

Your Personal Buyer's Representative Handbook

We welcome the opportunity to
represent you!



e-PRO Certified



You're in Great Hands
With Lori & G-II's Team!



Coldwell Banker Success Realty
3310 W. Cheryl Drive, Suite 100
Phoenix, AZ 85051

Office: 870-8000
Res: 995-LORI (5674)
Lori's Cell: 574-LORI
G-II's Cell: 796-LORI



Visit Lori & G-II's Website at

<http://realestateinphoenix.net>



Thanks for the call!

By choosing Lori & G-II, you are one of the few who will learn how to save thousands of dollars in your home purchase!

Thank you so much for your call! We really appreciate the chance to provide information we feel will have tremendous value to you. As promised, here is your personal "**Home Buyer's Handbook**". We encourage you to take a few minutes to read this guide--it could save you hundreds, maybe thousands of dollars!

We offer all of our clients a full range of services at Coldwell Banker Success Realty, including Mortgage Financing (we network with the most active and successful lending institutions in the nation who run their business the same way we do; with the integrity you expect and deserve!), Home Owners Insurance, Home Warranties, Home Inspections, Title Service and our exclusive Concierge Service. Be sure to ask us about all of the great services offered here at Coldwell Banker Success Realty. For someone who is thinking of buying a home in the beautiful Phoenix area also referred to as **The Valley of The Sun**, we are committed to win your trust and future business.

While one of our main objectives it to save you the most money possible in your purchase, we will also stay by your side from start to finish. Right down to when you close on your new home. We do that by providing you with a team of professionals that are dedicated to every phase in the home buying process. The easy part of the mission is finding you just the right house that you will ultimately call HOME. That is when the intense part of the process kicks in. It will be our responsibility to schedule the home inspections, coordinate the Wood Destroying Organism inspections, interface and respond to the needs of your lender, the Title Company, and the agent from the selling brokerage. We will track critical time lines within the contract, insuring each and every step of the process is checked and double checked.

Finally, we will provide you with a level of service that is far superior to any that you have experienced in the past. We take our job seriously! We are in the people business, therefore, we make a commitment to you that far exceeds any you have ever been exposed to. We will do whatever it takes to maintain that level of excellence. That's why we have served the needs and wants of hundreds of families over the past 10 years. We look forward to adding you to our family of friends whose needs we have filled. You will be so excited about the outcome of your home purchasing mission that you will be compelled to share your ultra positive home buying experience with your friends, relatives, co-workers, church members or whoever, so much so that you will want them to benefit from this level of service too.

We are very honored to be working with you!

Most Sincerely,

Lori Klindera & "G-II" George Varrato II
Your Personal Realtors® for Life

VISIT OUR WEBSITE AT

<http://www.realestateinphoenix.net>

Are you tired of making
someone else's mortgage payment?

Will you go another year
with little or no tax write-offs?

Did you know there are over 50 ways
you can buy a home?

Would you like to build equity
in your financial future?

Why should you work with a Realtor®?

YOU NEED TO KNOW THE FACTS!

Continue reading to find out the facts
about owning a home and how it will
become a reality, not just a dream!

**Another community service offered by Lori & “G-II”
Lori Klindera and George “G-II” Varrato II**

Coldwell Banker Success Realty
3310 W. Cheryl Drive, Suite 100
Phoenix, AZ 85051
(602) 870-8000

UNDERSTANDING THE ADVANTAGES OF HOME OWNERSHIP



BUYING

VERSUS

RENTING

- | | |
|--|--|
| 1) You will have a great tax write-off | 1) You have no tax write-off |
| 2) Your housing expense may never go up | 2) Your rent can go up each year |
| 3) You can use, decorate, make physical changes and enjoy your home as you see fit. | 3) You must get permission to make any changes to your dwelling |
| 4) You may build a large equity as your home appreciates in value | 4) You have no equity build-up. Your money is gone for good |
| 5) You are not at the mercy of your landlord | 5) You can be evicted |
| 6) Your house will become a home, not a temporary living situation | 6) Your living situation is always temporary |

So let's get started on the purchase of your new home!

Lori Klindera and "G-II" George Varrato II
Coldwell Banker Success Realty

AVOIDING THE MOST COMMON MISTAKES HOME BUYERS MAKE...

- Not understanding a local market and all that is available.
- Not screening the masses – trying to see everything both in their price range and not.
- Not understanding pricing and the value of certain amenities.
- Weak negotiating. This mistake alone can cost the buyer thousands of dollars.
- Not requiring the proper inspections.
- Not understanding all available financing.
- Looking for the perfect home.
- Not previewing schools, shopping and other neighborhood amenities.

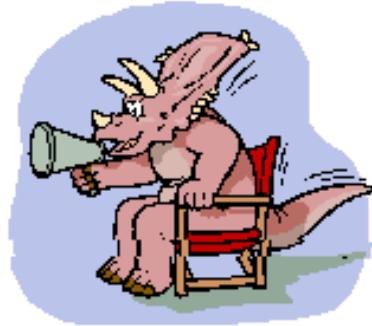
**Utilizing Lori and G-II's exclusive service,
your home purchase will go smoothly and you will
avoid these common mistakes!**



COMMUNICATION...

The Key To A Successful Home Purchase

Together, we'll sit down to discuss the type, size, style and location of the kind of home you are interested in purchasing. After extensive research on our part, we will preview homes together that fall into that category.



Through constant communication, we will keep you apprised of any new homes that come on the market that you might be interested in. Once we have found that perfect home, we will negotiate with the sellers to get the best possible price and terms for the home you desire.

You will benefit from our years of experience in the real estate business at no cost to you! As you know, many buyers are unaware of the fact that our commission comes from the Seller.

SUCCESSFUL PURCHASE

Realtor®

*Property Information

*Area Information

*Financing sources
Information

*Real estate skills (negotiations,
Selection
agreements, settlement)

Buyer Contribution

*Property Requirements

*Area Selection

*Financial

*Property

Choose Lori & G-II for all your real estate needs!

OUR MULTIPLE LISTING ASSOCIATION...



You'll have up-to-date information on each new home as it comes on the market. We preview the "new on market" list each day to be constantly on the look-out for the perfect home for you!

Utilizing Our Services in Search of Your Perfect Home...

NEW HOMES

Did you know that when you preview the models of new homes and you sign the Builder's Register that you have given up your right to buyer representation with that builder??????! ?????!!!!!! You have become their "customer", not their "client".

We work with most builders and can get all the information you need to make any decision, but we will need to accompany you to the property on the initial visit.

By letting us help you with builders, you get all the services offered in this presentation and those offered by the builder as well.

You'll get more, but you won't pay more for it!

FOR SALE BY OWNERS

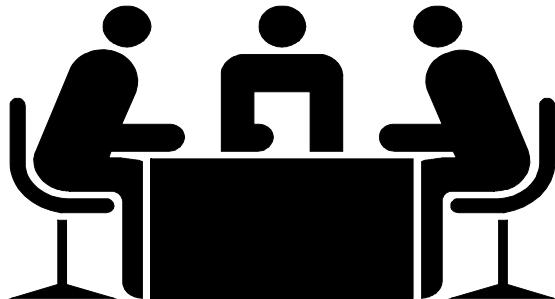
A homeowner trying to sell his home himself is usually doing so in hopes of saving the commission. Coincidentally, this is the reason a buyer wants to deal directly with a homeowner. However, it could also be because the seller does not have enough equity in the house to pay a commission, or perhaps does not want to disclose certain defects that he/she may know about that **must** be disclosed using a Realtor®. Our advice to you is this: If you don't hire a Realtor®, please hire a Real Estate Attorney.

Normally a homeowner will be happy to work with an agent who brings them a buyer even though his home is not listed in the MLS if the agent introduces the buyer to the property.

If you should see a "For Sale By Owner" and want the advantages of our services, please let us contact the owner and set the appointment.

**HAVING DELIVERED
HUNDREDS OF
SUCCESSFUL OFFERS,
LORI AND G-II
UNDERSTAND THE
SECRET OF
POWER NEGOTIATING**

We will deliver your offer personally to the Seller with his/her Agent present. There is no other way to represent your best interest in order to get the best price and terms than a face-to-face presentation by us on your behalf.



FINANCING

A strong relationship with local lenders is very important, and we have it!!

Pre-Approval Program



**Here are the
benefits:**

- **You look at the "right" homes.*
- **You save money dealing with a comfortable seller.*
- **You can close quickly.*
- **You minimize trauma of not knowing whether or not you qualify.*

A home buying quiz

The smartest way to find the home you're looking for is by reading ads?



True

(Opps! Try again but this time read the question a little more slowly...and go with your first impulse...ready...set...go!)



False

(You son-of-a gun you! How did you know the best way to find a home is to call Lori & G-II? Somebody must have already told you THEY WOULD GIVE YOU ALL THE INFORMATION ON ALL THE HOMES you might be interested in without ANY hassles!)

**DON'T YOU DARE
LOOK FOR YOUR NEW HOME WITHOUT FREE
REPRESENTATION!!! HIRE LORI & G-II!!!**

**WE CAN SAVE YOU TIME AND
MONEY!!!**

Lori Klindera & “G-II” George Varrato II

Coldwell Banker Success Realty

3310 W. Cheryl Drive, Suite 100

Phoenix, AZ 85051

(602) 870-8000 eFax: (602) 296-0124

AGENCY

BEFORE A SELLER OR A BUYER ENTERS INTO A DISCUSSION WITH A REAL ESTATE BROKER OR SALESPERSON, THE SELLER OR THE BUYER SHOULD UNDERSTAND WHAT TYPE OF AGENCY RELATIONSHIP OR REPRESENTATION THEY HAVE WITH THE BROKER IN THE TRANSACTION. THE SELLER OR THE BUYER SHOULD CAREFULLY READ ALL AGREEMENTS TO INSURE THAT THE AGREEMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION. **THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE A SELLER OR A BUYER FROM THE RESPONSIBILITY TO PROTECT THEIR OWN INTEREST.**

- I Buyer's Broker: A broker other than the Seller's Broker can agree with the Buyer to act as the Broker for the Buyer only. In these situations, the Buyer's Broker is not representing the Seller, even if the Buyer's Broker is receiving compensation for services rendered, either in full or in part, from the Seller or through the Seller's Broker. A buyer's Broker has the following obligations:
- To the Buyer:
- (a) The fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Buyer.
- To the Buyer and the Seller:
- (a) Diligent exercise of reasonable skill and care in the performance of the Broker's duties.
 - (b) A duty of honest and fair dealing.
 - (c) A duty to disclose all facts known to the Broker which materially and adversely affect the consideration to be paid for the property.
- II Seller's Broker: A Broker under a listing agreement with the Seller or as a subagent of the Seller acts as the Broker for the Seller only. A Seller's Broker has the following obligations:
- To the Seller:
- (a) The fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Seller.
- To the Buyer and the Seller:
- (a) Diligent exercise of reasonable skill and care in the performance of the Broker's duties.
 - (b) A duty of honest and fair dealing.
 - (c) A duty to disclose all facts known to the Broker which materially and adversely affect the consideration to be paid for the property.
- III Broker Representing both Seller and Buyer (Limited Dual Representation): A Broker, either acting directly or through one or more licensees within the same brokerage firm, can legally represent both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. The parties understand that:
- (a) The Broker represents both the Buyer and the Seller with limitations of the duties owed to the Buyer and the Seller, such as:
 - 1) The Broker will not, without written authorization, disclose to the other party that the Seller will accept a price or terms other than offered;
 - 2) There will be conflicts in the duties of loyalty, obedience, disclosure and confidentiality. Disclosure of confidential information may be made only with written authorization. This does not relieve the Broker of the obligation to disclose all known facts which materially and adversely affect the consideration to be paid by any party.
 - (b) The Broker shall exercise reasonable skill and care in the performance of the Broker's duties.
 - (c) The Broker shall be obligated at all times to deal honestly and fairly with all parties.

If you choose to have a real estate agent represent you as your agent, you should enter into a written contract that:

- * clearly establishes the obligations of both parties
- * sets out how your agent will be paid and by whom

I certify that I have provided the prospective buyer with a copy of this information.



