity.



Questions to Ask When Choosing a REALTOR®

- *What designations do you hold?* Designations are being held by only about 1/4 of practitioners. Designations such as GRI and CRS, require real estate professionals to take specialized training.
- *What types of specific marketing systems and approaches will you use to sell my home?* Look for someone who has aggressive, innovative approaches, not just someone who's going to put a sign in the yard and hope for the best.
- *Will you represent me exclusively, or will you represent both the buyer and the seller in the transaction?* Although it's usually legal to represent both parties in a transaction, it's important to understand where the practitioner's obligations lie. A good practitioner will explain the agency relationship to you and describe the rights of each party. It's also possible to insist that the practitioner represent you exclusively.
- *Can you recommend service providers who can assist me in obtaining a mortgage, making repairs on my home, and other things I need done?* Keep in mind, real estate professionals should generally recommend more than one provider.
- *Do you have access to a computerized Multiple Listing Service?*
- *What's your business philosophy?* While there is no right answer to this question, the response will help you assess what's important to the real estate practitioner – false sales, service, etc.— and determine how closely the practitioner's goals and business emphasis mesh with your own.
- *How will you keep me informed about the progress of my transaction? How frequently? Using what media?* Again, this is not a question with a correct answer, but one that reflects your desire. Do you want updates twice a week or not be bothered unless there's a hot prospect? Which do you prefer—phone, e-mail, or a personal visit?



Tips for Successful Homebuying

Get help. Work with a REALTOR® as a buyer's representative.

Choose a lender. If unsure on when to start, ask your REALTOR® for recommendations. The lender will get you pre-qualified for a mortgage before you start looking, and look at your credit report.

Be picky, but don't be unrealistic. There isn't a perfect home.

Do your homework before you start looking. Decide specifically what features you want in a home and which are most important to you.

Don't ask too many people for opinions. It will drive you crazy. Select one or two people to turn to if you feel you need a second opinion.

Decide when you could move.

Think long-term. Are you looking for a starter house with the idea of moving up in a few years or do you hope to stay in this home longer? This decision may dictate what type of home you'll buy as well as the type of mortgage terms that suit you best.

Consider home inspections and a one-year warranty.

Don't let yourself be "house poor". If you max yourself out to buy the biggest home you can afford, you'll have no money left for maintenance or decoration or to save money for other financial goals.

Common Homebuyer Mistakes

- ◆ *Buyers don't use a REALTOR®.*
- ◆ *Buyers don't ask enough questions and miss out on the best deal.*
- ◆ *Buyers don't act quickly enough to make a decision and someone else buys the house.*
- ◆ *Buyers don't do enough to make their offer look good to a seller.*
- ◆ *Buyers try to act like killer negotiators. Trying to "win" by getting an extra-low price may make you lose the home you love.*
- ◆ *Buyers wait to get financing until they have found a home.*



Know Your Style



Split Level



Ranch



Two-Story



Cape Cod



Bungalow/1.5 or 1.75 Story



Tudor

Contemporary—Modern in feel, often with odd-sized windows, a lack of ornamentation, and unusual mixtures of wall materials

Townhouse—Townhouses are usually a series of multistory units that are linked to each other by common walls.

Condo—An individual condo owner holds title to the condominium unit only, not the land beneath the unit, so condos can be stacked on top of each other.



Victorian



Your Property Wish List

Your opinions on the type of home you want to own may change during the homebuying process, use this checklist to prioritize your needs and wants.

- How close do you need to be to public transportation; schools; airport; highway; neighborhood shopping; other?
- What neighborhoods would you prefer?
- What school systems do you want to be near?
- What architectural styles of homes do you prefer?
- Do you prefer a two-story house or a ranch?
- Do you prefer a new or existing home?
- How much repair or renovation would you be willing to do?
- Do you have special facilities or needs that your home must meet?
- Do you require a fenced yard or other amenities for your pets?

