

PropertyUp
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Home Buyer's Toolkit

A Guide to Purchasing Your Home



The Property Up Team
Your Trusted Real Estate Advisors

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John Herman,
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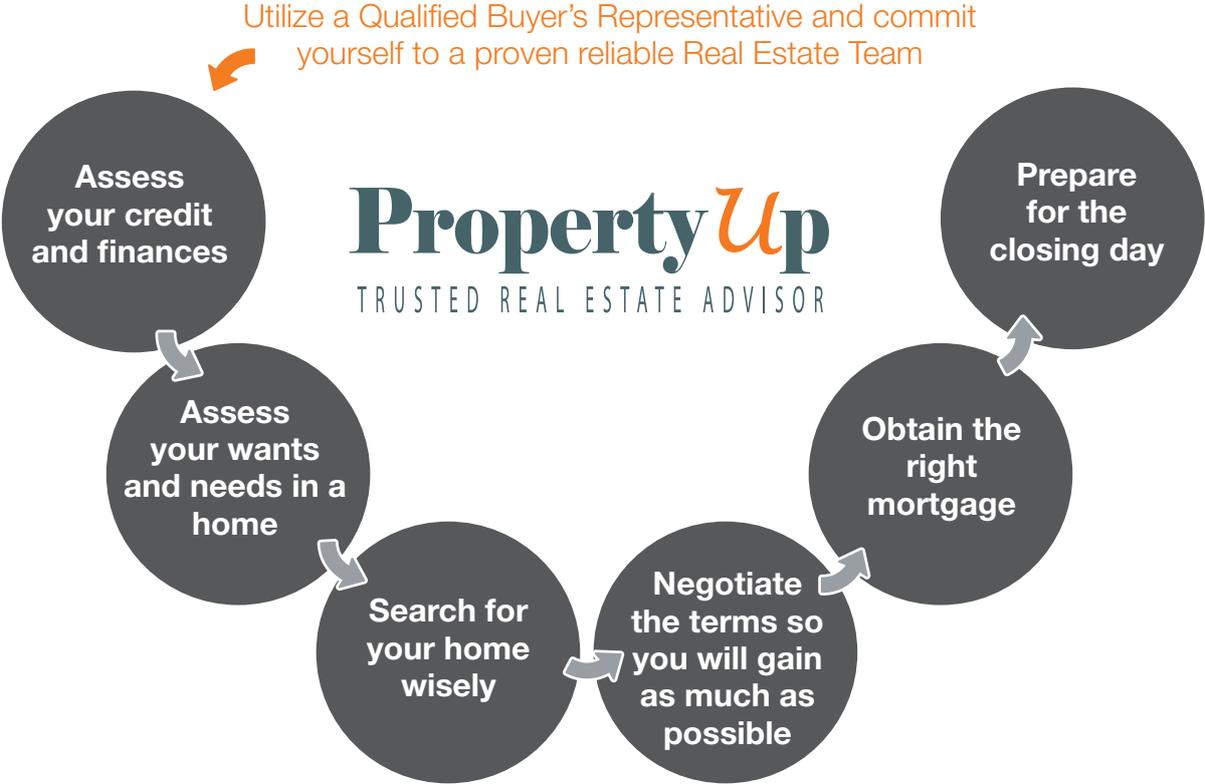


KNOW THE KEY STEPS IN FINDING AND PURCHASING YOUR HOME

Ready to buy a home?

Purchasing a home is a big decision and having the right Real Estate Team assisting you in the process is key. The **PropertyUp Team**, along with this guide, is a great start to the process of finding the best home for you and your family.

The PropertyUp Team will guide you through the Seven (7) Steps of buying your new home.



In most transactions, sellers are represented by a listing agent who manages these details for the sellers and who acts in their best interest. As a buyer, don't you also want someone who will provide you with complete and honest representation in your real estate transaction?

Real estate buyer's agents and teams are responsible for protecting the best interests of their clients, thus, buyers like you will be guided through every step of the process. However, the question is, how will you know who to choose?

1ST STEP

UTILIZE A QUALIFIED BUYER'S REPRESENTATIVE FROM THE PROPERTY UP TEAM AND COMMIT YOURSELF TO A RELIABLE REAL ESTATE TEAM.

Defined most simply, a buyer's representative (or buyer's agent) is an advocate for the buyer - not the seller - in a real estate transaction. Real estate laws and regulations vary from state to state and buyer's representatives owe full fiduciary (legal) duties, including loyalty and confidentiality, to their buyer-clients and must keep their clients' best interests in mind throughout the entire transaction.

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WHY SHOULD I USE A BUYER'S REPRESENTATIVE

Most likely, the seller of a property will be represented by a listing agent who provides expertise throughout the transaction to the seller. A buyer's representative will provide the expertise needed throughout the entire transaction, greatly improving your buying experience and results. Using a buyer's representative does not cost you money and you will have an expert on your side, what can be better than that?



REMEMBER!

Ask your Buyer's Representative to explain the details of agency that apply in your state, as well as their personal representation agreement. Knowing your agent's responsibilities and obligations to you, and yours to them, helps to avoid any potential misunderstandings.

DISCUSSION POINTS WHEN CHOOSING A BUYER'S AGENT

To help ensure a successful home purchase, it is important to utilize a buyer's representative. Committing to the Property Up Team is a great first step. We have a dedicated team of assistants who are readily accessible to you 7 days a week! Here are some of the most important issues to consider and questions to ask us, as your prospective buyer's representative.



Experience and Credentials

How long have you been a buyer's agent?



References

Can you share the names and contact details for three past-buyer-clients who can provide references?



Knowledge

What are your areas of specialized knowledge?
Which types of housing or neighborhoods do you know best?



Representation

What representation choices do I have as a buyer?



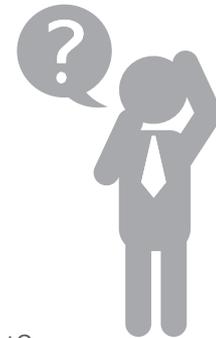
Services Provided

What assistance will you provide at each stage of the transaction?