Lori Klindera



George ("G-II") Varrato II



Buyer

Date

Buyer

Date

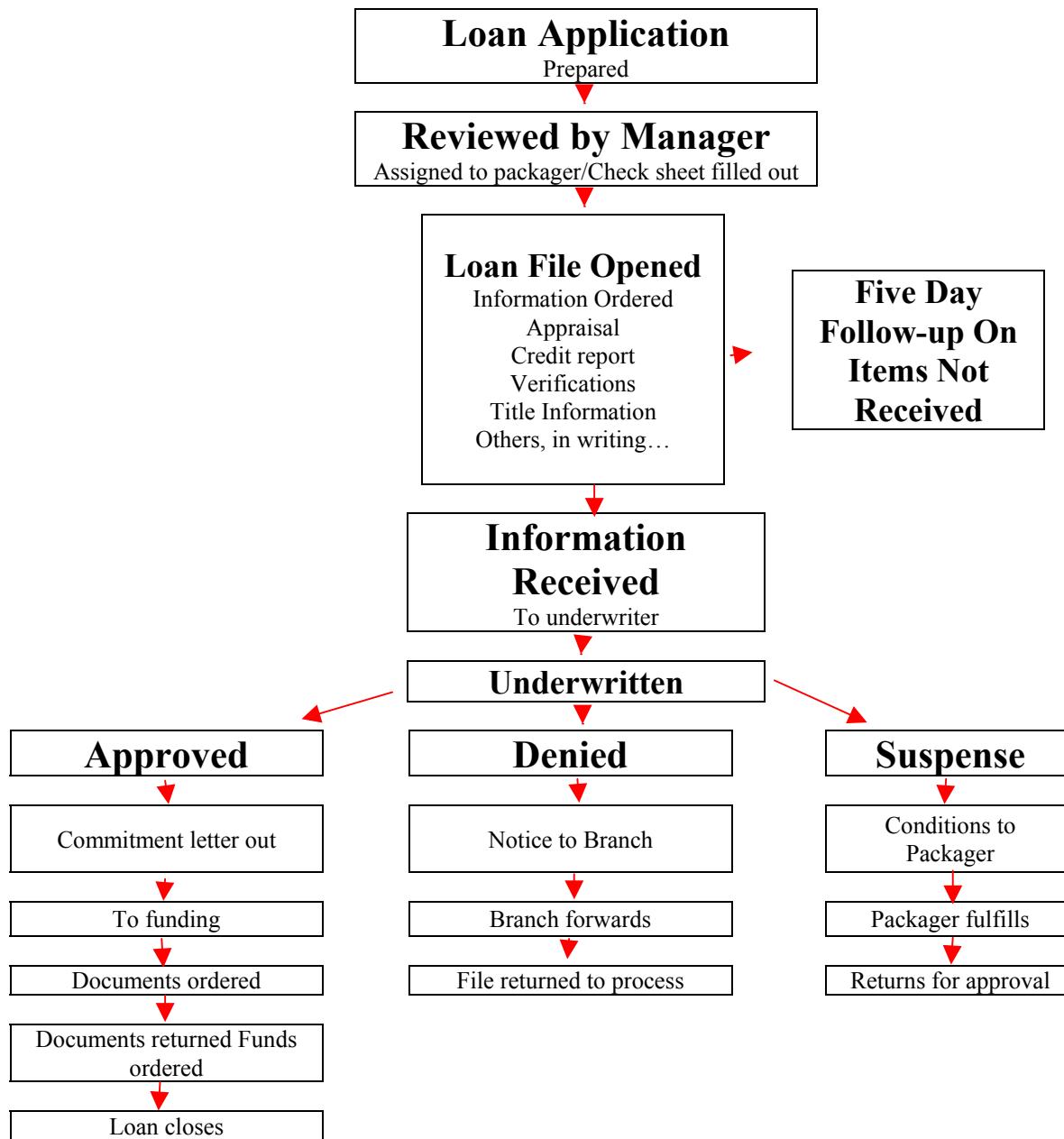
WHEN BUYING ALWAYS...

- * Get Pre-approved for a loan prior to finding a home. Call us, we have a few good references.
- * Have a Comparative Market Analysis performed on the home prior to making an offer, followed by an appraisal while in escrow.
- * Demand to see the Seller's Property Disclosure Statement (SPDS).
- * Have Net Sheets completed disclosing all costs prior to the offer being made.
- * Get a Home Inspection Report – this inspection must be paid at the time of the inspection and will build your confidence in the mechanical stability of your new home.
- * Request a copy of the Wood Destroying Organism Report.
- * Review Preliminary Title Report for liens, encumbrances, or zoning which may adversely affect ownership.
- * Take advantage of Coldwell Banker Success Realty's client special feature, our exclusive "Concierge Service" to assist with the details of buying your home so you can focus on the details of living.
- * Have your own Personal Accredited Buyer's Representative (ABR) working for you (Lori & G-II, of course!)



THE LOAN PROCESS

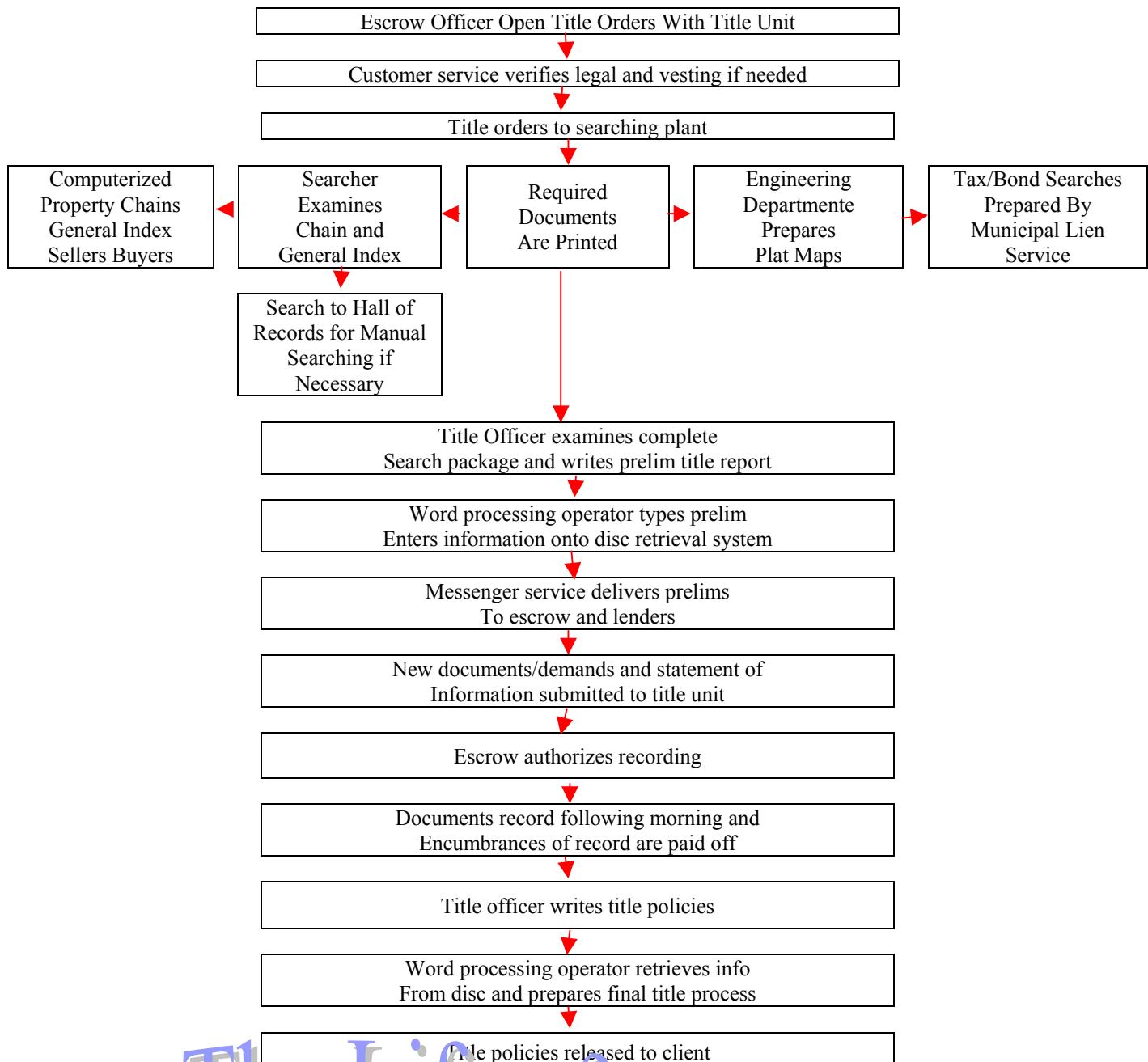
The loan process makes sense. Refer to the following chart for a detailed trip through a typical loan process. You may even find it helpful to refer to this chart when working with borrowers.



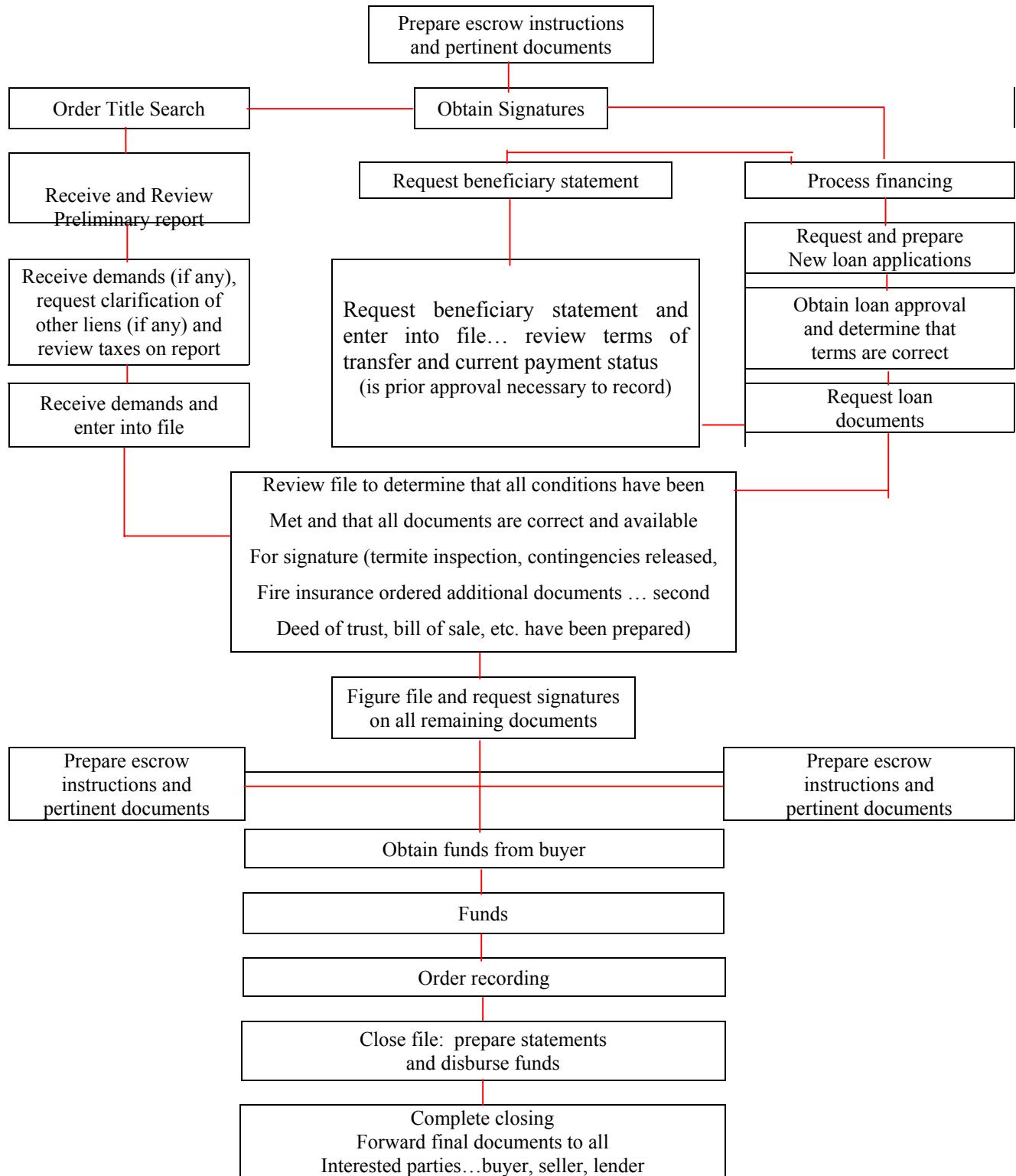
*NOTE: Many steps may vary due to local customs.

THE TITLE PROCESS

Knowing the title process is a definite plus when you want to maximize your efforts. Many key points and situations determine the pace of the whole transaction. Knowing the system can help you prepare for tricky situations thus providing for as smooth a transaction as possible; which is in every way the most profitable of situations.



The Life of an Escrow



Items Needed For a Credit Application

Employment

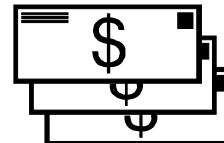
Addresses for two full years
Gross monthly income
W-2's, if available
* Proof of pensions, retirement, disability or Social Security
* Proof of income from rentals, investments, etc.
* Proof of child support or alimony paid/received
* Year to date pay stub

If self-employed:
* Two years 1040 Tax Returns
* Current year profit and loss statement



Creditors

Each creditor's name, address and type of account
Account numbers
Monthly payments and approximate balances
Amount of child care expenses



Banking/Loans

Names and addresses of saving institutions
Account numbers for all accounts
Type of accounts and present balances

Miscellaneous

List of assets in stocks, bonds, land
Life insurance cash value (documented if used as cash down payment)
If applicant is selling a home, a copy of sales contract
Social Security numbers for all parties
Veterans - Certificate of Eligibility & DD-214
Cash or check to pay for application fee



Realtors® (Lori & G-II, of course!)

Copy of sales agreement
Copy of listing on property
Instructions on how appraiser is to gain entrance
Agency Form
Exclusive Buyer's Broker Employment Agreement

Financial Information

Including taxes and insurance, what monthly payments do you want: \$ _____

What approximate price range do you want to look in: \$ _____

How much cash do you have available for a down payment? \$ _____

Does this include closing cost? Yes No

Are you currently renting? Yes No If Yes, how much do you pay monthly? \$ _____

Do you currently own? Yes No Do you need to sell before buying? Yes No

How much do you think your home is worth? \$ _____

What is the unpaid balance? \$ _____ Interest rate ____ % Term _____

Dated ____/____/____ Type of loan _____ Monthly payment \$ _____

List your regular monthly payments (installment debt, revolving charges, student loans, etc.)

Description	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Are you current on all debts? Yes No

Is there any problem with your credit Yes No If Yes, explain: _____

What is your monthly income? \$ _____ Employed Self-employed

Your spouse's monthly income \$ _____ Employed Self-employed

Other monthly income? Yes No If yes, how much? \$ _____

How long have you been employed with this employer? _____

Where? _____

Have you/your spouse ever filed bankruptcy? Yes No If Yes, explain: _____

Have you/your spouse had a home foreclosure? Yes No If Yes, explain: _____

THE SEARCH BEGINS

HOW MUCH HOME CAN YOU AFFORD?

