

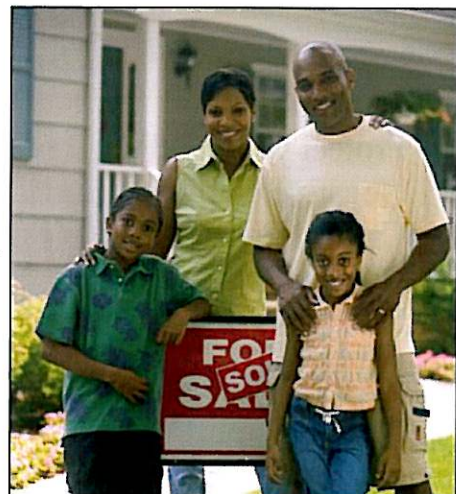


HOME BUYERS GUIDE



15 important questions to help home buyers select a real estate agent.

1. How long have you been a real estate professional?
2. Is real estate your full-time career?
3. How many clients have you served and may I review your client list?
4. What share of your business comes from repeat clients and referrals?
5. What is the size and market share of Realty Transaction Services 2000, Inc?
6. How do you rank compared with other agents in your company?
7. Are you knowledgeable about different financing options for our situation?
8. Will you show us new homes as well as existing homes?
9. Will you explain the paperwork involved in buying a home?
10. How do you ensure that our transaction will close smoothly and on time?
11. Do you have an Internet website that we can use to search for homes?
12. If we select you as our agent, will we deal directly with you or your assistant?
13. After we get an accepted offer on a home, how often will we be in contact?
14. Who is your broker or manager and may we call them?
15. Have you ever been involved in litigation on a real estate transaction?



How do credit scores affect home buyers?

Your credit score or **FICO** score (Fair Isaac & Co.) may determine if you get your dream home, or not! Most lenders consider credit scores as the number one measure of credit worthiness.

FICO scores can range from **450 to 900**. Typically, lenders consider any score above 700 to be a good number. A score around 600 causes concern and anything lower than that causes a deeper examination. The median FICO Score in the U.S. is 723. Find out where you rank by going to www.myfico.com

HINTS: Here are the main factors that influence your FICO score.

- Payment history (35%)
- How much you owe. (30%)
- Length of your credit history (15%)
- Inquiries. (10%)
- Credit mix or kinds of credit your have (10%)
- Other elements include occupation, time at present job, time at your current address and home ownership.

Credit scores are a good tool but they're not perfect. The biggest flaw of the credit score system is that they aren't always accurate.



Three major credit bureaus report credit scores - Experian, Equifax and TransUnion. They collect information from creditors and add any new data to existing information on file to create your month-by-month credit history.

MORE HINTS:

- Protect your credit and boost your FICO score by paying your bills on time.
- Negative credit information remains on the record for seven years.
- Credit inquiries remain on record for 18 months. Limit your inquiries.
- Consider options before declaring bankruptcy. It remains on record 10 years.
- Don't open unnecessary credit accounts or have more accounts than you need.
- Pay off your credit cards in full each month or keep balance as low as possible.



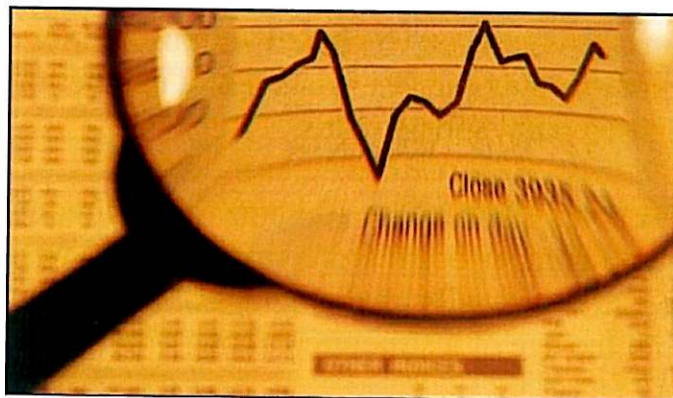
How much should you pay for a home?