Compensation

How will you be compensated? If I hire you as my buyer's agent, will I be subjected to any additional costs in my transaction?





PROPERTY UP'S PLEDGE TO OUR CLIENTS

We can arrange multiple showings for you to see more properties in a shorter timeframe. We will locate properties that match your criteria, and send you all available listings. We will provide full information about the properties and the area and navigate you through the buying process, and answer all of your questions. We will keep all your information confidential and provide free Comparative Market Analysis (CMAs), Home Investment reports, Flood Zone Reports and more. We will use negotiation experience and market data from MLS to get the best purchase price, avoid unpleasant disputes with other sellers brokers or other buyers brokers that have had showings or other work for you in the past. We will write a contract and thoroughly explain the terms. We will also provide Real Estate information for life! We can also provide recommendations for mortgage lenders, attorneys, home inspectors and movers

The Property Up Team recommends you choose ONE agent and commit to him or her. By committing to ONE Trusted Agent, you will receive consistent, unbiased advice. Allow The Property Up Team to be YOUR TRUSTED ADVISOR.

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THE PROPERTYUP TEAM IS YOUR "ONE STOP" REAL ESTATE SHOP

We will include ALL of the homes available for sale to meet your requirements. As a member of the Multiple Listing Service (MLS), we can show any home listed in the entire area. We have access to information on every home listed on the market. The Property Up Team can also facilitate any type of transaction, even those not included in the MLS, saving you time from having to search different sources.

Transaction Types

Traditional Resales

Standard sales that dominate the bulk of all sales in this area.

New Construction

We can work with most builders and can get all the information you need, but we will need to accompany you to the property on the initial visit. By letting us help you, you get all of our services and those offered by the builder as well.

For Sale by Owner

A home owner trying to sell his own home is usually doing so in hopes of saving the commission. Coincidentally, this is the reason a buyer wants to deal directly with a home owner. Many times a Home owner will work with a broker, even though his or her home is not listed, if the broker introduces the buyer to the property.

Distressed Sales

Whether a Short Sale (pre-foreclosure) or a Bank-owned REO (foreclosed) property, The Property Up Team has the knowledge and professional certifications to navigate the unique and complicated process of these non-traditional transactions.

You'll get ALL these services by working with us, and the best news is ***you don't have to pay anything!*** If you should see an ad in the paper or a sign in a yard by another company, builder or owner, call us to find out all the details and information on the home. If you want to see it, we'll show it to you.



PROPERTYUP TEAM BUYER'S BROKERS HELP YOU GET THE BEST DEAL.



From Bill Hoidas *Barrington IL*

I have dealt with Realtors for a long time and used to be a licensed Broker/GRI myself. John and his team are the finest Realtors and John is one of the finest people I have known.



From Gail and Dan Home Buyers *Palatine IL*

The PropertyUp Team helped us to sell our current home and to buy our new home. They did an OUTSTANDING job ! We also liked getting a generous closing gift when we moved in to our new house.

THE PropertyUp TEAM PROVIDES:

An experienced, closely-networked team of professionals is working directly for you. We are veteran Real Estate Brokers who have negotiated and closed hundreds of transactions. Our team holds REO and Short Sale certifications, MBAs and offers turn-key solutions with its network of property managers, home inspectors, mortgage lenders and real estate attorneys.

OUR GOAL

A key part of providing the best service to our clients is to provide them with the guidance and support needed throughout the entire selling or buying process.

Your satisfaction is our top priority!

We will take the time to listen to your needs.

WHY CHOOSE US?

WHY CHOOSE US?

The Property Up Team's brokers negotiate the best sales price for our buyers. We help buyers deal with multiple offer situations; advise on market conditions and home values and guide on how to negotiate in a sellers' market.

2nd STEP

FINANCING

Assess your credit and financial capabilities

We have creative solutions for buyers that unable to obtain conventional financing at this time due bad credit or self-employed status.

DETERMINE YOUR CREDIT STATUS:

Because any mortgage lender will review your credit history, it's wise to verify your credit rating in the beginning of your home search. Even if you are sure you have an excellent credit record, there may be blemishes in your credit history that you do not know about. Identifying and resolving credit problems to improve your credit rating will provide benefits, such as preferred rates from lenders and home insurance.

Acquiring a copy of your credit report is simple. Three major credit bureaus: Equifax, Experian and TransUnion - compile consumer credit data. The Fair Credit Reporting Act allows consumers to obtain one free credit report each from each of the three major reporting bureaus every 12 months.

To obtain a copy of your report, visit annualcreditreport.com or call 877-322-8228. while you can find many other sources for credit reports, this is the only one authorized by the Federal Trade Commission.

SELECTING A LENDER:

When selecting a lender, your goal is to obtain a mortgage with terms that are most favorable to your situation. In order to find the best home loan for you, contact several lenders to discuss their offerings, their rates, closing costs and other fees. If you already have a mortgage, contact that institution also.

Mortgage options and requirements change frequently. Your broker can discuss current developments, suggest qualified lenders in your area, and help answer questions, you may have about their programs.

**MONEY
TALK**
Mortgage
and Credit Status



MORTGAGES

RATES AND TERMS:

Two of the most important factors in choosing a mortgage are the interest rate and the terms. When these factors are combined with the amount you borrow, they will largely determine the amount of your monthly payment. The interest rate is the percentage of the loan amount you are charged to borrow money; the higher the rate, the more you pay. But your monthly payment will also hinge on the term of your mortgage. Use any online mortgage calculator to understand the effect of different rates and terms on your monthly mortgage payment. Mortgage rates are subject to various economic factors. To ensure the best interest rate, mortgage brokers may suggest when it is best to "lock" your rate. A lock means that the rate in the approved application will be valid for a certain period during which the deal must be closed regardless of what the market interest rates are at the time of closing.