HOME BUYING WORKSHEET

1.	Gross Annual Income (before taxes)	<u>\$48,000</u>	\$ _____
2.	Gross Monthly Income (Line 1 divided by 12 months)	<u>\$ 4,000</u>	\$ _____
3.	Monthly Allowable Housing Expense and Long-Term Obligations Line 2 multiplied by .38 **(38% of gross monthly income is usually allocated for principal, interest, taxes, insurance and monthly long-term obligations.)	<u>\$ 1,520</u>	\$ _____
4.	Monthly Allowable Housing Expense Line 3 minus your monthly obligations* - credit cards, Child support, car loan, etc. (Remainder is allowable principal, interest, taxes and insurance payment.) NOTE: Monthly Allowable Housing Expense on line 4 should not exceed 33%** of line 2. If it does, enter the lesser amount of the two on line 4 And continue.	<u>\$ 400</u>	\$ _____
5.	Monthly Principal and Interest Payment Line 4 multiplied by .80 (80% is the amount of the monthly allowable housing expense usually allocated to only the principal and interest payment, excluding taxes and insurance.)	<u>\$ 896</u>	\$ _____
6.	Estimated Mortgage Amount Line 5 divided by 7.34 multiplied by \$1,000 (7.34 is the factor for a 8% loan amortized over a 30-year term. Factors for other interest rates and terms are shown in the Interest Rate Factor chart on the next page.)	<u>\$122,070</u>	\$ _____
7.	Estimated Affordable Price*** Line 6 divided by .80 (80% is the mortgage loan amount, assuming a 20% down payment. Use .90 for a 10% down payment.)	<u>\$152,600</u>	\$ _____

● * * * * *

This material is intended for example purposes only and is not a commitment for financing. This worksheet is intended for use on primary residences. Your rate and affordable price will vary, depending on the size of your down payment, specific terms of your loan, other monthly obligations and the amount of assessment fees, if applicable.

*The example column is based upon a customer(s) with a gross annual income of \$48,000 and monthly long-term obligations of \$400, an interest rate of 8%, a mortgage amount of \$122,000 and an Annual Percentage Rate of 8.125%.

** These are standard industry guidelines; however, there are a variety of other mortgage products with flexible options.

INTEREST RATE FACTOR CHART

FACTORS PER \$1,000

INTEREST RATE	TERM 15 YEARS	TERM 30 YEARS	INTEREST RATE	TERM 15 YEARS	TERM 30 YEARS
---------------	---------------	---------------	---------------	---------------	---------------

4	7.40	4.77
4-1/8	7.46	4.85
4-1/4	7.52	4.92
4-3/8	7.59	4.99
4-1/2	7.65	5.07
4-5/8	7.71	5.14
4-3/4	7.78	5.22
4-7/8	7.84	5.29
5	7.91	5.37
5-1/8	7.97	5.44
5-1/4	8.04	5.52
5-3/8	8.10	5.60
5-1/2	8.17	5.68
5-5/8	8.24	5.76
5-3/4	8.30	5.84
5-7/8	8.37	5.92
6	8.44	6.00
6-1/8	8.51	6.08
6-1/4	8.57	6.16
6-3/8	8.64	6.24
6-1/2	8.71	6.32
6-5/8	8.78	6.40
6-3/4	8.85	6.48
6-7/8	8.92	6.57
7	8.99	6.65
7-1/8	9.06	6.74
7-1/4	9.13	6.82
7-3/8	9.20	6.91
7-1/2	9.27	6.99
7-5/8	9.34	7.08
7-3/4	9.41	7.16
7-7/8	9.48	7.25

8	9.56	7.34
8-1/8	9.63	7.42
8-1/4	9.70	7.51
8-3/8	9.77	7.60
8-1/2	9.85	7.69
8-5/8	9.92	7.78
8-3/4	9.99	7.87
8-7/8	10.07	7.96
9	10.14	8.05
9-1/8	10.22	8.14
9-1/4	10.29	8.23
9-3/8	10.37	8.32
9-1/2	10.44	8.41
9-5/8	10.52	8.50
9-3/4	10.59	8.59
9-7/8	10.67	8.68
10	10.75	8.77
10-1/8	10.82	8.87
10-1/4	10.90	8.96
10-3/8	10.98	9.05
10-1/2	11.05	9.15
10-5/8	11.13	9.24
10-3/4	11.21	9.33
10-7/8	11.29	9.43
11	11.36	9.52
11-1/8	11.44	9.62
11-1/4	11.52	9.71
11-3/8	11.60	9.81
11-1/2	11.68	9.90
11-5/8	11.76	10.00
11-3/4	11.84	10.09
11-7/8	11.92	10.19

This chart will help you calculate your monthly principal and interest payments for both fixed and adjustable rate loans at various interest rates over 15 and 30-year terms.

Start by finding the appropriate interest rate, then look across to the column indicating the desired term of the loan. That number is the interest rate factor. This is the dollar amount required each month to amortize \$1,000 over the specified term. To calculate your principal and interest payment, multiply the interest rate factor by the total loan amount in \$1,000s.

Here's an example:

Interest rate:	8%
Term:	30 years
Factors per \$1,000:	7.34
Total mortgage:	\$152,600

$$7.34 \times 152.6 = \$1,120$$

This is a calculation of principal and interest only. It does not include property taxes, insurance, association dues, or other charges.

Need assistance? Just ask Lori & G-II!
**Guidelines to Follow
 Working Lori & G-II**

- ✓ To begin with, make a list of your “Needs & Wants”, in descending priority order. The more definitive and honest the priority list is, the better chance we have of finding that dream home. Be realistic about reasonable compromise, however, because the absolutely perfect home may not exist. Escorting buyers around for hours is a job function of real estate agents that is frequently abused by potential buyers who don’t realize this.
- ✓ At the early stages of house hunting, become acquainted with lender requirements. Have a consultation with a lender or mortgage broker and become clear as to the real price range that is suitable and possible for you. Until this is known, house hunting can result in devastating disappointments by shopping in an unrealistic price range.
- ✓ In selecting us exclusively, we will develop good and open communications with each other. Working with several agents at a time is really unfair to all parties concerned, including yourself. As agents, we all use the same sources of information such as the Multiple Listing Service. The idea that, working with several agents at a time will uncover your dream home, is not really true. You will more than likely waste time researching property you have already seen.
- ✓ Real Estate agents are not salaried people and are only paid when there is a successful transaction. Keep in mind that when Agent “A” has spent much time and effort researching and showing a buyer property and then the buyer purchases a home from agent “B”, Agent “A” receives nothing for all their time, effort and service. Loyalty to us will provide maximum returns in service to you, the buyer.
- ✓ Please listen carefully to our suggestions when becoming serious about a home. Read the disclosure statement thoroughly and obtain inspections from qualified professionals. Treat the purchase as a serious financial investment in addition to thinking of it as the home of your dreams.
- ✓ Arizona state law now requires that all agents disclose to their clients exactly who they represent, the buyer, the seller, or both. This disclosure form will be provided to you prior to making any offer on property you have selected. Also, by having us provide you with a Buyer/Broker Agreement, you can take advantage of today’s trend of exclusive representation on your behalf, not the sellers, as with a typical agency agreement.
- ✓ The experience of buying a home can be thoroughly enjoyable if we work together as a COOPERATIVE TEAM. Often good friendships are made during this time which last for a lifetime. We look forward to working with you!

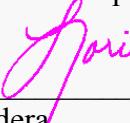


our SERVICE COMMITMENT TO YOU

- 1) Provide professional services to you on a full-time basis
- 2) Communicate to you responsibly and honestly

- 3) Counsel and explain all pertinent Real Estate Documents in advance of any transaction
- 4) Preview properties and know what's available
- 5) Utilize the Multiple Listing Service in searching for available properties
- 6) Perform a comprehensive Market Analysis on areas of interest and within your qualifying range
- 7) Show you properties that match your requirements
- 8) Assist you in arranging financing and getting pre-approved
- 9) Review and counsel you on all offers, counter offers and multiple offers
- 10) Safeguard your interests with a binding contract
- 11) Professionally present your offer and negotiate the best terms for you
- 12) Provide you with an estimate of your closing costs
- 13) Explain and arrange for a Home Warranty if desired
- 14) Coordinate inspections: termite, contractors, roof, etc.
- 15) Save you time and help meet your move-in deadline
- 16) Oversee paperwork throughout the transaction, escrow and closing

Lori & G-II agree to work with you and your family in a cooperative effort for the next 120 days to locate and purchase your new home.



Lori Klindera



George "G-II" Varrato II

YOUR COMMITMENT TO US

We have explained in depth the advantages of working with us as your exclusive buyers agents. In return we ask of you:

- 1) To communicate responsibly and honestly
- 2) To willingly provide pertinent information as needed
- 3) To promptly inform us of changes in timing, requirements or other critical information which affect your service commitment to us
- 4) To submit a loan application and all lender required information within the time frames of the contract when financing
- 5) To enter into contracts in good faith and make every effort to adhere to all negotiated contingencies
- 6) To inform all other real estate agents that you are represented by Lori & G-II

We agree to work solely with **Lori & G-II** for the next _____ days in a cooperative effort to locate and purchase our new home. All contracts shall be written by Lori & G-II and personally presented to the Seller(s) of the property (whenever possible) I/we am/are interested in purchasing so that my interest and those of my family can be protected.

Buyer

Date

Buyer

Date

GLOSSARY

- **ADJUSTABLE RATE MORTGAGE (ARM):** A mortgage with an interest rate that changes over time in line with movements in the index. ARMs are also referred to as AMLs (adjustable mortgage loans) or VRMs (variable rate mortgages).
The period of one year is called a one-year ARM, which means that the interest rate can change once a year.
- **ADJUSTMENT PERIOD:** The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM, which means that the interest rate can change once a year.
- **AMORTIZATION:** Repayment of a loan in installments of principal and interest, rather than interest-only payments.

- **ANNUAL PERCENTAGE RATE (APR):** The total finance charge (interest, loan fees, points) expressed as a percentage of the loan amount.
- **APPRAISAL:** An estimate of the property's value.
- **ASSUMPTION OF MORTGAGE:** A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.
- **BALLOON PAYMENT:** A lump sum principal payment due at the end of some mortgages or other long-term loans.
- **BINDER:** Sometimes known as an offer to purchase or an earnest money receipt. A binder is the acknowledgment of a deposit along with a brief written agreement to enter into a contract for the sale of real estate.
- **BUYDOWN:** Permanent — prepaid interest that brings the note rate on the loan down to a lower, permanent rate. Temporary-prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify and to increase payments as income grows.
- **CAP:** The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.
- **CASH RESERVES:** The amount of the buyer's liquid cash remaining after making the down payment and paying all closing costs.
- **CC&Rs:** Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.
- **CERTIFICATE OF COMMITMENT:** The lender's approval of a VA loan, which is usually good for up to six months.
- **CERTIFICATE OF REASONABLE VALUE (CRV):** A document that establishes the maximum value and loan amount for a VA guaranteed mortgage.
- **CHATTEL:** Personal property.
- **CLOSING STATEMENT:** The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.
- **COMMITMENT PERIOD:** The period during which a loan approval is valid.
- **CONDOMINIUM:** A form of real estate ownership where the owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surface (walls, floors and ceilings) serve as its boundaries.
- **CONTINGENCY:** A condition that must be satisfied before a contract is binding. For instance, a sales agreement may be contingent upon the buyer obtaining financing.
- **CONVERSION CLAUSE:** A provision in some ARMs that enables home buyers to change an ARM to a fixed rate loan, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed rate mortgages. This conversion feature may cost extra.
- **COOPERATIVE:** A form of multiple ownership in which a corporation or business trust entity holds title to a property and grants occupancy rights to shareholders by means of proprietary leases or similar arrangements.
- **CRB:** Certified Residential Broker. To be certified, a broker must be a member of the National Association of Realtors®, have five years experience as a licensed broker and have completed required Residential Division courses.
- **DEBT RATIOS:** The comparison of a buyer's housing costs to his or her gross or net effective income, and the comparison of a buyer's total long-term debt to his or her gross or net effective income. The first ratio is *housing ratio*, the second ratio is *total debt ratio*.
- **DUE-ON-SALE CLAUSE:** A clause that requires a full payment of a mortgage or deed of trust when the secured property changes ownership.
- **EARNEST MONEY:** The portion of the down payment delivered to the seller or escrow agent by the purchaser with a written offer as evidence of good faith.
- **ESCROW:** A procedure in which a third party acts as a stakeholder for both the buyer and the seller, carrying out both parties' instructions and assuming responsibility for handling all of the paperwork and distribution funds.
- **EQUITY:** The difference between what is owed and what the property could be sold for.
- **FHA LOAN:** A loan insured by the Federal Housing Administration (of the Department of Housing and Urban Development).
- **FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Called "Freddie Mac"; a part of the secondary market, particularly used to purchase loans from savings
- and loan lenders within the Federal Home Loan Bank Board.
- **FEDERAL NATIONAL MORTGAGE ASSN. (FNMA):** Popularly known as "Fannie Mae". A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.
- **FEES SIMPLE:** An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.
- **FINANCE CHARGE:** The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation Z.
- **FIXED RATE MORTGAGE:** A conventional loan with a single interest rate for the life of the loan.
- **FULLY INDEXED RATE:** The maximum interest rate on an ARM that can be reached at the first adjustment.