Prioritize each of these items into:	Must have	Would prefer
Yard Size	<input type="checkbox"/>	<input type="checkbox"/>
Garage size (at least _____)	<input type="checkbox"/>	<input type="checkbox"/>
Patio / Deck / Enclosed porch	<input type="checkbox"/>	<input type="checkbox"/>
Pool	<input type="checkbox"/>	<input type="checkbox"/>
Bedrooms (number) _____	<input type="checkbox"/>	<input type="checkbox"/>
Bathrooms (number) _____	<input type="checkbox"/>	<input type="checkbox"/>
Family room	<input type="checkbox"/>	<input type="checkbox"/>
Formal living room	<input type="checkbox"/>	<input type="checkbox"/>
Formal dining room	<input type="checkbox"/>	<input type="checkbox"/>
Eat-in kitchen	<input type="checkbox"/>	<input type="checkbox"/>
Laundry room (main floor?)	<input type="checkbox"/>	<input type="checkbox"/>
Basement (finished, walkout?)	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>
Spa in bath	<input type="checkbox"/>	<input type="checkbox"/>
Wall-to-wall carpet	<input type="checkbox"/>	<input type="checkbox"/>
Handicap Accessible	<input type="checkbox"/>	<input type="checkbox"/>
Hardwood floors (upgrade)	<input type="checkbox"/>	<input type="checkbox"/>
View	<input type="checkbox"/>	<input type="checkbox"/>



Financing Checklist

Documentation you will need when buying a home.



All Loan Applications

- ◆ All employment pay stubs covering the last 30 days for all applicants.
- ◆ Employment history for past two years (minimum).
- ◆ Documentation to verify additional income, such as child support, pension, social security income, etc.
- ◆ W-2 forms for the last two years, for each applicant.
- ◆ Bank statements for the last three months, for all checking and savings accounts (all pages).
- ◆ Name, address, and telephone numbers of landlord for the last 24 months, if you are currently renting or have rented in the last 24 months.
- ◆ Last twelve months' canceled mortgage payment / rent checks.
- ◆ 401(k), IRA statements, and investment account statements for the last three months if applicable.
- ◆ A check for payment of the application deposit (funds necessary to order an appraisal and credit report).

For an FHA Loan

- ◆ Photocopy of drivers license and photocopy of social security card.
- ◆ Lead-Based Paint Notification if house was built prior to 1978 (for refinance transactions, this form will be supplied at loan application).

For a VA Loan

- ◆ VA Certificate of Eligibility.
- ◆ Form DD-214 or, for in-service veterans, Statement of Service.
- ◆ Most recent Leave and Earnings Statement (in-service veterans only).
- ◆ Name and address of child care provider (if applicable).



Creative Ways to Homeownership

If your income and savings are making home-buying a challenge, consider these options.

- ◆ Investigate local, state, and national assistance programs.
- ◆ Ask your seller to contribute a portion of closing costs.
- ◆ Get help from your family, or consider a co-signer.
- ◆ Lease with the option to buy.
- ◆ See if you qualify for a short-term second mortgage, or zero percent financing, to give you the money to make a higher downpayment.

Simple Steps to Getting Your Finances in Order

① Develop a family budget.

② Reduce your debt.

③ Get a handle on expenses.

④ Increase your income.

⑤ Save for a down payment.

⑥ Create a house fund.

⑦ Keep your job.

⑧ Establish a good credit history.





Negotiating the Purchase



You've found it—your “dream house”! You want to buy it. Now what? You make an offer by submitting a signed purchase contract with the type of financing you desire. This will be the sales contract once the seller accepts. When you and the seller sign, you are agreeing to the contract conditions. Before you sign it, read it carefully and make sure you understand every

detail. Ask questions. Verbal agreements should be written into the contract. If you plan to have a lawyer represent or advise you, retain one as early as possible. This is where your REALTOR® can give you the assistance you need.

Don't forget about earnest money - when you sign the offer to buy, you also will have to submit a deposit. The funds are held in the listing broker's escrow account which will be credited to you at the closing. Also ask questions about contingencies on financing, inspections, termites, personal property (what stays and what goes), repair work, insurance, closing and occupancy dates.