With fixed-rate mortgages, usually 15 or 30 year terms, you pay the same interest rate over the life of the mortgage. With an adjustable rate mortgage, or ARM, the interest rate changes after a predetermined number of years.

A mortgage pre-approval presents a powerful tool for you toward the purchase of your new home with minimal surprises and disappointments.

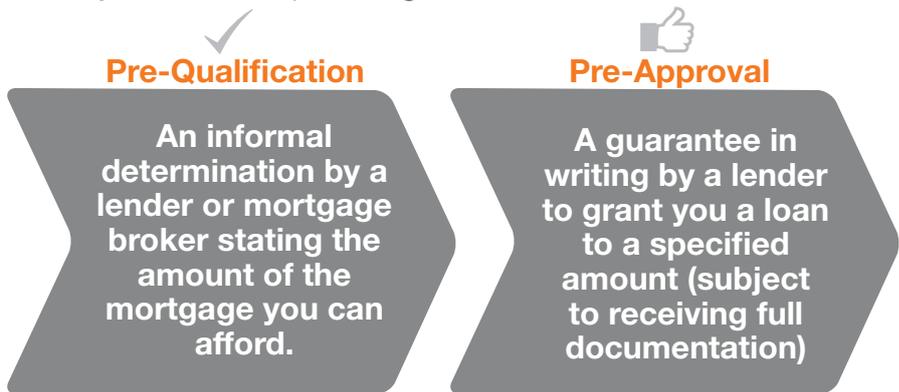
Anyone who wants to buy a home today should go to his or her lender first. The understanding of how much can be borrowed reduces the possibility of disappointment later. The lender can provide guidance as to how to prepare and position you on a home that may be currently out of reach.



There is a distinct difference between a letter of pre-qualification and a letter of pre-approval, and it is important that you are aware of this difference.

PRE-QUALIFICATION OR PRE-APPROVAL

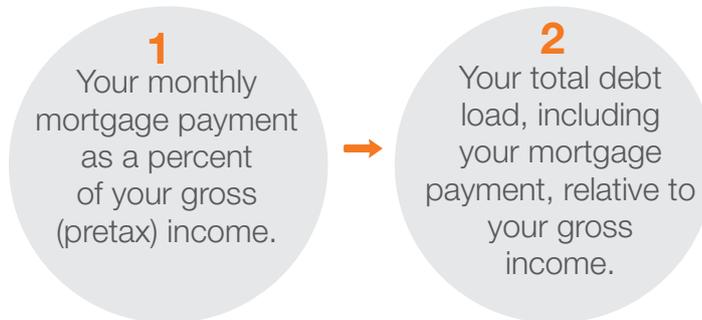
Typically, you will first pre-qualify for a mortgage, then get pre-approved before you find the specific home you wish to purchase. It's essential to understand the difference and to clarify which your lender is providing:



It is best to carefully analyze which mortgage type is most suited for you

HOW MUCH CAN I AFFORD

Lenders look at a variety of factors when evaluating how much mortgage you can afford for your home. But these two are the most important:



Another determining factor is the loan-to-value (LTV) ratio, meaning the amount borrowed relative to the appraised value of the property. Higher LTVs represent a higher risk to lenders.

Lenders can provide qualification details for various types of mortgages, including federal housing Administration (FHA) and Veterans Administration (VA) loans. Qualification guidelines are subject to periodic changes, so be sure to obtain the most current rules.



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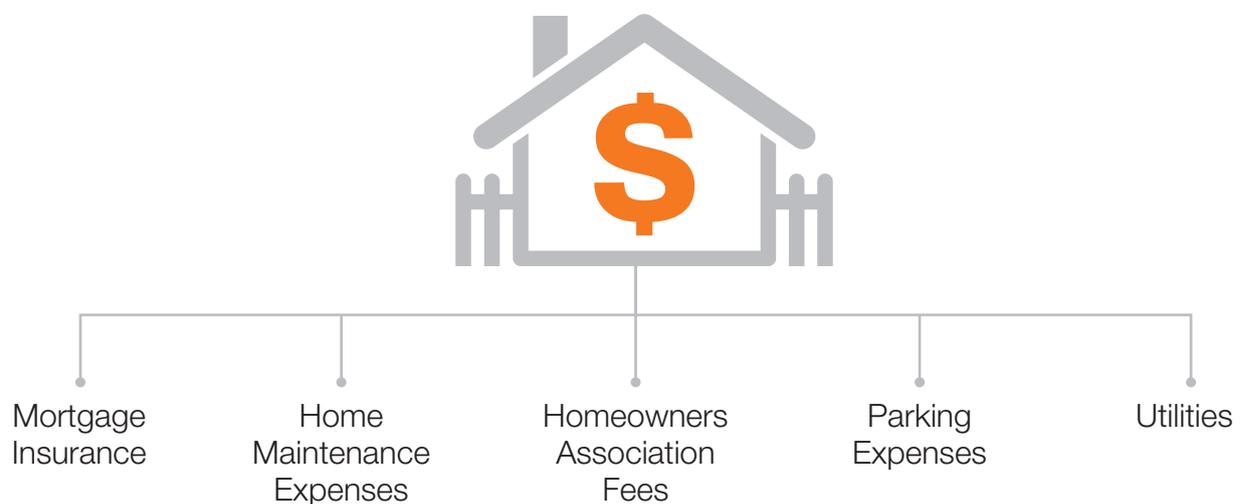
FINANCING - OTHER IMPOTANT INFORMATION

If you need help finding a lender, or detemining affordability, We can suggest providers and direct you to the best sources of information on mortgage programs,. including online tools for estimating affordability.

When considering how much you can afford, don't forget to consider other expenses, beyond your mortgage payment that could also impact your monthly budget. Most mortgage payments are comprised of four components:

Principle, Interest, Tax and Homeowners Insurance, collectively called PITI.

Beyond PITI, other expenses commonly associated with homeownership include:



To help ensure that borrowers (you as the buyer) have some “skin in the game,” lenders require a downpayment on mortgages. Typically downpayments can range from 3% to 20% of the appraised value of the home.