- **GIFT LETTER:** A letter from a relative stating that an amount will be gifted to the buyer, and that said amount is not to be repaid.
- **GOVERNMENT NATIONAL MORTGAGE ASSN (GNMA):** Called “Ginnie Mae”; a governmental part of the secondary market that deals primarily in recycling VA and FHA mortgages, particularly those that are highly leveraged.
- **GRADUATED PAYMENT MORTGAGE:** A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.
- **HOME INSPECTION REPORT:** A qualified inspector’s report on a property’s overall condition. The report usually includes an evaluation of both the structure and mechanical systems.
- **HOME WARRANTY PLAN:** Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.
- **INDEX:** A measure of interest rate changes used to determine changes in an ARM’s interest rate over the term of the loan.
- **INITIAL INTEREST RATE:** The introductory interest rate on a loan; signals that there may be rate adjustments later in the loan.
- **JOINT TENANCY:** An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedent’s interest in the property.
- **JUMBO LOANS:** Mortgage loans that exceed the loan amounts acceptable for sale in the secondary market; these jumbos must be packaged and sold differently to investors and therefore have separate underwriting guidelines.
- **LIEN:** A legal hold or claim on property as security for a debt or charge.
- **LOAN COMMITMENT:** A written promise to make a loan for a specified amount on specified terms.
- **LOAN-TO-VALUE-RATIO:** The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.
- **LOCK-IN:** The fixing of an interest rate or points at a certain level, usually during the loan application process. It is usually done for a certain period of time, such as 60 days, and may require a fee or premium in the form of a higher interest rate.
- **MARGIN:** The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.
- **MORTGAGE INSURANCE PREMIUM (MIP):** The mortgage insurance required on FHA loans for the life of said loans; MIP can either be paid in cash at closing or financed in its entirety in the loan. The premium varies depending on the method of payment.
- **MORTGAGE LIFE INSURANCE:** A type of term life insurance often bought by home buyers. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the mortgage debt is automatically covered by insurance proceeds.
- **NEGATIVE AMORTIZATION:** Occurs when monthly payments fail to cover the interest cost. The interest that isn’t covered is added to the unpaid principal balance, which means that even after several payments the borrowers could owe more than they did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren’t high enough to cover the interest.
- **ORIGINATION FEE:** A fee or charge for work involved in evaluating, preparing, and submitting a proposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.
- **PAYOUT CAP:** The maximum amount the payment can adjust in any given time frame.
- **PITI:** Principal, Interest, Taxes and Insurance.
- **PLANNED UNIT DEVELOPMENT (PUD):** A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Use may be residential, commercial or industrial.
- **POINT:** An amount equal to one percent of the principal amount of the investment or note. Lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.
- **PREPAYMENT PENALTY:** A fee charged to a borrower who pays a loan before it is due. Not allowed for FHA or VA loans.
- **PRIVATE MORTGAGE INSURANCE (PMI):** Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.
- **PURCHASE AGREEMENT:** A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract, or agreement for sale.
- **RATE GAP:** The difference between where the rate is now and where it could adjust to on an ARM. Also used to compare the difference between a current conventional rate and that of an ARM.
- **REALTOR:** A real estate broker or associate active in a local real estate board affiliated with the National Association of Realtors®.
- **REGULATION Z:** The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.
- **TENANCY IN COMMON:** A type of joint ownership of property by two or more persons with no right of survivorship.
- **TITLE INSURANCE POLICY:** A policy that protects the purchaser, mortgagee or other party against losses.
- **VA LOANS:** A loan, made by a private lender, that is partially guaranteed by the Veterans Administration.

WHAT THEY'RE SAYING
ABOUT LORI & G-II



Subject: Exceptional people
Date: Wed, 11 Aug 1999 12:56:09 -0700
From: "ALLY S DELLEMARE" <ASHA2@prodigy.net>
To: <HBKARL@aol.com>

Dear Brittany and Hans,

I wanted to write you about your relocation to Phoenix and dealing with realtors whom you have never met in person. I had a similar situation 14 years ago and I remember my concerns at the time.

I have had the pleasure of working with G-II and Lori for over six months now and have recommended them to several other friends of mine. They also represent a dear friend of mine who is elderly. I would not think of working with anyone else for many reasons. Two of the most important to me are their professionalism and the obvious ethics. They have always gone the extra mile when help was needed. During the past few months I have developed a solid business relationship with them because I have found them to be people I can really trust to work on my behalf. They are always pleasant and make time to give personal attention to any question I may have. They are the only realtors I have ever signed an exclusive agreement with and I have dealt with many in the past because of my investments in real estate.

I hope your trip here goes well and if you have any other question please call me at (602) 620-1542. I would be glad to be of assistance.

Sincerely,

Ally Dellemare

Subject: G-II and Lori
Date: Mon, 9 Aug 1999 22:14:56 EDT
From: PhDwannaBe@aol.com
To: HBKARL@aol.com

Dear Mr. and Mrs. Karlsson,

I am writing to you regarding our experience with G-II and Lori. Let me begin by telling you that I have purchased and sold 3 homes, and was part of an investment group who purchased an entire subdivision. In my experience, I have never worked with a team, or individual as professional, competent or hard working as G-II and Lori. Given my busy schedule, and purchasing a home long-distance, I have little time to deal with all the large and minor details regarding buying a home. G-II and Lori have not only met all of my needs in this regard but have exceeded every one of them. They have handled every detail from acquiring our title company to arranging painting bids to having all of our utilities turned on before we arrive at our new home.

We began our search for a new home by shopping online through a zep page designed exclusively for us by G-II. This allowed us to significantly narrow down our search and reduce the time we would spend house hunting once in Phoenix. Then, with a very short time frame, 5 days, we were able to find our dream home, submit a bid, and begin the necessary paperwork to close on our dream home all before departing back to Ohio.

I have never written a letter on behalf of any of the previous realtors I have worked with but I have already assured G-II and Lori that I will be submitting a letter on their behalf to the President of Coldwell Banker for their exceptional skills, expertise and that personal touch that I've never before experienced. I give them the highest of recommendations and they have already been assured that when we are ready to sell, they will be our agents.

If you still have any reservations or concerns, please feel free to contact me at home and I will answer any questions that I can. (937) 320-2236

Dr. Scott Fisher

From: Jim Sullivan [mailto:jpsulliv@megsinet.net]
Sent: Sunday, August 08, 1999 9:36 PM
To: bjilbert@azlink.com; lll555@goodnet.com
Subject: Prized Realtors

Dear Bill and Linda,

I wanted to write you a letter about realtors you have in your office. But first a little background.

My husband was transferred to the Phoenix area. During our search on the Internet we came across the web site of two of your realtors, GII and Lori. Their site was very informative and easy to move around. I contacted them in regards to receiving information on relocating to the Phoenix area. They were among a few realtors that I had contacted in our search for finding information on the area. I had either contacted realtors by phone or by email.

GII responded very quickly to my email providing an unlimited amount of information for us. When we had a concern about schools and needed more information on that, he supplied it. He supplied us as much information as we needed without even knowing if we were going to use him as a realtor during this process.

When it got closer to the time of us arriving to the area, he was on board, making sure every step of our house hunting trip was a success. He has a site that was wonderful for us as we were in the Chicago area not knowing anything about the Phoenix area. We gave him a brief explanation of what we wanted in a home and the approximate price range. Our biggest concern was school districts, as we were coming from an excellent area and wanted to make sure our children were kept in the same.

GII and Lori would preview homes for us and put them onto a web page designed just for us showing what they had found. They would relay to us what the property was next to even if it was next to something that would bring our resale value down in the future. They got a good feel of what we were looking for in a house and would jump onto something new that would come onto the market. They were on top of things before we could even think. And still yet they did not know if they were going to be our realtors with this relocation.

They would preview these homes for us, put all pertinent information along with inside pictures of the homes on the web page. This was so very helpful to us with living such a great distance and not knowing what to expect houses in the area to be like.

The time got closer for us to be on our way to Phoenix to house hunt. We had to contact our relocation company and make sure that we could use GII as a realtor. Upon arrival in town, they were very helpful in our search. We arrived in town in the afternoon and had approximately 12 or so houses to preview. Our time was limited and they knew this. GII had everything under control. He had our whole route mapped out for us from start to finish.

We finally found the perfect house for us. We talked to GII and expressed our thoughts on the price and he negotiated everything for us. He got everything that we asked for with no questions asked.

One of the main reasons that we were so blessed to have GII and Lori as a realtors is their commitment to their clients. They go above and beyond the call of duty. They are on top of everything even down to the last cent. I recommend them to anyone who would come to the Phoenix area or who is moving from one town to another. They are realtors that know their stuff. GII and Lori work so very well as a team, as that is what they are. You have two great team members within your company and I hope that you realize how good they are. I think that more of your agents could learn a thing or two from them. They think of their clients and not the bottom dollar. They are honest, considerate and the best realtors we have come across in a long time.

Thank you so much for having such a great team at your company. They receive the highest kudos they could get from us. If and when it ever came time for us to sell our home, we would not hesitate to give GII and Lori a call. They are the best and we are so glad that we found them on the Internet.

Sincerely,

Penny Sullivan
jpsulliv@megsinet.net

Subject: G-II and Lori
Date: Mon, 9 Aug 1999 15:39:34 -0500
From: jfilson@itds.com
To: HBKARL@aol.com

Hans & Brittany,

You asked that I provide you with a personal recommendation for GII and Lori and I will be most happy to relate our experience with them and the high professional and personal regard we have for them. First,

understand that Connie and I have never met GII and Lori in person. They were recommended through a friend when we asked him to identify a realtor in Phoenix who could help us sell our house in Glendale. We live in Illinois, so it was important to us to have a realtor that we could have complete trust and confidence in. GII and Lori have been just that! I have purchased and sold a number of homes in my lifetime, the sale that they just completed for us was and will always be the "closing from hell". I need to qualify the use of the "closing from hell" term, the actual deal was fine, what made it the closing from hell was all the little roadbumps the buyer and his agent created. It began with the buyer losing his job

the day before the first scheduled closing (GII and Lori assisted in finding him another job within a week), the invalid closing numbers his agent provided that killed the second scheduled closing, lost paperwork, and finally the buyer coming up short after the third and successful scheduled closing. Throughout each of these events, GII and Lori kept us informed and calm (as much as one could) and were able to mitigate most of the stupidity that took place on the other team.

It's a scary feeling being 2000 miles away and being unable to do much about the events unfolding. We decided early on that we were going to have to trust GII and Lori. We did! They provided professional guidance, always kept us informed regarding what had happened, what was going to happen, their recommendation(s). They will take care of you and you will be satisfied.

Please feel free to call me if I can provide additional information. You can reach me during the day at 217-239-8295, or at 217-446-0468 after 7PM.

Jim Filson

From: RANDY HOWELL <howell@BullMooseTube.com>
Sent: Monday, August 09, 1999 7:47 AM
To: ['HBKARL@aol.com'](mailto:HBKARL@aol.com)
Subject: Lori and GII

Hans and Brittany Karlson,

A superb realtor and friend of ours asked me to tell you about our experience buying a home over the internet. My wife and I were living in South Bend, IN this time last year and were being transferred to the Phoenix area. I got in touch with GII by the grace of God. No other way to explain it. We had been talking to other realtors and were not getting anything to look at in order to start the narrowing down process. I was planning to fly in to Phoenix and spend a couple of days looking for a home and didn't have a lot of time to burn just driving around blindly looking for houses. All I had to do was give Lori and GII our list of "must have items" and some "would like to have items" and sit back and watch the show. He e-mailed me pictures almost daily. Within a couple of days, we had it narrowed down to the ones we thought we would like to see and then he personally went by each and inspected them!! We then got his personal assessment of each and dropped some from the list. When we

got our flights scheduled in, we had 6 houses to look at that all met our requirements. He drove us around town and we made an offer on one that day. We were able to tie up loose ends the very next day and close in South Bend in 30 days. GII even came over to the house for the inspections, did the walk through, and got us a GREAT deal on the house including some very nice negotiating! I have to say I was nervous about the whole thing at first, but Lori and GII made us feel very comfortable. Each and every time I called, it was like I was the only customer they had.

I know you don't know me, but if you want to talk to me or my wife, feel free to call me anytime. ***I assure you that the only mistake would be not using them.*** My wife and I have lived here now for one year next month and it wouldn't have been as nice a first year had it not been for these two very special people in our lives.

Good luck and welcome to the Valley of the Sun

Randy and Lee Howell
623-847-0777
howell@bullmoosetube.com
dixieaz@aol.com

Subject: G-II and Lori
Date: Sun, 08 Aug 1999 21:16:29 -0500
From: [Jim Sullivan <jpsulliv@megsinet.net>](mailto:jpsulliv@megsinet.net)
To: hbkarl@aol.com

Hans and Brittany,

You asked me to let you know about our experience with buying our home here in the Phoenix area.

I guess I'll start out by laying out some ground work for you. My husband was being transferred from Chicago to Phoenix. We don't know anything about the Phoenix area. We have three children, all in school and our biggest concern was the location of our house in a very good school district. We had a wonderful school district where we were living in Illinois. It didn't matter where it was in the Phoenix area as long as the school system was good. We did a little checking on our own through various web sites on the net.

Anyways, I found GII while looking on the internet for houses. I came across GII and Lori's web site. I found it to be a wonderful and informational site. So I contacted them to get some information.

Well I was amazed at how quickly I got a response back from GII. I had previously called and/or emailed other realtors with not much of a response back. GII responded back very quickly, which is something that I really appreciate in someone who does business.

At that time, we had no idea when we would be going out to Phoenix to check out houses. I let GII know what I was looking for in a house and I really didn't know what area I wanted to live in. Told him our concern about the schools. So he sent us some info on some of the schools.

By the time we had a date set for us to travel to Phoenix, some of the houses we wanted to look at were gone. Go figure! But new ones had popped up. But at that time, GII knew what we were looking for in a house. He would go out and look at these homes for us and preview them. He would tell us what was good and/or bad about the house. He is a very honest person. He will tell you if there is something wrong with the surrounding area and what not. There were a few houses that looked really nice, but backed up to something that in the future would not be good for resale.

You know I have to say that I was hesitant to use someone that I had never met before but I've got to tell you something.

GII will go out of his way to help you in any shape or form. He is truly a realtor that is honest and goes out of his way to help you in your search for a house.