*B*uyers are always concerned about over paying for a home. If you buy in a newer tract development, prices will be fairly consistent. In an older, established neighborhood prices are less uniform. In either case, the best way to learn the fair market value of a home is to look at what homes have recently sold for in the specific areas that you are interested in (last 6 months).

It can be misleading to rely only on the selling price without knowing the terms of each sale. A seller may have given a \$5,000 credit to the buyer to help with the buyer's closing costs. Or, maybe the home was sold in "as is" condition, where the buyer makes all the repairs after closing.

MORE HINTS: Before you make an offer to purchase a home, ask for a comparative market analysis (CMA) of the property. The report should market activity for the last six months. The properties should be similar in size, condition, and location to the one you are considering buying. It is a good idea to drive by and see the exteriors of the comparable properties.

Find out as much as you can about other properties that are for sale in the neighborhood. Compare amenities, condition, and the asking prices with the home of your choice. But, keep in mind that selling prices, not listing prices, are the true indicators of the fair market value.



The ten top home inspection problems revealed

When buying a home, a professional home inspection will reveal a lot about your future dream house. Besides learning about all the mechanical operation of your home the inspection will reveal any obvious defects. The American Society of Home Inspectors (ASHI) recently surveyed its members to find out what were the ten top home inspection problems.

1. **Improper surface grading and drainage.**
2. **Improper and undersized electrical wiring.**
3. **Older and damaged roofs.**
4. **Deficient and older heating systems.**
5. **Poor Overall Maintenance.**
6. **Structural Problems.**
7. **Plumbing problems.**
8. **Exteriors items.**
9. **Poor Ventilation.**
10. **Miscellaneous items.** This category included various interior components, such as sticky windows or dripping faucets, as well as a number of environmental concerns, such as lead-based paint and asbestos.



To sum up the list, ASHI notes that 4 of the 10 items relate directly to the damaging effects of water. After a home is built, protecting it against water is the homeowner's most important and continually challenging task. Problems vary by climate, building codes, and the age of a structure, among other things.

For more information about ASHI or for help in finding an ASHI member near you, contact ASHI at 85 West Algonquin Road, Suite 360, Arlington Heights, IL 60005-4423, 800-743-2744, or on the web at www.ashi.com.



Loan Application Checklist

The following information is typically needed when applying for a mortgage.

- Purchase contract and property information
- Employment history and income
- Last two paystubs
- Last 2 years tax returns
- Liabilities and debt
- Credit report



Estimated Monthly Payments Chart

Based on a 30-year Fixed-Rate Mortgage

| | 4.5% | 5% | 5.5% | 6% | 6.5% | 7% | 7.5% | 8% | 8.5% | 9% |
|---------|-------|------|------|------|------|------|------|------|------|------|
| 200,000 | 1,013 | 1073 | 1136 | 1199 | 1264 | 1331 | 1398 | 1468 | 1538 | 1609 |
| 250,000 | 1267 | 1342 | 1419 | 1499 | 1580 | 1663 | 1748 | 1834 | 1922 | 2012 |
| 300,000 | 1520 | 1610 | 1703 | 1799 | 1896 | 1996 | 2098 | 2201 | 2307 | 2414 |
| 350,000 | 1773 | 1879 | 1987 | 2098 | 2212 | 2329 | 2447 | 2568 | 2691 | 2816 |
| 400,000 | 2027 | 2147 | 2271 | 2398 | 2528 | 2661 | 2797 | 2935 | 3076 | 3218 |
| 450,000 | 2280 | 2416 | 2555 | 2698 | 2843 | 2994 | 3146 | 3302 | 3460 | 3621 |
| 500,000 | 2533 | 2684 | 2839 | 2998 | 3160 | 3327 | 3496 | 3669 | 3845 | 4023 |
| 550,000 | 2787 | 2953 | 3123 | 3298 | 3476 | 3659 | 3846 | 4036 | 4229 | 4425 |
| 600,000 | 3040 | 3221 | 3407 | 3597 | 3792 | 3992 | 4195 | 4403 | 4613 | 4828 |
| 650,000 | 3293 | 3489 | 3691 | 3897 | 4108 | 4324 | 4545 | 4769 | 4998 | 5230 |

These amortized monthly payment do not include property taxes, home insurance, mortgage insurance, or Homeowner's Association fees, if any.

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