Mortgages with a down payment less than 20% of the sales price of the home may require mortgage insurance. This mortgage insurance helps protect the lender in the case of a default on the loan.

MORTGAGES: 10 QUESTIONS TO ASK YOUR LENDER



1 What are the most popular mortgages you offer? Why are they so popular?



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



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



4 How long will this loan be in a lock-in-period? Will I be able to obtain a lower rate if the interest rate drops?



5 How long will it take to close the loan?



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



7 Will I have to buy a private mortgage insurance? If so, how much will it cost & how long will it be required?



8 What Escrow requirements do you have?



9 How long will the approval process take?



10 How long will it take to close the loan?



11 Are there any charges or penalties for prepaying the loan?

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***Private mortgage insurance (PMI) is usually required if prepaying the loan? your downpayment is less than 20%. However, most lenders will let you discontinue PMI when you acquire a certain amount of equity by paying down the loan.**



3rd STEP

FINDING YOUR NEW HOME

Assess your wants and needs in a home

Finding a new home can be exciting. But deciding what you truly want and need sometimes can be challenging. Making these decisions must begin with setting priorities and most home buyers invariably face trade-offs.

Here are some things to consider when assessing wants and needs in your new home:

- ▶ What does your future home look like?
- ▶ Where is it located?
- ▶ What neighborhoods do you prefer?
- ▶ What school district do you want to be in?
- ▶ How close must the home be to these amenities?
- ▶ What architectural style(s) of homes do you prefer?
- ▶ Do you want to buy a home, condominium, or townhome?
- ▶ Would you like a one-story or two-story home?
- ▶ How many bedrooms/bathrooms must your new home have?
- ▶ Do you need a garage or basement?
- ▶ Do you prefer a new home or an existing home?
- ▶ If you're looking for an existing home, how old of a home would you consider?
- ▶ How much repair or renovation would you be willing to do?
- ▶ Do you have special needs that your home must meet?

Your PropertyUp broker can play a key role in helping you sort out your options. We can also offer important insights specific to your local market. Be sure to discuss these and other needs and preferences with us.



4th STEP

Search for your home wisely

Choosing a home also involves choosing a neighborhood. Although it's important to consider future resale value, it is also important to choose a home and neighborhood that you and your family will enjoy living in. We can direct you to helpful sources of information for evaluating neighborhoods, but may not be allowed to answer all of your questions. This is because under Federal Fair Housing Laws, it is unlawful for a broker to engage in any conduct that is discriminatory on the basics of race, religion, color, national origin, sex, handicap or familial status. A real estate professional should never steer you toward or away from a particular neighborhood if the homes there fit your needs and are within your range of affordability. If however, you prefer a particular neighborhood, that is your choice and you can share these preferences with your broker.

Spending time in a neighborhood can tell you a lot about it, but not everything. You also need to do some research. Ask yourself - what kind of neighborhood do I want to live in? Depending on your particular needs and preferences, some factors may be more important than others including:

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Neighborhood profile

Research neighborhood aspects such as population density and the level of commercial development.

Household Data

Take into account the family type, average household income and homeowner education level.

Crime Rate

Crime is an unfortunate reality we must deal with. Probably no neighborhood is totally immune from the risk of crime but you can make an educated decision about where to live by researching the details.

Quality of Schools

Even if this doesn't matter to you now, remember that this is an important factor to resale value. Base your evaluation on school performance as determined by the average test scores, graduation rates, spending per student and the percentage of college-bound student and national merit schools.

Amenities

What features you want in a neighborhood will be determined by the lifestyle you lead. Amenities to consider include shopping transportation, parks and recreation, restaurants, natural resources and alike.

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VIEWING AND COMPARING HOMES

Once you have decided on a neighborhood, it's time to begin viewing houses. Some buyers find it helpful to review their home preferences and prioritize their needs versus their wants. Setting up a comparison table with your highest-priority factors listed first will help you objectively evaluate different properties.

Buying a home is more than an objective decision - there is also a certain amount of emotion and intuition to factor in. In addition to meeting your criteria, ideally, a home should "feel right". If you are not finding what you want, share your reactions with your broker so he or she can help you refine your search.

If you decide to view homes on your own (an open house for example), make sure the listing agent knows you are already working with someone, and share your broker's business card or contact information, if possible. Be careful not to divulge too many details about your own situation, as this may hurt your future negotiating position if you are interested in the property.

THE USE OF WEBSITES

The internet makes shopping for a home in the preliminary stages easier than ever before. Various property listing sites provide online information for millions of properties which are currently for sale. Many real estate companies and brokers have their own sites too, which often include home-buying information and links, in addition to property listings.

It is important to understand that even the largest listing site is not an all-inclusive multiple listing service (MLS). Your representative is still an important source of property information. He or she can share listing information with you faster and easier than any public website, including houses that buyers might not find.



5th STEP

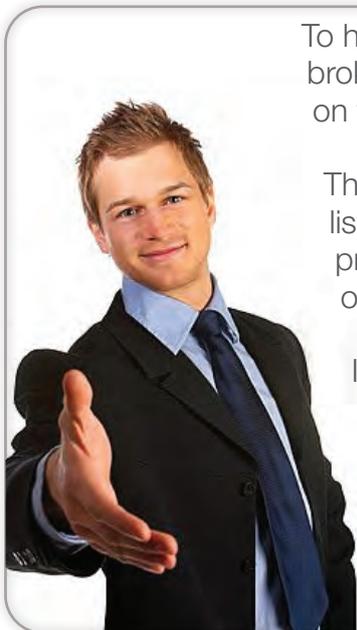
NEGOTIATING THE TERMS

Negotiate terms to save and gain as much as possible

When we have found a home that is right for you, it's time to make an offer. Depending on the market conditions, we may have to act quickly, before another buyer steps in ahead of us.

Making the Best Deal

When deciding what to offer for a property, current market prices are the most important factor. Your broker can provide valuable assistance in this regard - counseling you on market conditions, prices ranges and negotiating strategies.