We arrived on a Friday afternoon and looked at approximately 12 houses in one afternoon. We found one that we just fell in love with. GII worked out our deal with the sellers and we got everything that we wanted. When we left to go back to Chicago, we had bought a house.

GII is a very thorough realtor and will get the job done for you. He's great at locating a home for you and what finding exactly what you are looking for.

I can tell you from our experience, I would like to have more realtors like him located anywhere in the US. I could go on and on about GII, he's a wonderful realtor and I'm sure that you will be happy that you have chosen him for your realtor.

Good luck on your home search. If you would like to know anything about something in the Phoenix area, let me know. I'll be sure to get back to you as soon as I can. We live in the Gilbert area. We really like it here. I really enjoy Arizona.

Where are you guys moving from? Are you relocating due to business? I've met quite a few people that have moved out here because they wanted to live in Arizona for one reason or another. Do you guys have kids? If so, how old? Yes, I know I'm always full of questions. Hope to hear from you. Wish you lots of luck in your house hunting efforts. You'll like it here.

Penny Sullivan



Thanks for the call!

*By choosing Lori & G-II, you are one of the few
who will learn how to save thousands of dollars in
your home purchase!*

Thank you so much for your call! We really appreciate the chance to provide information we feel will have tremendous value to you. As promised, here is your personal “**Home Buyer’s Handbook**”. We encourage you to take a few minutes to read this guide--it could save you hundreds, maybe thousands of dollars!

We offer all of our clients a full range of services at Coldwell Banker Success Realty, including Mortgage Financing (we network with the most active and successful lending institutions in the nation who run their business the same way we do; with the integrity you expect and deserve!), Home Owners Insurance, Home Warranties, Home Inspections, Title Service and our exclusive Concierge Service. Be sure to ask us about all of the great services offered here at Coldwell Banker Success Realty. For someone who is thinking of buying a home in the beautiful Phoenix area also referred to as **The Valley of The Sun**, we are committed to win your trust and future business.

While one of our main objectives is to save you the most money possible in your purchase, we will also stay by your side from start to finish. Right down to when you close on your new home. We do that by providing you with a team of professionals that are dedicated to every phase in the home buying process. The easy part of the mission is finding you just the right house that you will ultimately call HOME. That is when the intense part of the process kicks in. It will be our responsibility to schedule the home inspections, coordinate the Wood Destroying Organism inspections, interface and respond to the needs of your lender, the Title Company, and the agent from the selling brokerage. We will track critical time lines within the contract, insuring each and every step of the process is checked and double checked.

Finally, we will provide you with a level of service that is far superior to any that you have experienced in the past. We take our job seriously! We are in the people business, therefore, we make a commitment to you that far exceeds any you have ever been exposed to. We will do whatever it takes to maintain that level of excellence. That’s why we have served the needs and wants of hundreds of families over the past 10 years. We look forward to adding you to our family of friends whose needs we have filled. You will be so excited about the outcome of your home purchasing mission that you will be compelled to share your ultra positive home buying experience with your friends, relatives, co-workers, church members or whoever, so much so that you will want them to benefit from this level of service too.

We are very honored to be working with you!

Most Sincerely,

Lori Klindera & “G-II” George Varrato II
Your Personal Realtors® for Life

VISIT OUR WEBSITE AT
<http://www.realestateinphoenix.net>

Are you tired of making
someone else's mortgage payment?

Will you go another year
with little or no tax write-offs?

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Would you like to build equity
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3310 W. Cheryl Drive, Suite 100
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UNDERSTANDING THE ADVANTAGES OF HOME OWNERSHIP



BUYING

VERSUS

RENTING

- | | |
|---|---|
| 1) You will have a great tax write-off | 1) You have no tax write-off |
| 2) Your housing expense may never go up | 2) Your rent can go up each year |
| 3) You can use, decorate, make physical changes and enjoy your home as you see fit. | 3) You must get permission to make any changes to your dwelling |
| 4) You may build a large equity as your home appreciates in value | 4) You have no equity build-up. Your money is gone for good |
| 5) You are not at the mercy of your landlord | 5) You can be evicted |
| 6) Your house will become a home, not a temporary living situation | 6) Your living situation is always temporary |

So let's get started on the purchase of your new home!

Lori Klindera and “G-II” George Varrato II
Coldwell Banker Success Realty

AVOIDING THE MOST COMMON MISTAKES HOME BUYERS MAKE...

- Not understanding a local market and all that is available.
- Not screening the masses – trying to see everything both in their price range and not.
- Not understanding pricing and the value of certain amenities.
- Weak negotiating. This mistake alone can cost the buyer thousands of dollars.
- Not requiring the proper inspections.
- Not understanding all available financing.
- Looking for the perfect home.
- Not previewing schools, shopping and other neighborhood amenities.

**Utilizing Lori and G-II's exclusive service,
your home purchase will go smoothly and you will
avoid these common mistakes!**



COMMUNICATION...

The Key To A Successful Home Purchase

Together, we'll sit down to discuss the type, size, style and location of the kind of home you are interested in purchasing. After extensive research on our part, we will preview homes together that fall into that category.



Through constant communication, we will keep you apprised of any new homes that come on the market that you might be interested in. Once we have found that perfect home, we will negotiate with the sellers to get the best possible price and terms for the home you desire.

You will benefit from our years of experience in the real estate business at no cost to you! As you know, many buyers are unaware of the fact that our commission comes from the Seller.

SUCCESSFUL PURCHASE

Realtor®

*Property Information

*Area Information

*Financing sources

*Real estate skills (negotiations,
agreements, settlement)

Buyer Contribution

*Property Requirements

*Area Selection

*Financial Information

*Property Selection

Choose Lori & G-II for all your real estate needs!

OUR MULTIPLE LISTING ASSOCIATION...



You'll have up-to-date information on each new home as it comes on the market. We preview the "new on market" list each day to be constantly on the look-out for the perfect home for you!

Utilizing Our Services in Search of Your Perfect Home...

NEW HOMES

Did you know that when you preview the models of new homes and you sign the Builder's Register that you have given up your right to buyer representation with that builder?????? ?????!!!!!! You have become their "customer", not their "client".

We work with most builders and can get all the information you need to make any decision, but we will need to accompany you to the property on the initial visit.

By letting us help you with builders, you get all the services offered in this presentation and those offered by the builder as well.

You'll get more, but you won't pay more for it!

FOR SALE BY OWNERS

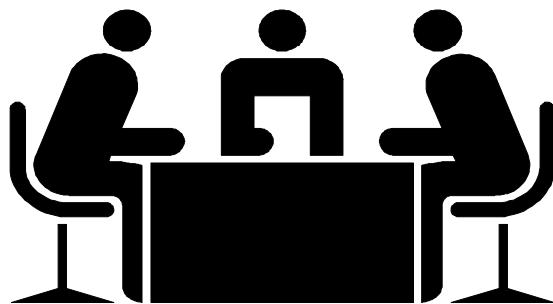
A homeowner trying to sell his home himself is usually doing so in hopes of saving the commission. Coincidentally, this is the reason a buyer wants to deal directly with a homeowner. However, it could also be because the seller does not have enough equity in the house to pay a commission, or perhaps does not want to disclose certain defects that he/she may know about that **must** be disclosed using a Realtor®. Our advice to you is this: If you don't hire a Realtor®, please hire a Real Estate Attorney.

Normally a homeowner will be happy to work with an agent who brings them a buyer even though his home is not listed in the MLS if the agent introduces the buyer to the property.

If you should see a "For Sale By Owner" and want the advantages of our services, please let us contact the owner and set the appointment.

HAVING DELIVERED
HUNDREDS OF
SUCCESSFUL OFFERS,
LORI AND G-II
UNDERSTAND THE
SECRET OF
POWER NEGOTIATING

We will deliver your offer personally to the Seller with his/her Agent present. There is no other way to represent your best interest in order to get the best price and terms than a face-to-face presentation by us on your behalf.



FINANCING

A strong relationship with local lenders is very important, and we have it!!

**Pre-Approval
Program**



Here are the benefits:

- **You look at the "right" homes.*
- **You save money dealing with a comfortable seller.*
- **You can close quickly.*
- **You minimize trauma of not knowing whether or not you qualify.*

A home buying quiz

The smartest way to find the home you're looking for is by reading ads?

True

(Opps! Try again but this time read the question a little more slowly...and go with your first impulse...ready...set...go!)

False

(You son-of-a gun you! How did you know the best way to find a home is to call Lori & G-II? Somebody must have already told you THEY WOULD GIVE YOU ALL THE INFORMATION ON ALL THE HOMES you might be interested in without ANY hassles!)

**DON'T YOU DARE
LOOK FOR YOUR NEW HOME WITHOUT FREE
REPRESENTATION!!! HIRE LORI & G-II!!!**

**WE CAN SAVE YOU TIME AND
MONEY!!!**

Lori Klindera & "G-II" George Varrato II

Coldwell Banker Success Realty
3310 W. Cheryl Drive, Suite 100
Phoenix, AZ 85051
(602) 870-8000

AGENCY

BEFORE A SELLER OR A BUYER ENTERS INTO A DISCUSSION WITH A REAL ESTATE BROKER OR SALESPERSON, THE SELLER OR THE BUYER SHOULD UNDERSTAND WHAT TYPE OF AGENCY RELATIONSHIP OR REPRESENTATION THEY HAVE WITH THE BROKER IN THE TRANSACTION. THE SELLER OR THE BUYER SHOULD CAREFULLY READ ALL AGREEMENTS TO INSURE THAT THE AGREEMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION. **THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE A SELLER OR A BUYER FROM THE RESPONSIBILITY TO PROTECT THEIR OWN INTEREST.**

I Buyer's Broker: A broker other than the Seller's Broker can agree with the Buyer to act as the Broker for the Buyer only. In these situations, the Buyer's Broker is not representing the Seller, even if the Buyer's Broker is receiving compensation for services rendered, either in full or in part, from the Seller or through the Seller's Broker. A buyer's Broker has the following obligations:

To the Buyer:

- (a) The fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in the performance of the Broker's duties.
- (b) A duty of honest and fair dealing.
- (c) A duty to disclose all facts known to the Broker which materially and adversely affect the consideration to be paid for the property.

II Seller's Broker: A Broker under a listing agreement with the Seller or as a subagent of the Seller acts as the Broker for the Seller only. A Seller's Broker has the following obligations:

To the Seller:

- (a) The fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in the performance of the Broker's duties.
- (b) A duty of honest and fair dealing.
- (c) A duty to disclose all facts known to the Broker which materially and adversely affect the consideration to be paid for the property.

III Broker Representing both Seller and Buyer (Limited Dual Representation): A Broker, either acting directly or through one or more licensees within the same brokerage firm, can legally represent both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. The parties understand that:

- (a) The Broker represents both the Buyer and the Seller with limitations of the duties owed to the Buyer and the Seller, such as:
 - 1) The Broker will not, without written authorization, disclose to the other party that the Seller will accept a price or terms other than offered;
 - 2) There will be conflicts in the duties of loyalty, obedience, disclosure and confidentiality. Disclosure of confidential information may be made only with written authorization. This does not relieve the Broker of the obligation to disclose all known facts which materially and adversely affect the consideration to be paid by any party.
- (b) The Broker shall exercise reasonable skill and care in the performance of the Broker's duties.
- (c) The Broker shall be obligated at all times to deal honestly and fairly with all parties.

If you choose to have a real estate agent represent you as your agent, you should enter into a written contract that:

- * clearly establishes the obligations of both parties
- * sets out how your agent will be paid and by whom

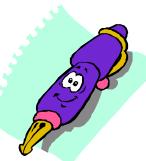
I certify that I have provided the prospective buyer with a copy of this information.

Lori Klindera

Date

George ("G-II") Varrato II

Date



Buyer

Date

Buyer

Date

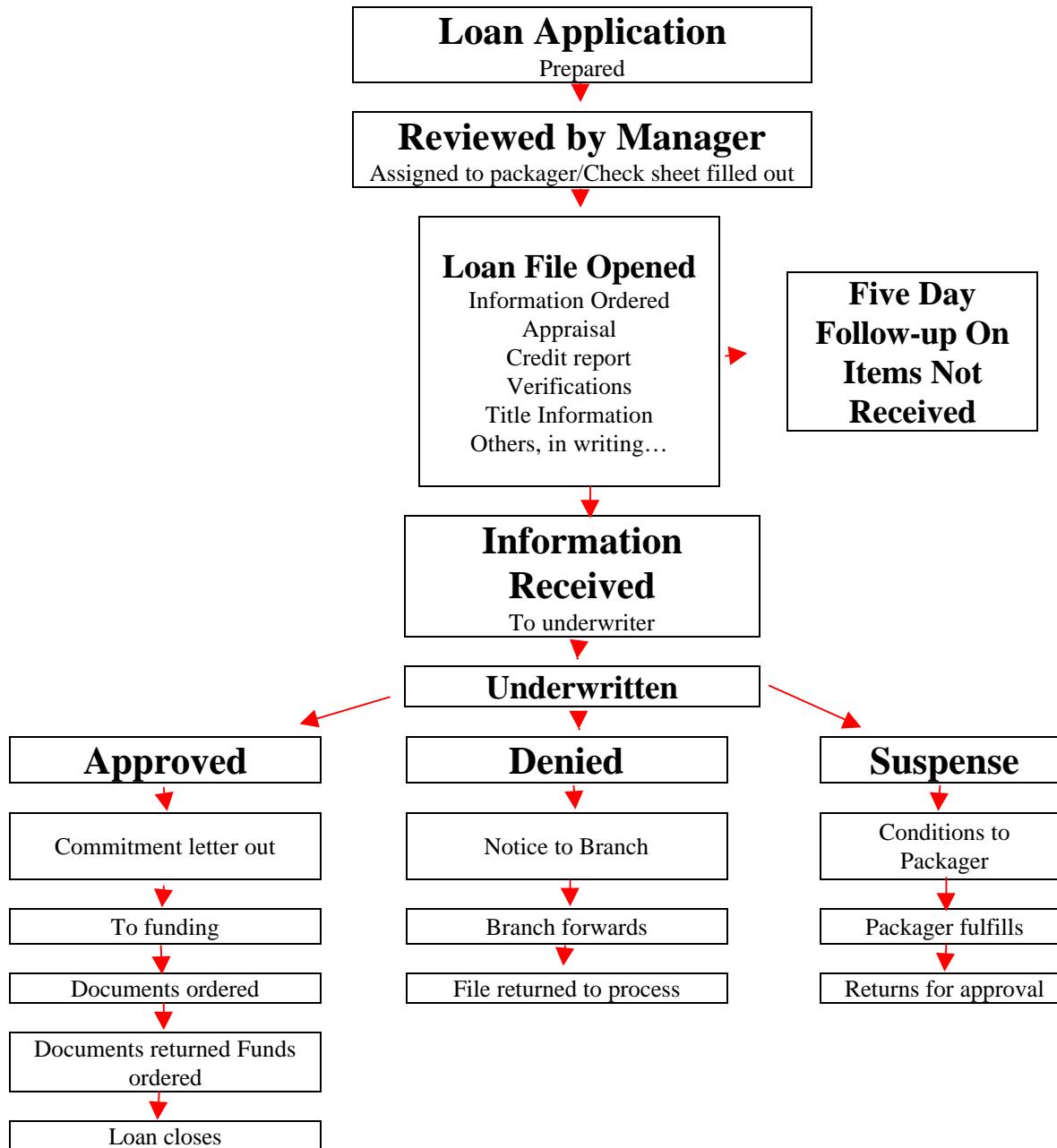
WHEN BUYING ALWAYS...