Questions to Ask Your Lender

What are the most popular mortgage loans you offer?

Which type of mortgage plan do you think would be best for us? Why?

Are your rates, terms, fees, and closing costs negotiable?

Are there any options to avoid mortgage insurance?

Who will service the loan? Your bank or another company?

What escrow requirements do you have?

How long is your loan lock-in period? Do you have extended locks? If so, what are the costs?

How long will the loan approval process take?

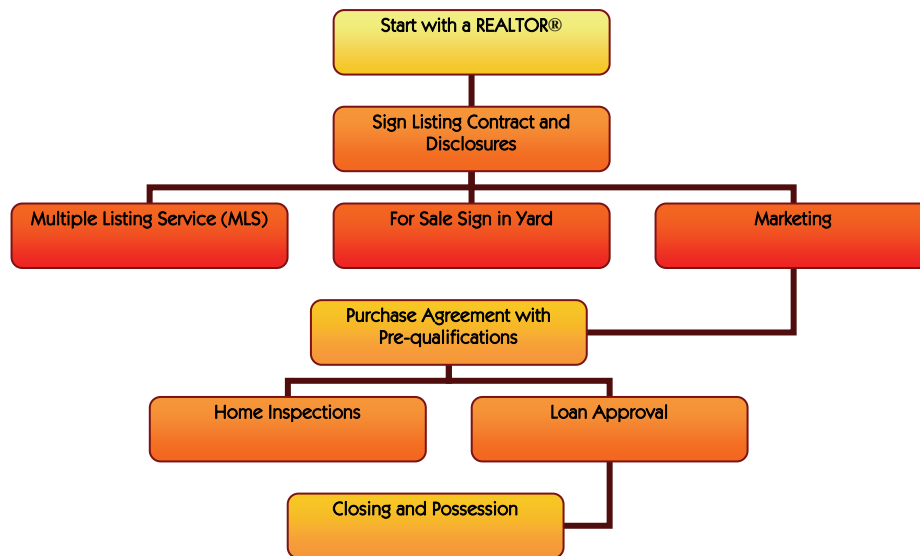
How long will it take to close the loan?

Are there any charges or penalties for prepaying the loan?





The Transaction for Sellers



Ways to *Speed* up Your Sale

- ❖ Choose a REALTOR®.
- ❖ Price it right. Confer with your REALTOR® to determine a realistic price range.
- ❖ Stage your house prior to listing.
- ❖ Be flexible about showings. The more often someone can see your home, the sooner you'll find a seller.
- ❖ Be ready for the offers. Decide in advance what price and terms you'll find acceptable.
- ❖ Don't refuse to drop the price. If your home has been on the market for more than 30 days without an offer, be prepared to consult your REALTOR® about lowering your asking price.



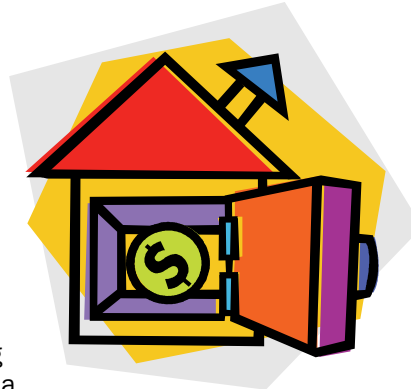
Ways to Make Your Home Sell

- ❖ Get rid of clutter. Pack away most of your small decorative items and children's toys. Clean out garage.
- ❖ Wash your windows and screens, and keep window treatments open to let more light into the interior.
- ❖ Keep everything extra clean. Wash fingerprints from light switch plates. Mop and wax floors. Clean the stove and refrigerator. A clean house makes a better first impression and convinces buyers that the home has been well cared for.
- ❖ Get rid of smells. Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Burn light-scented candles.
- ❖ Replace burnt out bulbs in light fixtures to make rooms seem brighter, especially basements and other dark rooms.
- ❖ Make minor repairs. Small problems can create a bad impression, such as sticky doors, torn screens, cracked caulking, or a dripping faucet. These small problems give buyers the impression the house isn't well maintained.
- ❖ Tidy your yard. Cut the grass, rake the leaves, trim the bushes, clean the gutters, and edge the walks. Put a pot or two of bright flowers near the entryway. Make sure your entryway is welcoming and clean. This is the first impression a buyer will have of your house.
- ❖ Patch holes in the driveway and reapply sealant, if applicable.