To help you make a more informed decision on price, your broker should do a comparative market analysis (CMA) on the property you are interested in buying.

This will give you a better sense of whether the seller's listing price is higher or lower than prices of comparable properties and help guide your decision of how much to offer for the home.

If the property seems overpriced, the CMA will help you determine a more reasonable price. It is rarely advisable however, to present an excessively low offer on any property. This strategy is more likely to backfire, prompting strong negative reaction from the seller and reducing your likelihood of successfully negotiating a purchase.

Besides price, there are several other factors that can enter into your negotiating position. For example, your bargaining position is strong (the seller will look favorably on your offer) if:

- ▶ You are an all-cash buyer
- ▶ You are pre-approved for a mortgage
- ▶ You do not have to sell your current home, or meet other contingencies before you can complete the purchase

With these factors in your favor, you may be able to negotiate a lower price. On the other hand, in a "hot" seller's market, if your "perfect" home comes on the market, you may want to offer the list price (or more) to beat out others.

We may be able to learn more about the seller's situation and motivations. Knowing factors such as whether the house is already vacant, how long it has been on the market, and reasons for selling could help you determine eager the seller may be to complete a transaction.



MAKING AN OFFER

Negotiations begin with an initial offer and conclude with acceptance of the final offer. Real estate transactions require a written contract, which conveys an initial written offer. A check for earnest money may accompany an offer.

Your offer will specify price, plus all the terms and conditions of the purchase you want to negotiate. Your broker provides a very valuable service by helping you understand the paperwork which is kept up-to-date with changing real estate laws.

Your broker can also guide you through structuring an offer and a strong negotiation strategy. If you have questions about your offer that may involve topics that real estate agents are not allowed to address, such as specific legal or tax advice, your agent can refer you to qualified experts.

THE SELLER'S RESPONSE TO YOUR OFFER

Remember that sellers have already decided how much money they want from the sale of their property, and have probably planned a negotiation strategy. When your offer is presented, the seller's options are to:

Accept - if after reviewing your written offer, the sellers sign their unconditional acceptance, then you will have a binding contract as soon as you are notified of acceptance.

Reject - if the sellers reject your offer you are released of any obligation. The sellers cannot change their minds and expect to bind you to a contract based on that offer.

Counteroffer - if the sellers like most aspects of your offer, they may present a written Counteroffer that includes the change the sellers want to make. You are then free to accept their Counteroffer, reject it, or make your Counteroffer to their Counteroffer. This process can repeat itself as many times as it takes for and the sellers to agree on the sales contract.

A Counteroffer becomes a binding contract when either:

- ▶ You sign unconditional acceptance of the seller's counteroffer.
- ▶ The seller signs unconditional acceptance of your counteroffer.

WITHDRAWING AN OFFER

Can you take back an offer? In most cases, the answer is yes before your offer is accepted.

If you want to withdraw your offer after acceptance, be sure to do so only after consulting an attorney who is experienced in real estate matters. You want to avoid losing your earnest money or a lawsuit for damages the sellers incurred from your actions.

OTHER INFORMATION

4 Things home buyers do that turn sellers off (and kill deals)

In today's market, every savvy seller wants to know what turns buyers off, so they can get their homes sold as quickly as possible. But buyers, take note - there is a minefield of seller turn-offs you can trigger that hold the potential to keep you from getting the home you want at the best price and terms, or to unnecessarily complicate dealings with the transaction.

Lest you think all of today's sellers are under the gun and will just put up with whatever behavior buyers dish out, be aware that there are still many multiple offer situations in which buyers have to compete with each other to get a home-buyers who trigger an environment of cooperation and avoid things turning adversarial. That, in turn, can empower you to score a better price, get extra items you want thrown into the deal, and even negotiate more flexibility around your escrow and move-in timeliness - all perks that can make your life easier and your budget go further. For sellers, these turnoffs pose the potential of irritating you out of an otherwise good deal - maybe even the only deal you have!

Here's a few of the most common buyer-perpetuated seller turnoffs, which tips for sellers on how to keep an emotional (and economic) even keel, even if your home's buyer makes some of these waves:

1 Being unqualified for mortgage financing.

When a seller signs a buyer's offer, most often the seller agrees to effectively pull the home off the market, forgoing other buyers who might be interested. As such, the only thing worse than getting no offers on your home is getting an offer, going under contract, then having the transaction fall apart when the buyer's loan falls through - especially if that could have been predicted or avoided up front.

Sellers:

Work with your broker to vet your home's buyers' qualifications including their loan approval, downpayment and earnest money - before you sign a contract. It's not overkill for your broker to call the buyers' mortgage before you sign the contract and get a level of comfort for how robust their qualifications are.

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Buyers:

Get pre-approved. Seriously make sure that you don't buy a car, quit your job, deposit lottery winnings or do any other financial twitchery between the time you get loan approval and time you close escrow on your home.

2 Trash-talking.

Trash-talkers are the home buyers who think they're going to negotiate the list price down by slamming the house, telling the sellers how little it is really worth, how the house across the street sold for nothing, why the school on the corner should make them desperate to give the place away, etc. This strategy never works; in fact, when you attack a seller and their home, you only cause them to be defensive, and think up all the reasons that (a) their home is not what you say it is, and (b) they shouldn't sell their home to you!

Sometimes this happens with buyers who actually love a house and just walk around it fantasizing about all the ways they would customize it to their tastes while a seller is there.

Sellers: Avoid being at home while your home is being shown.

Buyers: Save your commentary for your broker; if you do encounter the seller in person keep your conversation respectful and avoid critiquing the house or the list price.

3 Making unjustified lowball offers.

No one likes to feel like they are being taken advantage of. Sellers generally know the ballpark amount that their home is worth, as what they need to sell it for to get their mortgage paid off. Yes - price you pay for a home should be driven by its fair market value, rather than the seller's financial needs, and deals are more available in a market like the current one, in which supply so vastly outpaces demand. But just throwing utter-lowball offers out at sellers hoping one will hit the spot is not generally a successful strategy, especially if you really, really want a given property.