- * Get Pre-approved for a loan prior to finding a home. Call us, we have a few good references.
- * Have a Comparative Market Analysis performed on the home prior to making an offer, followed by an appraisal while in escrow.
- * Demand to see the Seller's Property Disclosure Statement (SPDS).
- * Have Net Sheets completed disclosing all costs prior to the offer being made.
- * Get a Home Inspection Report – this inspection must be paid at the time of the inspection and will build your confidence in the mechanical stability of your new home.
- * Request a copy of the Wood Destroying Organism Report.
- * Review Preliminary Title Report for liens, encumbrances, or zoning which may adversely affect ownership.
- * Take advantage of Coldwell Banker Success Realty's client special feature, our exclusive "Concierge Service" to assist with the details of buying your home so you can focus on the details of living.
- * Have your own Personal Accredited Buyer's Representative (ABR) working for you (Lori & G-II, of course!)



THE LOAN PROCESS

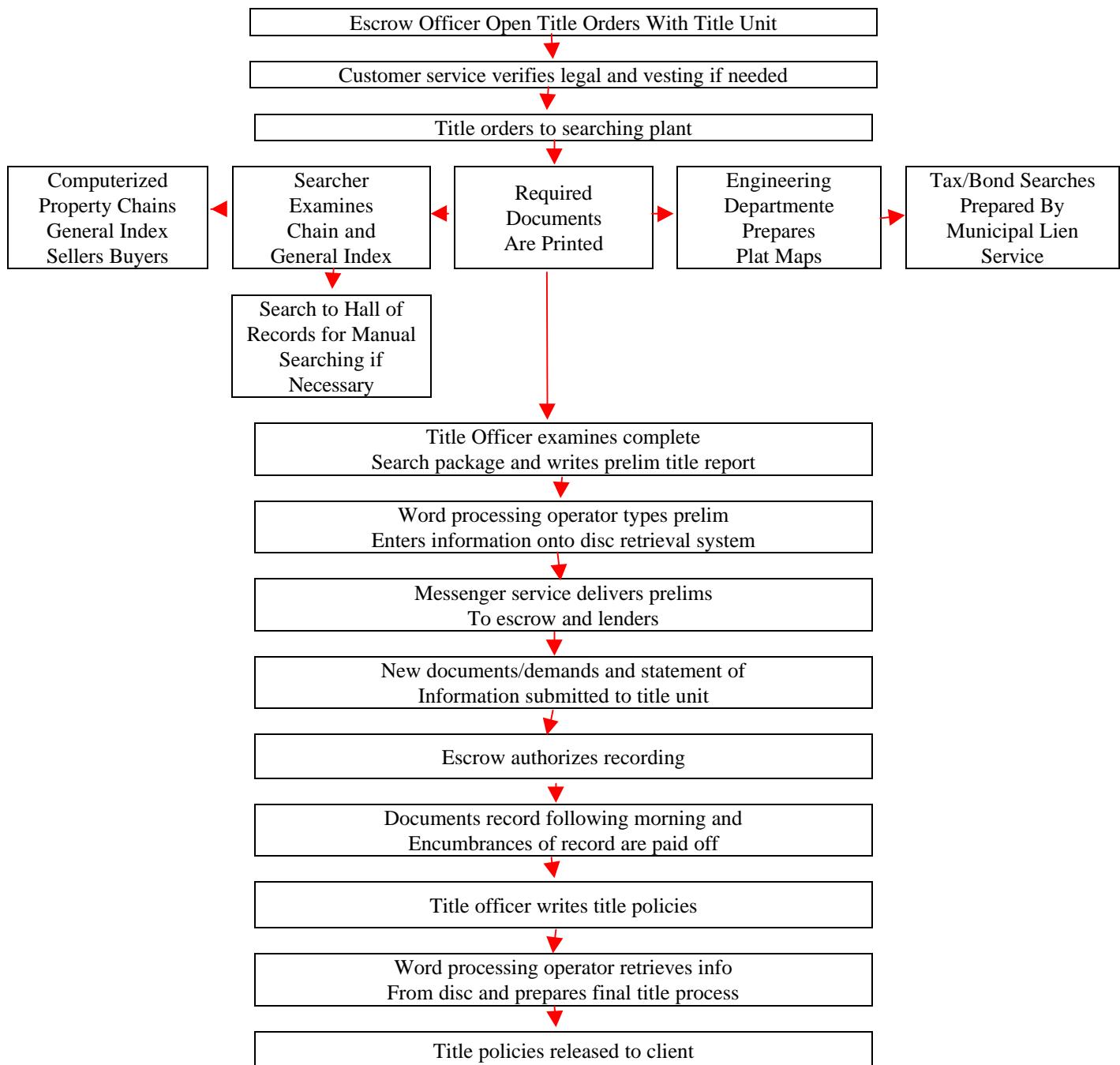
The loan process makes sense. Refer to the following chart for a detailed trip through a typical loan process. You may even find it helpful to refer to this chart when working with borrowers.



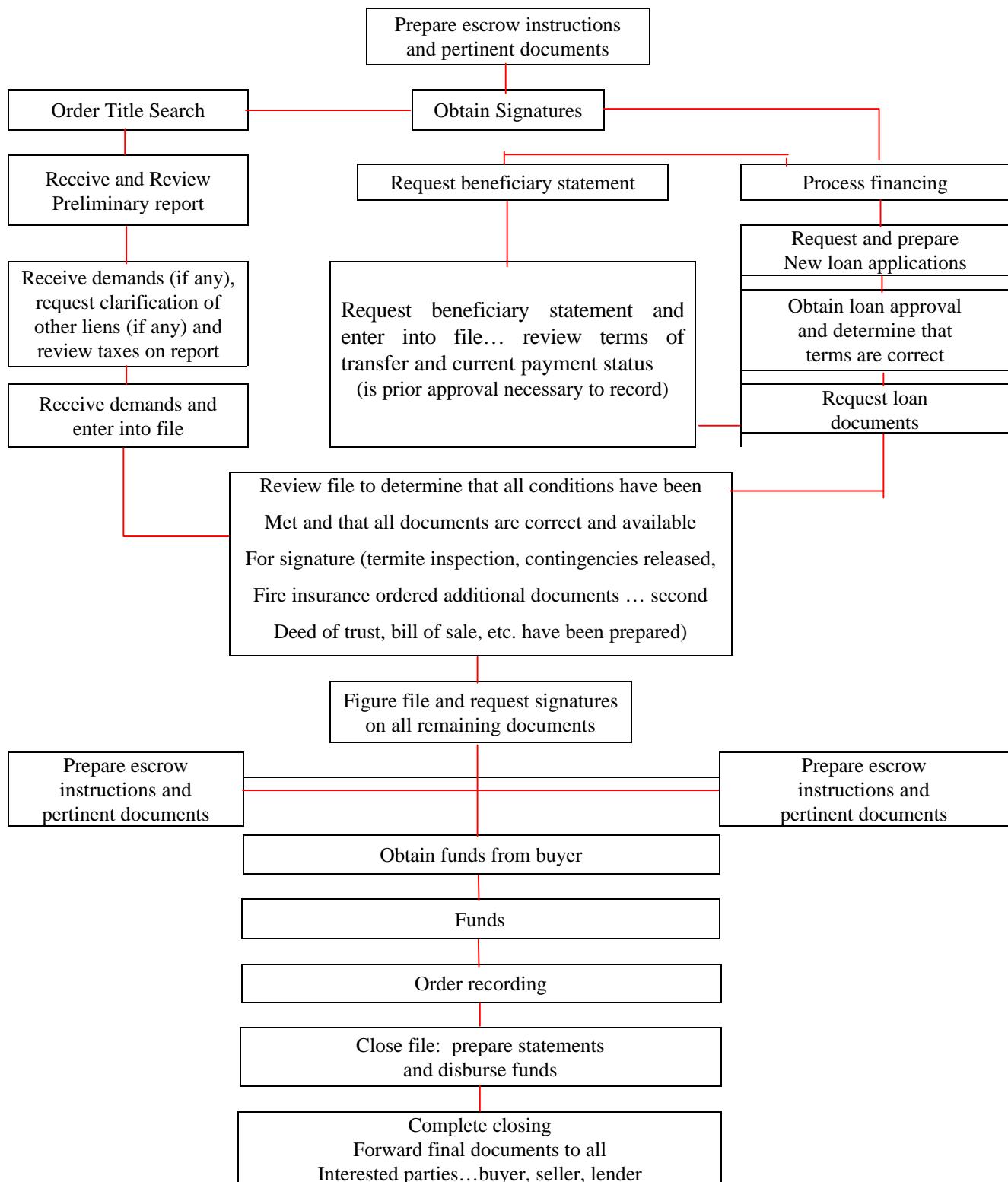
*NOTE: Many steps may vary due to local customs.

THE TITLE PROCESS

Knowing the title process is a definite plus when you want to maximize your efforts. Many key points and situations determine the pace of the whole transaction. Knowing the system can help you prepare for tricky situations thus providing for as smooth a transaction as possible; which is in every way the most profitable of situations.



The Life of an Escrow



Items Needed For a Credit Application

Employment

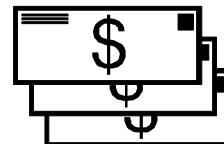
Addresses for two full years
Gross monthly income
W-2's, if available
* Proof of pensions, retirement, disability or Social Security
* Proof of income from rentals, investments, etc.
* Proof of child support or alimony paid/received
* Year to date pay stub



If self-employed:
* Two years 1040 Tax Returns
* Current year profit and loss statement

Creditors

Each creditor's name, address and type of account
Account numbers
Monthly payments and approximate balances
Amount of child care expenses



Banking/Loans

Names and addresses of saving institutions
Account numbers for all accounts
Type of accounts and present balances

Miscellaneous

List of assets in stocks, bonds, land
Life insurance cash value (documented if used as cash down payment)
If applicant is selling a home, a copy of sales contract
Social Security numbers for all parties
Veterans - Certificate of Eligibility & DD-214
Cash or check to pay for application fee



Realtors® (Lori & G-II, of course!)

Copy of sales agreement
Copy of listing on property
Instructions on how appraiser is to gain entrance
Agency Form
Exclusive Buyer's Broker Employment Agreement

FINANCIAL INFORMATION

Including taxes and insurance, what monthly payments do you want: \$_____

What approximate price range do you want to look in: \$_____

How much cash do you have available for a down payment? \$_____

Does this include closing cost? Yes No

Are you currently renting? Yes No If Yes, how much do you pay monthly? \$_____

Do you currently own? Yes No Do you need to sell before buying? Yes No

How much do you think your home is worth? \$_____

What is the unpaid balance? \$_____ Interest rate _____% Term _____

Dated ____/____/____ Type of loan _____ Monthly payment \$_____

List your regular monthly payments (installment debt, revolving charges, student loans, etc.)

Description	Amount
	\$_____
	\$_____
	\$_____
	\$_____
	\$_____

Are you current on all debts? Yes No

Is there any problem with your credit Yes No If Yes, explain: _____

What is your monthly income: \$_____ Employed Self-employed

Your spouse's monthly income \$_____ Employed Self-employed

Other monthly income? Yes No If yes, how much? \$_____

How long have you been employed with this employer? _____

Where? _____

Have you/your spouse ever filed bankruptcy? Yes No If Yes, explain: _____

Have you/your spouse had a home foreclosure? Yes No If Yes, explain: _____

THE SEARCH BEGINS

THE SEARCH BEGINS

HOW MUCH HOME CAN YOU AFFORD?

