



FI 1152 – 564001847

Short Sales, Foreclosure, Loss Mitigation and More



ILLINOIS REALTORS®
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Kim Daugherty, Author

Completing Your Homestudy Course:

The student should look through the entire course to get a feel for the format (quizzes, notes, etc.) Highlighted areas and pre-quiz questions have been written to help students recognize key information in the material.

At the end of the course, students will take a proctored exam that will cover the course information. When you have completed the course, and have had time to review, please contact the board from which you purchased the course to schedule your proctored exam.

Instructor Availability

Kim Daugherty is the author and instructor for this home study program. As this program is designed to allow you to work at your own pace, it may be necessary for you to contact the instructor at some point if you are struggling with a certain area of the course.

It is the policy of the Illinois REALTORS® and Kim Daugherty to make available to you, an email address for a quick response to your questions, concerns, or comments about the home study program.

Always leave a detailed message with specific pages and/or topics you would like to discuss - **Email** – KDaugherty@cbgundaker.com

Maximum Allowable Time:

The maximum allowable time to complete this home study package is **90 days from the date of purchase.**

Any student not achieving a 70% score on the Final Exam must contact IR to prepare for a successful re-take of the Final Exam.

Instructions to Complete This Course

Step One: Look through the entire course to get a feel for the format (quizzes, notes and answer key)

Step Two: Answer/complete each quiz. After each quiz correct your answers, then go on to the next quiz and/or notes. Take your time and digest the material.

Step Three: Don't hesitate to use reference resources to expand your knowledge and understanding of any of the issues.

Step Four: Sign-up for and take the test

Outline and Timeline

- Opening Exercise 5 minutes
- Part One: Loss Mitigation 15 minutes
- Part Two: Short Sales
 - Quiz 15 minutes
 - Other Information 20 minutes
- Part Three: Foreclosures
 - Quiz 15 minutes
 - Other Information 10 minutes
- Part Four:...And More
 - Checklists (Sellers) 10 minutes
 - Checklists (Buyers) 20 minutes
 - Appraisal Forms
 - Form 1004 30 minutes
 - Form 1004 MC 10 minutes

Short Sales – Foreclosures – Loss Mitigation – And More...

Opening Exercise:

Please address each of the following 3 items:

#1: _____ is used to describe a third party helping a homeowner, bank division, or firm that handles the process of negotiation between a homeowner and the homeowner's lender. _____ works to negotiate mortgage terms for the homeowner that will prevent termination of a mortgagor's rights in their property.

- A. Short Sale
- B. Foreclosure
- C. Loss Mitigation

#2: _____ is a process whereby a lender accepts a payoff that is less than the principal balance of a homeowner's mortgage, in order to permit the homeowner to sell the home for the actual market value of the home or some other amount acceptable to the lender.

- A. Loss Mitigation
- B. Short Sale
- C. Foreclosure

#3: The _____ process, as applied to residential mortgage loans is a bank or other secured creditor selling or repossessing a parcel of real property after the owner has failed to comply with an agreement between the lender and borrower called a "mortgage" or "deed of trust".

- A. Foreclosure
- B. Loss Mitigation
- C. Short Sale

Part One: Loss Mitigation

Quick Quiz

1. Loss mitigation works to negotiate mortgage terms for the homeowner that will prevent foreclosure.
 - A. True
 - B. False

2. Which one of the following is not a type (kind) of loss mitigation?
 - A. Cash-for-keys negotiation
 - B. Short refinance
 - C. Deed in lieu of foreclosure
 - D. Short sale
 - E. Wrap-around contract for deed

3. The most common benefit of loss mitigation to the homeowner is the prevention of foreclosure because it works to either relieve the homeowner of the original/total mortgage obligation and/or create a mortgage resolution that is financially sustainable for the homeowner.
 - A. True
 - B. False

4. Through loss mitigation the homeowner credit is never blemished.
 - A. True
 - B. False

5. Lenders benefit by mitigating the losses they would incur if they foreclosed on the homeowner.
 - A. True
 - B. False

6. Loss mitigation allows the lender to:
 - A. Take a lesser loss right now in order to avoid the much greater losses caused by foreclosure
 - B. Take all of the homeowner's real and personal property without any delays

7. Loss mitigation has been a tool used by lenders for many years (decades) but has experienced significant growth in the past few years (especially since late 2006).
 - A. True
 - B. False

8. All companies and people who specialize in loss mitigation are honest and trustworthy.
 - A. True
 - B. False

9. Many homeowners today have mortgages on their homes that are greater than the value of their homes. When this happens, it is called.
 - A. Positive equity
 - B. Negative equity

10. To learn more about “loss mitigation” a licensee might best be advised to:
- A. Research the topic using their search engine of choice
 - B. Go to lunch with any real estate licensee who is newly licensed in the past year to pick their brain.
11. The type of loss mitigation that is discussed in some detail in this course is:
- A. Deed in lieu of foreclosure
 - B. Short sales
12. When in doubt on how to best serve the consumer on this topic of loss mitigation, which course of action is best?
- A. Check with your broker or your broker’s legal counsel
 - B. Trial and error method of service