Safety Tips for Sellers

- ☒ Remove valuables (jewelry, guns, camera, computer, video equipment, cash, etc.).
- ☒ Remove all medications.
- ☒ A legitimate alarm system can be of great benefit to the protection of the home, especially if the potential perpetrator knows it exists. Make certain doors and windows are well marked warning of the alarm's existence.
- ☒ Walk with your REALTOR® around the perimeter of the home for the purpose of identifying possible entry other than the main door.
- ☒ Always trust your intuition. You do not have to open your door to just anyone. For your own safety, you should not let strangers inspect your property without being qualified and accompanied by a REALTOR®.
- ☒ Always insist on the presentation of a REALTOR'S® business card when your house is shown.
- ☒ Ask your REALTOR® to use a guest register to obtain as much information as possible from prospective buyers.
- ☒ Give clear instructions to your children on how to avoid phone calls or visits that might compromise your privacy or safety.
- ☒ Always keep your doors locked whenever your family is gone, as well as when you are at home. And remember that no one should be allowed into your home without advance notice from your REALTOR®.





Sold! The Offer...

Content of Presentation

Included in the presentation of the offer are a number of specific concerns. After all, once the contract is signed, it becomes the binding guideline for the transaction. Description of the offer will include, but is not limited to:

- Date, name and address of the buyer and seller, and the legal description of the property.
- Amount of earnest money deposit, which will be held in an escrow account by the broker, unless otherwise noted.
- Sales price.
- Size of down payment, and how the remainder of purchase price is to be financed. The offer should indicate the maximum interest rate the buyer is willing to pay, and the right to cancel without penalty if such financing proves unavailable.
- Contingencies, if any, such as satisfactory review by attorney, structural inspection, appraisal, or sale of the buyer's present house.
- Other important provisions, including a list of items that convey with the sale, title work, and who is to pay various settlement costs.

Seller's Action

A decision on an offer should be made at the presentation, if possible. A home seller has three possible options.

1. Accept the offer as written.
2. Make a "counter offer" on unacceptable aspects. A purchase offer with counters is not a ratified contract until the home buyer accepts and initials the counters. Buyers can withdraw, accept or counter the counter offer.
3. Reject the offer, if it is totally unacceptable. Outright rejection, without a counter, should be the last resort. Oftentimes it is at least a starting point for further negotiations.



Seller's Q&A

Is it best to turn down the first offers?

In any transaction, it's normal for the seller to wonder "Could I have gotten more?" and for the buyer to wonder "Should I have paid less?". When your reasonably-priced house is put up for sale, the very first lookers may make an offer to buy. That doesn't mean that you've priced your home too low. It means qualified buyers and their brokers have been looking — and waiting — for the right house to come on the market at just the right price. Your listing broker will advise you on all offers.



Does the sale of a condominium or a property within a Homeowner's Association (HOA) require any special action?

The purchase offer for a condo sale or homeowners association property will contain, in compliance with the law, a requirement that the seller furnish the buyer with certain disclosure information and documents.

What do you do if the property doesn't sell?

The first step is to go over carefully with the listing broker why the property has not sold. Usually price and property condition are the key. Study and analyze what has sold in your area and at what price.

If a buyer forfeits the deposit, who gets the money?

If the buyer fails to make full settlement, the deposited earnest money may be forfeited only after a release is signed by all parties. In the event of forfeiture, the deposit will be divided equally between the seller and the real estate brokers, but not to exceed the amount of the commission, or according to the sales contract.