HOME BUYING WORKSHEET

1.	Gross Annual Income (before taxes)	<u>\$48,000</u>	\$_____
2.	Gross Monthly Income (Line 1 divided by 12 months)	<u>\$ 4,000</u>	\$_____
3.	Monthly Allowable Housing Expense and Long-Term Obligations Line 2 multiplied by .38 **(38% of gross monthly income is usually allocated for principal, interest, taxes, insurance and monthly long-term obligations.)	<u>\$ 1,520</u>	\$_____
4.	Monthly Allowable Housing Expense Line 3 minus your monthly obligations* - credit cards, Child support, car loan, etc. (Remainder is allowable principal, interest, taxes and insurance payment.) NOTE: Monthly Allowable Housing Expense on line 4 should not exceed 33%** of line 2. If it does, enter the lesser amount of the two on line 4 And continue.	<u>\$ 400</u>	\$_____
5.	Monthly Principal and Interest Payment Line 4 multiplied by .80 (80% is the amount of the monthly allowable housing expense usually allocated to only the principal and interest payment, excluding taxes and insurance.)	<u>\$ 896</u>	\$_____
6.	Estimated Mortgage Amount Line 5 divided by 7.34 multiplied by \$1,000 (7.34 is the factor for a 8% loan amortized over a 30-year term. Factors for other interest rates and terms are shown in the Interest Rate Factor chart on the next page.)	<u>\$122,070</u>	\$_____
7.	Estimated Affordable Price*** Line 6 divided by .80 (80% is the mortgage loan amount, assuming a 20% down payment. Use .90 for a 10% down payment.)	<u>\$152,600</u>	\$_____

• * * * * *

This material is intended for example purposes only and is not a commitment for financing. This worksheet is intended for use on primary residences. Your rate and affordable price will vary, depending on the size of your down payment, specific terms of your loan, other monthly obligations and the amount of assessment fees, if applicable.

*The example column is based upon a customer(s) with a gross annual income of \$48,000 and monthly long-term obligations of \$400, an interest rate of 8%, a mortgage amount of \$122,000 and an Annual Percentage Rate of 8.125%.

** These are standard industry guidelines; however, there are a variety of other mortgage products with flexible options.

***Rounded to the nearest \$100.

INTEREST RATE FACTOR CHART

FACTORS PER \$1,000

INTEREST RATE	TERM 15 YEARS	TERM 30 YEARS	INTEREST RATE	TERM 15 YEARS	TERM 30 YEARS
4	7.40	4.77	8	9.56	7.34
4-1/8	7.46	4.85	8-1/8	9.63	7.42
4-1/4	7.52	4.92	8-1/4	9.70	7.51
4-3/8	7.59	4.99	8-3/8	9.77	7.60
4-1/2	7.65	5.07	8-1/2	9.85	7.69
4-5/8	7.71	5.14	8-5/8	9.92	7.78
4-3/4	7.78	5.22	8-3/4	9.99	7.87
4-7/8	7.84	5.29	8-7/8	10.07	7.96
5	7.91	5.37	9	10.14	8.05
5-1/8	7.97	5.44	9-1/8	10.22	8.14
5-1/4	8.04	5.52	9-1/4	10.29	8.23
5-3/8	8.10	5.60	9-3/8	10.37	8.32
5-1/2	8.17	5.68	9-1/2	10.44	8.41
5-5/8	8.24	5.76	9-5/8	10.52	8.50
5-3/4	8.30	5.84	9-3/4	10.59	8.59
5-7/8	8.37	5.92	9-7/8	10.67	8.68
6	8.44	6.00	10	10.75	8.77
6-1/8	8.51	6.08	10-1/8	10.82	8.87
6-1/4	8.57	6.16	10-1/4	10.90	8.96
6-3/8	8.64	6.24	10-3/8	10.98	9.05
6-1/2	8.71	6.32	10-1/2	11.05	9.15
6-5/8	8.78	6.40	10-5/8	11.13	9.24
6-3/4	8.85	6.48	10-3/4	11.21	9.33
6-7/8	8.92	6.57	10-7/8	11.29	9.43
7	8.99	6.65	11	11.36	9.52
7-1/8	9.06	6.74	11-1/8	11.44	9.62
7-1/4	9.13	6.82	11-1/4	11.52	9.71
7-3/8	9.20	6.91	11-3/8	11.60	9.81
7-1/2	9.27	6.99	11-1/2	11.68	9.90
7-5/8	9.34	7.08	11-5/8	11.76	10.00
7-3/4	9.41	7.16	11-3/4	11.84	10.09
7-7/8	9.48	7.25	11-7/8	11.92	10.19

This chart will help you calculate your monthly principal and interest payments for both fixed and adjustable rate loans at various interest rates over 15 and 30-year terms.

Start by finding the appropriate interest rate, then look across to the column indicating the desired term of the loan. That number is the interest rate factor. This is the dollar amount required each month to amortize \$1,000 over the specified term. To calculate your principal and interest payment, multiply the interest rate factor by the total loan amount in \$1,000s.

Here's an example:

Interest rate:	8%
Term:	30 years
Factors per \$1,000:	7.34
Total mortgage:	\$152,600

$$7.34 \times 152.6 = \$1,120$$

This is a calculation of principal and interest only. It does not include property taxes, insurance, association dues, or other charges.

Need assistance? Just ask Lori & G-II!

Guidelines to Follow Working Lori & G-II

- To begin with, make a list of your “Needs & Wants”, in descending priority order. The more definitive and honest the priority list is, the better chance we have of finding that dream home. Be realistic about reasonable compromise, however, because the absolutely perfect home may not exist. Escorting buyers around for hours is a job function of real estate agents that is frequently abused by potential buyers who don’t realize this.
- At the early stages of house hunting, become acquainted with lender requirements. Have a consultation with a lender or mortgage broker and become clear as to the real price range that is suitable and possible for you. Until this is known, house hunting can result in devastating disappointments by shopping in an unrealistic price range.
- In selecting us exclusively, we will develop good and open communications with each other. Working with several agents at a time is really unfair to all parties concerned, including yourself. As agents, we all use the same sources of information such as the Multiple Listing Service. The idea that, working with several agents at a time will uncover your dream home, is not really true. You will more than likely waste time researching property you have already seen.
- Real Estate agents are not salaried people and are only paid when there is a successful transaction. Keep in mind that when Agent “A” has spent much time and effort researching and showing a buyer property and then the buyer purchases a home from agent “B”, Agent “A” receives nothing for all their time, effort and service. Loyalty to us will provide maximum returns in service to you, the buyer.
- Please listen carefully to our suggestions when becoming serious about a home. Read the disclosure statement thoroughly and obtain inspections from qualified professionals. Treat the purchase as a serious financial investment in addition to thinking of it as the home of your dreams.
- Arizona state law now requires that all agents disclose to their clients exactly who they represent, the buyer, the seller, or both. This disclosure form will be provided to you prior to making any offer on property you have selected. Also, by having us provide you with a Buyer/Broker Agreement, you can take advantage of today’s trend of exclusive representation on your behalf, not the sellers, as with a typical agency agreement.
- The experience of buying a home can be thoroughly enjoyable if we work together as a COOPERATIVE TEAM. Often good friendships are made during this time which last for a lifetime. We look forward to working with you!



OUR SERVICE COMMITMENT TO YOU

- 1) Provide professional services to you on a full-time basis
- 2) Communicate to you responsibly and honestly
- 3) Counsel and explain all pertinent Real Estate Documents in advance of any transaction
- 4) Preview properties and know what's available
- 5) Utilize the Multiple Listing Service in searching for available properties
- 6) Perform a comprehensive Market Analysis on areas of interest and within your qualifying range
- 7) Show you properties that match your requirements
- 8) Assist you in arranging financing and getting pre-approved
- 9) Review and counsel you on all offers, counter offers and multiple offers
- 10) Safeguard your interests with a binding contract
- 11) Professionally present your offer and negotiate the best terms for you
- 12) Provide you with an estimate of your closing costs
- 13) Explain and arrange for a Home Warranty if desired
- 14) Coordinate inspections: termite, contractors, roof, etc.
- 15) Save you time and help meet your move-in deadline
- 16) Oversee paperwork throughout the transaction, escrow and closing

Lori & G-II agree to work with you and your family in a cooperative effort for the next ____ days to locate and purchase your new home.

Lori Klindera

Date

George "G-II" Varrato II

Date

YOUR COMMITMENT TO US

We have explained in depth the advantages of working with us as your exclusive buyers agents. In return we ask of you:

- 1) To communicate responsibly and honestly
- 2) To willingly provide pertinent information as needed
- 3) To promptly inform us of changes in timing, requirements or other critical information which affect your service commitment to us
- 4) To submit a loan application and all lender required information within the time frames of the contract when financing
- 5) To enter into contracts in good faith and make every effort to adhere to all negotiated contingencies
- 6) To inform all other real estate agents that you are represented by Lori & G-II

We agree to work solely with Lori & G-II for the next _____ days in a cooperative effort to locate and purchase our new home. All contracts shall be written by Lori & G-II and personally presented to the Seller(s) of the property (whenever possible) I/we am/are interested in purchasing so that my interest and those of my family can be protected.

Buyer

Date

Buyer

Date

GLOSSARY

- **ADJUSTABLE RATE MORTGAGE (ARM):** A mortgage with an interest rate that changes over time in line with movements in the index. ARMs are also referred to as AMLs (adjustable mortgage loans) or VRMs (variable rate mortgages).
- **ADJUSTMENT PERIOD:** The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM, which means that the interest rate can change once a year.
- **AMORTIZATION:** Repayment of a loan in installments of principal and interest, rather than interest-only payments.
- **ANNUAL PERCENTAGE RATE (APR):** The total finance charge (interest, loan fees, points) expressed as a percentage of the loan amount.
- **APPRAISAL:** An estimate of the property's value.
- **ASSUMPTION OF MORTGAGE:** A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.
- **BALLOON PAYMENT:** A lump sum principal payment due at the end of some mortgages or other long-term loans.
- **BINDER:** Sometimes known as an offer to purchase or an earnest money receipt. A binder is the acknowledgment of a deposit along with a brief written agreement to enter into a contract for the sale of real estate.
- **BUYDOWN:** Permanent – prepaid interest that brings the note rate on the loan down to a lower, permanent rate. Temporary-prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify and to increase payments as income grows.
- **CAP:** The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.
- **CASH RESERVES:** The amount of the buyer's liquid cash remaining after making the down payment and paying all closing costs.
- **CC&Rs:** Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.
- **CERTIFICATE OF COMMITMENT:** The lender's approval of a VA loan, which is usually good for up to six months.
- **CERTIFICATE OF REASONABLE VALUE (CRV):** A document that establishes the maximum value and loan amount for a VA guaranteed mortgage.
- **CHATTEL:** Personal property.
- **CLOSING STATEMENT:** The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.
- **COMMITMENT PERIOD:** The period during which a loan approval is valid.
- **CONDOMINIUM:** A form of real estate ownership where the owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surface (walls, floors and ceilings) serve as its boundaries.
- **CONTINGENCY:** A condition that must be satisfied before a contract is binding. For instance, a sales agreement may be contingent upon the buyer obtaining financing.
- **CONVERSION CLAUSE:** A provision in some ARMs that enables home buyers to change an ARM to a fixed rate loan, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed rate mortgages. This conversion feature may cost extra.
- **COOPERATIVE:** A form of multiple ownership in which a corporation or business trust entity holds title to a property and grants occupancy rights to shareholders by means of proprietary leases or similar arrangements.
- **CRB:** Certified Residential Broker. To be certified, a broker must be a member of the National Association of Realtors®, have five years experience as a licensed broker and have completed required Residential Division courses.
- **DEBT RATIOS:** The comparison of a buyer's housing costs to his or her gross or net effective income, and the comparison of a buyer's total long-term debt to his or her gross or net effective income. The first ratio is *housing ratio*; the second ratio is *total debt ratio*.
- **DUE-ON-SALE CLAUSE:** A clause that requires a full payment of a mortgage or deed of trust when the secured property changes ownership.
- **EARNEST MONEY:** The portion of the down payment delivered to the seller or escrow agent by the purchaser with a written offer as evidence of good faith.
- **ESCROW:** A procedure in which a third party acts as a stakeholder for both the buyer and the seller, carrying out both parties' instructions and assuming responsibility for handling all of the paperwork and distribution funds.
- **EQUITY:** The difference between what is owed and what the property could be sold for.
- **FHA LOAN:** A loan insured by the Federal Housing Administration (of the Department of Housing and Urban Development).
- **FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Called "Freddie Mac"; a part of the secondary market, particularly used to purchase loans from savings

- and loan lenders within the Federal Home Loan Bank Board.
- **FEDERAL NATIONAL MORTGAGE ASSN. (FNMA):** Popularly known as "Fannie Mae". A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.
 - **FREE SIMPLE:** An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.
 - **FINANCE CHARGE:** The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation Z.
 - **FIXED RATE MORTGAGE:** A conventional loan with a single interest rate for the life of the loan.
 - **FULLY INDEXED RATE:** The maximum interest rate on an ARM that can be reached at the first adjustment.
 - **GIFT LETTER:** A letter from a relative stating that an amount will be gifted to the buyer, and that said amount is not to be repaid.
 - **GOVERNMENT NATIONAL MORTGAGE ASSN (GNMA):** Called "Ginnie Mae"; a governmental part of the secondary market that deals primarily in recycling VA and FHA mortgages, particularly those that are highly leveraged.
 - **GRADUATED PAYMENT MORTGAGE:** A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.
 - **HOME INSPECTION REPORT:** A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structure and mechanical systems.
 - **HOME WARRANTY PLAN:** Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.
 - **INDEX:** A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.
 - **INITIAL INTEREST RATE:** The introductory interest rate on a loan; signals that there may be rate adjustments later in the loan.
 - **JOINT TENANCY:** An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedent's interest in the property.
 - **JUMBO LOANS:** Mortgage loans that exceed the loan amounts acceptable for sale in the secondary market; these jumbos must be packaged and sold differently to investors and therefore have separate underwriting guidelines.
 - **LIEN:** A legal hold or claim on property as security for a debt or charge.
 - **LOAN COMMITMENT:** A written promise to make a loan for a specified amount on specified terms.