Sellers:

Don't get overly emotional about receiving a lowball offer: counter at the price you and your broker decide makes sense based on the circumstances, including your motivation level, recent sales and the interest/activity level your listing is receiving.

Buyers:

Review similar nearby homes that have recently sold (a/k/a comparables) before you make an offer to factor the home's fair market value into your offer price - also factor in how much you want the place, too. Don't be amazed if you make an offer far below asking, and don't get a response.

4 Renegotiating mid-stream.

Sellers plan their finances, moves and - to some extent - their lives around the purchase price a buyer agrees to pay for their home. If you get into contract to buy a home, find out during inspections what costly repairs need to be made, then propose a lower sale price, repair credit or even actual repairs to the seller, that's sensible and fair. If you were aware that the property needed a lot of work before you made an offer on it, then you come back asking for beaucoup bucks' worth of credit or price reductions midstream, expect the seller to cry foul. Holding the seller up two weeks into the transaction because you caught a case of buyer's remorse? Not cool, and not likely to foster the spirit of cooperation you may need to get your deal closed.

Sellers:

Avoid mid-stream price renegotiations by having a full set of inspection reports and repair bids at hand when you list your home.

Buyers:

Try to avoid renegotiating the entire deal unless you get some major surprises at your inspections or inflating small repairs to try to justify a major price cut.

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WHAT A HOME INSPECTION SHOULD COVER



Structure:

A home's skeleton impacts how the property stands up to weather, gravity, and the earth. Structural components including the foundation and the framing should be inspected.



Exterior:

The inspector should look at sidewalks, driveways, steps, windows and doors. A home's siding, trim, and surface drainage also are part of an exterior inspection.

- Doors and windows
- Siding (brick, stone, stucco, vinyl, wood, etc.)
- Driveways / sidewalks
- Attached porches, decks and balconies



Roofing

A well-maintained roof protects you from rain, snow and other forces of nature. Take note of the roof's age, conditions of flashing, roof draining systems (pooling water), buckled shingles, loose gutters, downspouts, skylights and chimneys.



Plumbing:

Thoroughly examine the water supply and drainage systems, water heating equipment and fuel storage systems. Drainage pumps and sump pumps also fall under this category. Poor water pressure, banging pipes, rust spots or corrosion can indicate problems.



Electrical:

Safe electrical wiring is essential. Look for the condition of service entrance wires, service panels, breakers, fuses and disconnects. Also take note of the number of outlets in each room.



Heating:

The home's heating system, vent system, flues and chimneys should be inspected. Look at the age of water heater, whether the size is adequate for the house, speed of recovery and energy rating.



Air Conditioning:

Your inspector should describe your home cooling system, its energy source and inspect the central and through-wall cooling equipment. Consider the age and energy rating of the system.



Interiors:

An inspection of the inside of the home can reveal plumbing leaks, insect damage, rot, construction defects and other issues. An inspector should take a close look at:

- Walls, ceilings and floors
- Steps, stairways, and railings
- Countertops and cabinets
- Garage doors and garage door systems



Ventilation / Insulation:

To prevent energy loss, check for adequate insulation and ventilation in the attic and in unfinished areas such as crawlspaces. Also look for proper secured insulation in the walls. Insulation should be appropriate for the climate. Excess moisture in the home can lead to mold and water damage.



Fireplaces:

These could be dangerous if not properly installed. Inspectors should examine the system.

6th STEP

OBTAINING A MORTGAGE

Obtain the Right Mortgage

Securing a mortgage is a complex task, and more often than not - can be taxing at times. There are numerous documents and details that must come together in a short period of time.

This is why it's important to be organized and find an experienced and trusted mortgage loan officer. Your broker has already helped other buyers work through the mortgage application process and can also provide valuable assistance.

APPLYING FOR A LOAN

If you have already made an offer, decided what type of mortgage you want and selected a lender, your next step is to complete the loan application. Together, your representative and lender can help you understand:

- Pre-Application steps
- The information your lender needs for the application
- Decisions you will have to make during the application process
- Application costs

CLOSING COSTS

There are various costs associated with a mortgage. These might include an appraisal and additional fees. Depending on the size of your down-payment, you may be required to pay mortgage insurance which is a policy that protects the lender in case of default.

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To help you understand what you will be paying over the life of the mortgage, you should request/receive a estimated cost statement, which is a required estimate of all the costs associated with the mortgage.

MORTGAGE LOAN INTERVIEW APPLICATION CHECKLIST:

Lender requirements differ, but the following list includes the most common items that you and any co-borrower will need to supply to your lender. If you were pre-approved for a mortgage, you may have already provided these documents. Your application will probably be approved faster if all required documents are submitted at the same time.

- 1. Social Security Number**
- 2. Photo ID**
- 3. Paycheck** (most recent pay stub)
- 4. W-2 or 1099 Tax Forms** for the past 2 years
- 5. Employers Information** (for over the past 2 yrs)
- 6. Accounts** (current statements of checking, savings and other accounts)
- 7. Current Assets** (most recent statement of assets such as Individual Retirement Accounts, Employee retirement accounts, certificate of deposit, stocks and bonds. if you own securities, you lender may require a current brokerage statement with names of the stocks, value per share and number of shares owned)
- 8. Liabilities** (for each outstanding loan, provide the lender with the name and address of the creditor, monthly payment and total balance due. This include auto loans, student loans, credit cards and other installment debts)
- 9. Current and Previous Addresses** (if you currently own a home, provide your new lender with the property address, current market value and mortgage lender's name, account number, current monthly payment, and outstanding balance. If you rent, provide your address, the name and address of your landlord or the management company and the monthly rent. Provide the same information about previous residence.



OTHER IMPORTANT CONSIDERATIONS

Points and rate options: Some mortgage rates require points to be paid. A point is one percent of the amount of the mortgage. Lenders charge borrowers a percentage of the loan amount equal to the number of points to cover the lender's costs. Sometimes borrowers pay higher points in exchange for a lower interest rate.