What if the deal falls apart?

The deal isn't over until it's over. That's a simplification, but one that is very true. Many offers fall apart, especially with a weak buyer or last minute material deficiencies. Don't ever lie on a disclosure, it will come back to bite you, sometimes years down the road.



Available Homebuyer Assistance Programs Federal / State / Local

U.S. Department of Housing and Urban Development

www.hud.gov Phone: 202-708-1112

Officer Next Door: Makes homeownership faster and more affordable for Law Enforcement Officers.

Teachers Next Door: Encourages teachers to buy homes.

The American Dream Downpayment Fund: Offers opportunities for low and moderate-income families to purchase their own home.

One to Four-Family Home Mortgage Insurance; Single-Family FHA Programs: Offers Federal mortgage insurance to finance homeownership.

Housing in Declining Neighborhoods: Offers mortgage insurance to purchase or rehabilitate housing in older, declining urban areas.

Adjustable Rate Mortgages: Offers Federal mortgage insurance for adjustable rate mortgages.

Department of Veterans Affairs

www.homeloans.va.gov

Phone: 202-273-7330

VA-Guaranteed Loan:
Encourages lenders to offer veterans loans with more favorable terms.





United States Department of Agriculture – Rural Development

www.rurdev.usda.gov/ia/rhs.html

Phone: 563-886-6023

Section 502 Direct Loan: Rural housing direct loans that are funded by the Government. These loans are available for low-income households to obtain homeownership.



Guaranteed Housing Rural Housing Loan: Loans that are funded by conventional lenders. The USDA guarantees repayment of the loan. These loans are available to assist moderate-income households to obtain homeownership.

Iowa Finance Authority

www.ifahome.com Phone: 800-432-7230

FirstHome Program: This program can help you obtain a below-market interest rate on your mortgage loan if you are purchasing a home in Iowa.

FirstHome Plus Program: This program provides qualified first-time homebuyers affordable mortgage financing plus cash assistance for downpayment and closing costs.

East Central Iowa Council of Governments

www.ecicog.org Phone: 319-365-9941

Mortgage buy-down and downpayment assistance programs to assist homebuyers.

City of Cedar Rapids

www.cedar-rapids.org Phone: 319-286-5872

If you are eligible, the City's Housing Services Office will provide downpayment assistance.



Web Site Resources

The Cedar Rapids Area Association of REALTORS®, www.CRRealtors.org

Provides information on varied topics of interest.

EnergyGuide.com, www.energyguide.com

Provides an easy way to assess energy use and get quick tips on saving energy.

Environmental Protection Agency, www.epa.gov

Advice on testing for and mitigating pollutants, from lead paint to radon to mold.

Equifax, www.equifax.com

A source of credit reports.

Experian (formally TRW), www.experian.com

A source of credit reports.

Trans Union Corporation, www.transunion.com

A source of credit reports.

Ginnie Mae, www.ginniemae.gov

Provides advice to buyers on homeownership.

Freddie Mac, www.freddiemac.com

Provides information to buyers on affordability and homeownership.

Fannie Mae, www.fanniemae.com

Provides information to buyers on affordability and homeownership.

U.S. Department of Housing and Urban Affairs (HUD), www.hud.gov

Offers advice to buyers on finance, fair housing, and more.

Department of Veteran Affairs, www.homeloans.va.gov

V.A. web site offering information on homebuyer assistance to veterans.

United States Department of Agriculture, www.rurdev.usda.gov/ia/rhs.html

Homebuyer assistance programs.

East Central Iowa Council on Governments, www.ecicog.org

Site offers information on homebuyer assistance.

The City of Cedar Rapids, www.cedar-rapids.org

Offers information on homebuyer assistance.

Moving.com, www.moving.com

Helps buyers and sellers with packing tips, timetables, and other information.





Notes



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AREA ASSOCIATION OF REALTORS

www.CRRealtors.org