- **LOAN-TO-VALUE-RATIO:** The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.
- **LOCK-IN:** The fixing of an interest rate or points at a certain level, usually during the loan application process. It is usually done for a certain period of time, such as 60 days, and may require a fee or premium in the form of a higher interest rate.
- **MARGIN:** The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.
- **MORTGAGE INSURANCE PREMIUM (MIP):** The mortgage insurance required on FHA loans for the life of said loans; MIP can either be paid in cash at closing or financed in its entirety in the loan. The premium varies depending on the method of payment.
- **MORTGAGE LIFE INSURANCE:** A type of term life insurance often bought by home buyers. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the mortgage debt is automatically covered by insurance proceeds.
- **NEGATIVE AMORTIZATION:** Occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid principal balance, which means that even after several payments the borrowers could owe more than they did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.
- **ORIGINATION FEE:** A fee or charge for work involved in evaluating, preparing, and submitting a proposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.
- **PAYMENT CAP:** The maximum amount the payment can adjust in any given time frame.
- **PITI:** Principal, Interest, Taxes and Insurance.
- **PLANNED UNIT DEVELOPMENT (PUD):** A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Use may be residential, commercial or industrial.
- **POINT:** An amount equal to one percent of the principal amount of the investment or note. Lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.
- **PREPAYMENT PENALTY:** A fee charged to a borrower who pays a loan before it is due. Not allowed for FHA or VA loans.
- **PRIVATE MORTGAGE INSURANCE (PMI):** Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.
- **PURCHASE AGREEMENT:** A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions.

- Also called a sales contract, earnest money contract, or agreement for sale.
- **RATE GAP:** The difference between where the rate is now and where it could adjust to on an ARM. Also used to compare the difference between a current conventional rate and that of an ARM.
- **REALTOR:** A real estate broker or associate active in a local real estate board affiliated with the National Association of Realtors®.
- **REGULATION Z:** The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.
- **TENANCY IN COMMON:** A type of joint ownership of property by two or more persons with no right of survivorship.
- **TITLE INSURANCE POLICY:** A policy that protects the purchaser, mortgagee or other party against losses.
- **VA LOANS:** A loan, made by a private lender, that is partially guaranteed by the Veterans Administration.

WHAT THEY'RE SAYING
ABOUT LORI & GILL



Subject: Exceptional people
Date: Wed, 11 Aug 1999 12:56:09 -0700
From: "ALLY S DELLEMARE" <ASHA2@prodigy.net>
To: <HBKARL@aol.com>

Dear Brittany and Hans,

I wanted to write you about your relocation to Phoenix and dealing with realtors whom you have never met in person. I had a similar situation 14years ago and I remember my concerns at the time.

I have had the pleasure of working with G-II and Lori for over six months now and have recommended them to several other friends of mine. They also represent a dear friend of mine who is elderly. I would not think of working with anyone else for many reasons. Two of the most important to me are their professionalism and the obvious ethics. They have always gone the extra mile when help was needed. During the past few months I have developed a solid business relationship with them because I have found them to be people I can really trust to work on my behalf. They are always pleasant and make time to give personal attention to any question I may have. They are the only realtors I have ever signed an exclusive agreement with and I have dealt with many in the past because of my investments in real estate.

I hope your trip here goes well and if you have any other question please call me at (602) 620-1542. I would be glad to be of assistance.

Sincerely,

Ally Dellemare

Subject: G-II and Lori
Date: Mon, 9 Aug 1999 22:14:56 EDT
From: PhDwannaBe@aol.com
To: HBKARL@aol.com

Dear Mr. and Mrs. Karlsson,

I am writing to you regarding our experience with G-II and Lori. Let me begin by telling you that I have purchased and sold 3 homes, and was part of an investment group who purchased an entire subdivision. In my experience, I have never worked with a team, or individual as professional, competent or hard working as G-II and Lori. Given my busy schedule, and purchasing a home long-distance, I have little time to deal with all the large and minor details regarding buying a home. G-II and Lori have not only met all of my needs in this regard but have exceeded every one of them. They have handled every detail from acquiring our title company to arranging painting bids to having all of our utilities turned on before we arrive at our new home.

We began our search for a new home by shopping online through a zep page designed exclusively for us by G-II. This allowed us to significantly narrow down our search and reduce the time we would spend house hunting once in Phoenix. Then, with a very short time frame, 5 days, we were able to find our dream home, submit a bid, and begin the necessary paperwork to close on our dream home all before departing back to Ohio.

I have never written a letter on behalf of any of the previous realtors I have worked with but I have already assured G-II and Lori that I will be submitting a letter on their behalf to the President of Coldwell Banker for their exceptional skills, expertise and that personal touch that I've never before experienced. I give them the highest of recommendations and they have already been assured that when we are ready to sell, they will be our agents.

If you still have any reservations or concerns, please feel free to contact me at home and I will answer any questions that I can. (937) 320-2236

Dr. Scott Fisher

From: Jim Sullivan [mailto:jpsulliv@megsinet.net]
Sent: Sunday, August 08, 1999 9:36 PM
To: bjilbert@azlink.com; lll555@goodnet.com
Subject: Prized Realtors

Dear Bill and Linda,

I wanted to write you a letter about realtors you have in your office. But first a little background.

My husband was transferred to the Phoenix area. During our search on the Internet we came across the web site of two of your realtors, GII and Lori. Their site was very informative and easy to move around. I contacted them in regards to receiving information on relocating to the Phoenix area. They were among a few realtors that I had contacted in our search for finding information on the area. I had either contacted realtors by phone or by email.

GII responded very quickly to my email providing an unlimited amount of information for us. When we had a concern about schools and needed more information on that, he supplied it. He supplied us as much information as we needed without even knowing if we were going to use him as a realtor during this process.

When it got closer to the time of us arriving to the area, he was on board, making sure every step of our house hunting trip was a success. He has a site that was wonderful for us as we were in the Chicago area not knowing anything about the Phoenix area. We gave him a brief explanation of what we wanted in a home and the approximate price range. Our biggest concern was school districts, as we were coming from an excellent area and wanted to make sure our children were kept in the same.

GII and Lori would preview homes for us and put them onto a web page designed just for us showing what they had found. They would relay to us what the property was next to even if it was next to something that would bring our resale value down in the future. They got a good feel of what we were looking for in a house and would jump onto something new that would come onto the market. They were on top of things before we could even think. And still yet they did not know if they were going to be our realtors with this relocation.

They would preview these homes for us, put all pertinent information along with inside pictures of the homes on the web page. This was so very helpful to us with living such a great distance and not knowing what to expect houses in the area to be like.

The time got closer for us to be on our way to Phoenix to house hunt. We had to contact our relocation company and make sure that we could use GII as a realtor. Upon arrival in town, they were very helpful in our search. We arrived in town in the afternoon and had approximately 12 or so houses to preview. Our time was limited and they knew this. GII had everything under control. He had our whole route mapped out for us from start to finish.

We finally found the perfect house for us. We talked to GII and expressed our thoughts on the price and he negotiated everything for us. He got everything that we asked for with no questions asked.

One of the main reasons that we were so blessed to have GII and Lori as a realtors is their commitment to their clients. They go above and beyond the call of duty. They are on top of everything even down to the last cent. I recommend them to anyone who would come to the Phoenix area or who is moving from one town to another. They are realtors that know their stuff. GII and Lori work so very well as a team, as that is what they are. You have two great team members within your company and I hope that you realize how good they are. I think that more of your agents could learn a thing or two from them. They think of their

clients and not the bottom dollar. They are honest, considerate and the best realtors we have come across in a long time.

Thank you so much for having such a great team at your company. They receive the highest kudos they could get from us. If and when it ever came time for us to sell our home, we would not hesitate to give GII and Lori a call. They are the best and we are so glad that we found them on the Internet.

Sincerely,

Penny Sullivan
jpsulliv@mgsinet.net

Subject: G-II and Lori
Date: Mon, 9 Aug 1999 15:39:34 -0500
From: jfilson@itds.com
To: HBKARL@aol.com

Hans & Brittany,

You asked that I provide you with a personal recommendation for GII and Lori and I will be most happy to relate our experience with them and the high professional and personal regard we have for them. First, understand that Connie and I have never met GII and Lori in person. They were recommended through a friend when we asked him to identify a realtor in Phoenix who could help us sell our house in Glendale. We live in Illinois, so it was important to us to have a realtor that we could have complete trust and confidence in. GII and Lori have been just that! I have purchased and sold a number of homes in my lifetime, the sale that they just completed for us was and will always be the "closing from hell". I need to qualify the use of the "closing from hell" term, the actual deal was fine, what made it the closing from hell was all the little roadbumps the buyer and his agent created. It began with the buyer losing his job the day before the first scheduled closing (GII and Lori assisted in finding him another job within a week), the invalid closing numbers his agent provided that killed the second scheduled closing, lost paperwork, and finally the buyer coming up short after the third and successful scheduled closing. Throughout each of these events, GII and Lori kept us informed and calm (as much as one could) and were able to mitigate most of the stupidity that took place on the other team.

It's a scary feeling being 2000 miles away and being unable to do much about the events unfolding. We decided early on that we were going to have to trust GII and Lori. We did! They provided professional guidance, always kept us informed regarding what had happened, what was going to happen, their recommendation(s). They will take care of you and you will be satisfied.

Please feel free to call me if I can provide additional information. You can reach me during the day at 217-239-8295, or at 217-446-0468 after 7PM.

Jim Filson

From: RANDY HOWELL <howell@BullMooseTube.com>

Sent: Monday, August 09, 1999 7:47 AM
To: HBKARL@aol.com'
Subject: Lori and GII

Hans and Brittany Karlson,

A superb realtor and friend of ours asked me to tell you about our experience buying a home over the internet. My wife and I were living in South Bend, IN this time last year and were being transferred to the Phoenix area. I got in touch with GII by the grace of God. No other way to explain it. We had been talking to other realtors and were not getting anything to look at in order to start the narrowing down process. I was planning to fly in to Phoenix and spend a couple of days looking for a home and didn't have a lot of time to burn just driving around blindly looking for houses. All I had to do was give Lori and GII our list of "must have items" and some "would like to have items" and sit back and watch the show. He e-mailed me pictures almost daily. Within a couple of days, we had it narrowed down to the ones we thought we would like to see and then he personally went by each and inspected them!! We then got his personal assessment of each and dropped some from the list. When we got our flights scheduled in, we had 6 houses to look at that all met our requirements. He drove us around town and we made an offer on one that day. We were able to tie up loose ends the very next day and close in South Bend in 30 days. GII even came over to the house for the inspections, did the walk through, and got us a GREAT deal on the house including some very nice negotiating! I have to say I was nervous about the whole thing at first, but Lori and GII made us feel very comfortable. Each and every time I called, it was like I was the only customer they had.

I know you don't know me, but if you want to talk to me or my wife, feel free to call me anytime. I assure you that the only mistake would be not using them. My wife and I have lived here now for one year next month and it wouldn't have been as nice a first year had it not been for these two very special people in our lives.

Good luck and welcome to the Valley of the Sun

Randy and Lee Howell
623-847-0777
howell@bullmoosetube.com
dixieaz@aol.com

Subject: G-II and Lori
Date: Sun, 08 Aug 1999 21:16:29 -0500
From: Jim Sullivan <jpsullivan@megsinet.net>
To: hbkarl@aol.com

Hans and Brittany,

You asked me to let you know about our experience with buying our home here in the Phoenix area.

I guess I'll start out by laying out some ground work for you. My husband was being transferred from Chicago to Phoenix. We don't know anything about the Phoenix area. We have three children, all in school and our biggest concern was the location of our house in a very good school district. We had a wonderful school district where we were living in Illinois. It didn't matter where it was in the Phoenix area as long as the school system was good. We did a little checking on our own through various web sites on the net.

Anyways, I found GII while looking on the internet for houses. I came across GII and Lori's web site. I found it to be a wonderful and informational site. So I contacted them to get some information.

Well I was amazed at how quickly I got a response back from GII. I had previously called and/or emailed other realtors with not much of a response back. GII responded back very quickly, which is something that I really appreciate in someone who does business.

At that time, we had no idea when we would be going out to Phoenix to check out houses. I let GII know what I was looking for in a house and I really didn't know what area I wanted to live in. Told him our concern about the schools. So he sent us some info on some of the schools.

By the time we had a date set for us to travel to Phoenix, some of the houses we wanted to look at were gone. Go figure! But new ones had popped up. But at that time, GII knew what we were looking for in a house. He would go out and look at these homes for us and preview them. He would tell us what was good and/or bad about the house. He is a very honest person. He will tell you if there is something wrong with the surrounding area and what not. There were a few houses that looked really nice, but backed up to something that in the future would not be good for resale.

You know I have to say that I was hesitant to use someone that I had never met before but I've got to tell you something.

GII will go out of his way to help you in any shape or form. He is truly a realtor that is honest and goes out of his way to help you in your search for a house.

We arrived on a Friday afternoon and looked at approximately 12 houses in one afternoon. We found one that we just fell in love with. GII worked out our deal with the sellers and we got everything that we wanted. When we left to go back to Chicago, we had bought a house.

GII is a very thorough realtor and will get the job done for you. He's great at locating a home for you and what finding exactly what you are looking for.

I can tell you from our experience, I would like to have more realtors like him located anywhere in the US. I could go on and on about GII, he's a wonderful realtor and I'm sure that you will be happy that you have chosen him for your realtor.

Good luck on your home search. If you would like to know anything about something in the Phoenix area, let me know. I'll be sure to get back to you as soon as I can. We live in the Gilbert area. We really like it here. I really enjoy Arizona.

Where are you guys moving from? Are you relocating due to business? I've met quite a few people that have moved out here because they wanted to live in Arizona for one reason or another. Do you guys have kids? If so, how old? Yes, I know I'm always full of questions. Hope to hear from you. Wish you lots of luck in your house hunting efforts. You'll like it here.

Penny Sullivan