Changing your Financial Picture

Note that your financial picture cannot be changed between the time you apply for a mortgage and close on your property, even after you have been approved. In other words, do not buy a new car, change job or purchase major appliance via credit. Your financial position must be the same at closing as it was when you were approved, or it could prompt your lender to revoke their mortgage commitment.

INSURANCE AND ESCROW

HOMEOWNERS INSURANCE *(See pages 27 and 28 for further information)*

The financial institution providing your mortgage will require you to obtain homeowners insurance before closing and provide proof of the policy. In some areas flood insurance is also required. Allow yourself time to shop around before closing to secure homeowners insurance.



Costs and coverage do vary. When evaluating which company's policy is right for you, consider questions such as:



ESCROW ACCOUNTS

You will also need to decide if you want to pay your property taxes and homeowners insurance policy on your own or wrap them into your monthly mortgage payments. Most lenders include a portion of the property taxes in each monthly payment. The mortgage company pays the property tax from funds held in escrow. This assures payment of property taxes and helps buyers smooth these substantial expenses out over 12 months.

7th STEP

THE CLOSING DAY

Prepare for Closing Day

Many important details must fall in place before you close on your home. Your broker will help you stay on track. Some of the most important details include



Attorney Review

As specified in your offer, ask your attorney to review your sales contract and if desired, schedule his or her participation in your closing.

Finalize Your Mortgage

Make sure you have supplied your lender with all necessary documents and that your financing is in place for closing day.

Get Ready to Move

Moving may be the biggest job you face in buying a home. Take time to prepare.

Attend a Final Walk-Through

A pre-closing walk-through is a final check to ensure that the home is in the same condition as it was during the inspection and to make sure all contracted items such as appliances, are still in the home. The timing of the final walk-through will vary depending on the practices in your market.

Prepare to pay the Closing Costs *(See page 26 for further details)*

When you applied for your mortgage, you received an estimate of closing costs. As closing approaches, determine exactly how much money you will be expected to bring to closing and what forms of payment are acceptable.

NOW IS YOUR TIME TO MOVE

You found your home. The contract has been signed and the closing date set. Now, it's time to move. You should however, begin planning for the moving day.

COSTS, INSURANCE, PACKING AND INCOME TAX

First-time and even repeat buyers are often surprised by the variety of expenses associated with moving, including everything from packing materials and utility connections to insurance for your valuables and the actual cost of the movers or truck rental. You can eliminate or at least reduce many of the surprises and hassles of moving by investigating moving companies, estimating moving costs and making a moving checklist.

When selecting a moving company, ask friends and family for recommendations. Call at least two companies for estimates, which should be cost and obligation free. You can expect professional movers to come to your home and discuss your move-in details and provide references. Check their BBB license especially if you did not find the mover, through a personal recommendation.

PACK EARLY

You may need to buy more coverage for certain items such as antiques, fine art, etc. Contact your home-owners' insurance company to see if your policy also covers moving. Finally, if your move is job related, many of your moving expenses may qualify as income tax deductions. Be sure to save receipts and consult a tax professional for details.

Over time, many of us accumulate many things. So you might begin with a general assessment of your possessions, disposing of clothes, furniture, and other things that you no longer want or need. Simply put, the less you move, the less it costs. To reduce some of the costs of moving, consider holding a garage sale or donating items to charity. Hence, instead of paying the mover to pack your belongings, you can save money by doing some or all of the packing yourself. Purchase boxes and packing materials early and start keeping things one by one.

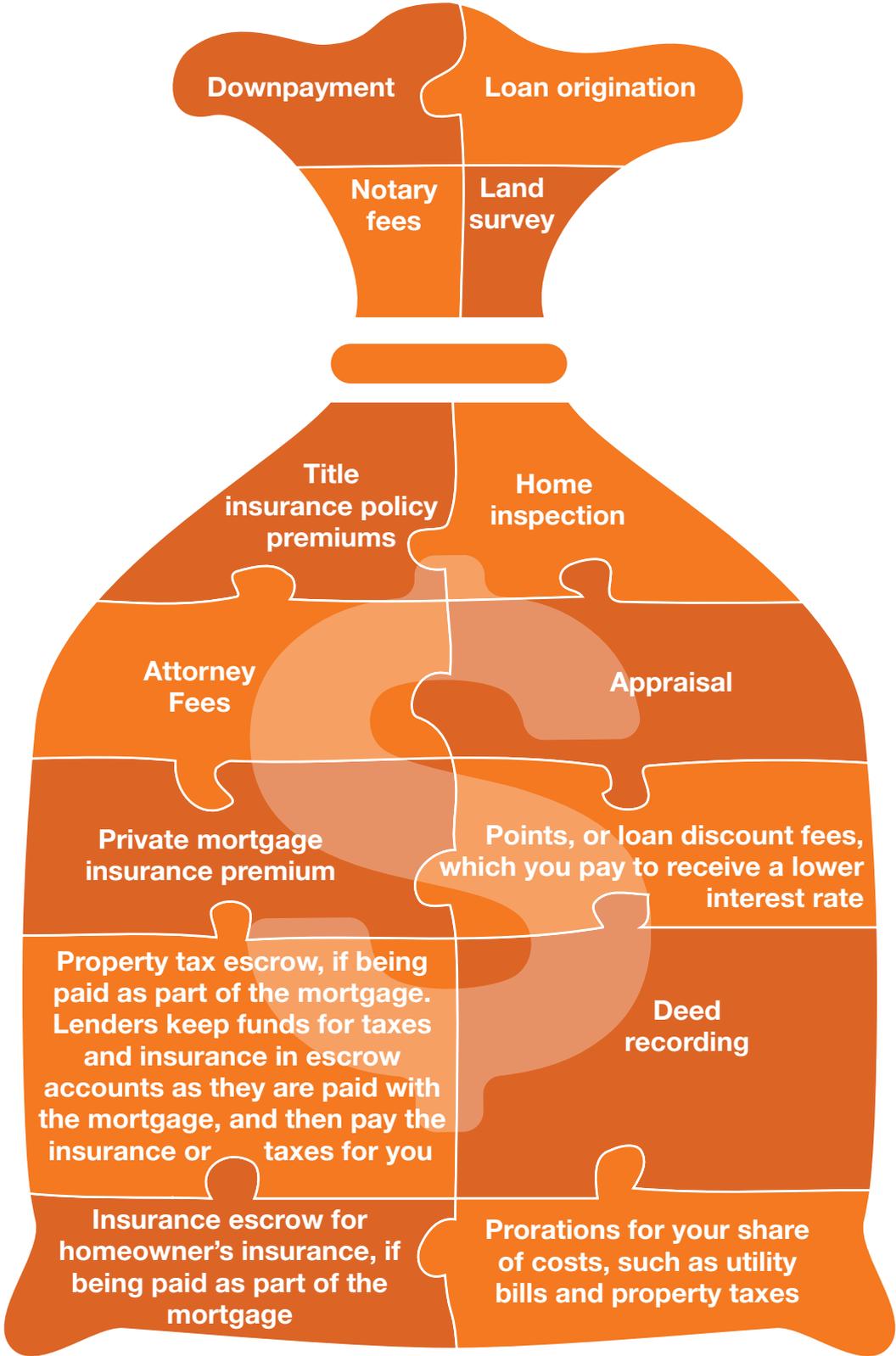
TIPS ON PACKING:

Never pack combustibles, flammables, corrosive liquids, jewelry, important papers and prescription medicines.

Consider keeping the daily essentials in a separate box. Such include toolkit, extension cords, pail and rags, kitchen basics, cleansers, paper towels and toilet paper.

You may also want to pack a couple suitcases with a few days of clothes and other personal items that you will need as soon as you arrive at your new home before the movers arrive with all of your belongings.

COMMON CLOSING COSTS FOR BUYERS



A Note About Prorations:

Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company may send a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end for the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.

THINGS TO KNOW ABOUT HOMEOWNER'S INSURANCE

Know about exclusions to coverage. For example, most insurance policies do not cover flood, wind or earthquake damage as a standard item. These types of coverage must be purchased separately.

Know about dollar limitations on claims. Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.

Know the replacement cost. If your home is destroyed, you will receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll only receive \$150,000.

Know the actual cash value. If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.

Know the liability. Generally your homeowner's insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. But, there's usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.



TIPS FOR LOWERING HOMEOWNER'S INSURANCE

Congratulations!

You have worked so hard to achieve the dream of homeownership. With the help of the PropertyUP Team and this booklet, you have learned the most important keys and steps in finding your new home.

- 1  You have found a qualified Buyer's Representative to work with
- 2  You were able to assess your credit and finances
- 3  You were able to assess your needs and wants in a home
- 4  You were able to search for your home wisely
- 5  You were able to negotiate the terms
- 6  You were able to obtain the right mortgage

And last but not the least, you were able to close the negotiation and were able to move into your new home in an orderly manner. The Property Up Team wishes you many years of happiness in your new home!

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TIPS FOR LOWERING HOMEOWNER'S INSURANCE COSTS

Review the Comprehensive Loss Underwriting Exchange (CLUE) report on the property you're interested in buying. CLUE reports detail the property's claims history for the most recent 5 years, which insurers may use to deny coverage. Make the sale contingent on a home inspection to ensure that problems identified in the CLUE report have been repaired.

Seek insurance coverage as soon as your offer is approved. You must obtain insurance to buy and you don't want to be told at closing that the insurer has denied your coverage.

Maintain good credit. Insurers often use credit-based insurance scores to determine premiums.

Buy your home owners and auto policies from the same company and you'll usually qualify for savings. But make sure the discount really yields the lowest price.

Raise your deductible. If you can afford to pay more toward a loss that occurs, your premiums will be lower. Avoid making claims under \$1,000.

Ask about other discounts. For example, retirees who tend to be home more than full-time workers may qualify for a discount on theft insurance. You also may be able to obtain discounts for having smoke detectors, a burglar alarm, or dead-bolt locks.

Seek group discounts. If you belong to any groups, such as associations or alumni organizations, they may have deals on insurance coverage.

Review your policy limits and the value of your home and possessions annually. Some items depreciate and may not need as much coverage.

Investigate a government-backed insurance plan. In some high-risk areas, federal or state government may back plans to lower rates. Ask your agent.

Be sure you insure your house for the correct amount. Remember, you're covering replacement cost, not market value.



THE PROPERTY UP TEAM

The Property UP Team has been in real estate business for over decade now and has helped many home buyers and sellers. The team is composed of professional, and experienced Real Estate brokers who always listen to your needs and desires, and assist you during your Real Estate Buying/Selling process.

Call The Property Up Team or recommend us to your friends!



A complete team of professionals working on your behalf with credentials such as: Illinois Licensed team of brokers, Short Sale certified experts, Investors, Landlords, MBA's and extensive experience in every type of real estate transaction possible.

OUR GOAL:

A key part of providing the best service to our clients is to provide them with the guidance and support needed throughout the entire selling or buying process.

Your satisfaction is our top priority!

We will take the time to listen to your needs and desires and together we will find your dream home.

We will include ALL of the homes available for sale to meet your requirements, including the Multiple Listing Service, Builder's new homes and For Sale by Owners. This will save you time in having to search different sources.



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Get in writing the service you will receive. Binding your broker to loyalty and confidentiality to keep your interest in mind. There is no obligation to buy if we do not find a property for you!

We can work with most builders and can get all the information you need, but we will need to accompany you to the property on the initial visit. By letting us help you, you get all of our services and those offered by the builder as well.

You'll get service by working with us, and you won't pay more for it. If you should see an ad in the paper or a sign in a yard by another company, builder or an owner, call us to find out the time information. If you want to see it, we'll show it to you.