Part Two: Short Sales

True/False

- ___1. For owners who can no longer afford to keep mortgage payments current, there are possible alternatives to bankruptcy or foreclosure proceedings. One of those options is called a “short sale”.
- ___2. When a lender agrees to do a short sale in real estate, it means the lender is accepting less than the total amount due to them.
- ___3. All lenders will accept short sales or discounted payoffs because it always makes more financial sense than what they would receive from a foreclosure.
- ___4. A seller must be in default before a lender will consider a short sale.
- ___5. A seller must have stopped making mortgage payments before a lender will consider a short sale.
- ___6. The I.R.S. may consider debt forgiveness as income at times.
- ___7. It is automatic that a lender who accepts a short sale will never legally pursue a borrower for any of the difference between the amount owed and the amount paid.
- ___8. Most short sales take one to two weeks from start to finish.
- ___9. Lenders will often not do anything until the complete short sale package (along with all offers and addenda) is received.
- ___10. Every short sale situation is potentially unique and follows its own time line.

- ___ 11. A short sale is never a possibility if the seller has both a first and a second on the property.
- ___ 12. Commissions paid to real estate agents are limited to no more than a total of 5%.
- ___ 13. The lender will never approve a short sale if the buyer's offer to purchase is less than the current appraised value.
- ___ 14. Both the seller and the buyer should be informed up front on the realities, red tape and complexity of the short sale process.
- ___ 15. It is possible that the lender might counter the buyer's offer/contract in part or in full.
- ___ 16. The buyer of a short sale is obligated to get their new loan through the seller's lender (the lender who approved the short sale).
- ___ 17. Both buyers and sellers involved in a short sale transaction should be directed to professional service providers (ex. attorney, accountant/CPA, appraiser etc.) when they have questions or concerns on matters outside the knowledge, skills or expertise of the licensed real estate agent.

Short Sales in Real Estate - How to Handle Real Estate Short Sales



How to Do Short Sales

There are many ways to lose a home but signing away ownership in a manner that destroys credit, embarrasses the family and strips an owner of dignity is one of the hardest. For owners who can no longer afford to keep mortgage payments current, there are alternatives to bankruptcy or foreclosure proceedings. One of those options is called a "short sale."

When lenders agree to do a short sale in real estate, it means the lender is accepting less than the total amount due. Not all lenders will accept short sales or discounted payoffs, especially if it would make more financial sense to foreclose.

Be aware that the seller does not need to be in default, or have stopped making mortgage payments, before a lender will consider a short sale. Also, the seller might have over-encumbered, owe more than the home is worth, so a discounted price might bring the price in line with market value.

Be aware the I.R.S. may consider debt forgiveness as income (check with your tax advisor), and there is no guarantee that a lender who accepts a short sale will not legally pursue a borrower for the difference between the amount owed and the amount paid. In some states, this amount is known as a deficiency. A lawyer can determine whether your loan qualifies for a deficiency judgment or claim.

What's Needed???

Although all lenders have varying requirements and may demand that a borrower submit a wide array of documentation, the following steps will give you a general idea of what to expect.



- **Call the Lender**

You may need to make several phone calls before you find the person responsible for handling short sales. You'll talk to the "real estate short sale", "work out" department or loss mitigation department, you'll want the supervisor's name, or the name of the individual capable of making a decision.

- **Submit Letter of Authorization**

Lenders typically do not want to disclose any of the seller's personal information without written authorization to do so. The seller will need to write a letter to the lender giving the lender permission to talk with you about the specifics of the seller's loan. The letter should include the following:

- Property Address
- Loan Reference Number
- Your Name
- The Date
- The Agent's Name & Contact Information

- **Preliminary Net Sheet**

This is an estimated closing statement that shows the sales price you expect to receive and all the costs of sale, unpaid loan balances, outstanding payments due and late fees, including real estate commissions. Your closing agent or title company should be able to prepare this for you if you do not know how to calculate any of these fees. If the bottom line shows cash to the seller, you will probably not need a short sale.

- **Hardship Letter**

The sadder, the better. This statement of facts describes how the seller got into this financial bind and makes a plea to the lender to accept less than full payment. Lenders are not inhumane and can understand if you lost your job, were hospitalized or other types of bad luck, but lenders are not particularly empathetic to situations involving dishonesty or criminal behavior.

- **Proof of Income and Assets**

It is best for the seller to be truthful and honest about their financial situation and disclose assets. Lenders will want to know if they have savings accounts, money market accounts, stocks or bonds, negotiable instruments, cash or other real

estate or anything of tangible value. Lenders are not in the charity business and often require assurance that the debtor cannot pay back any of the debt that it is forgiving.

- **Copies of Bank Statements**

If the seller's bank statements reflect unaccountable deposits, large cash withdrawals or an unusual number of checks, it's probably a good idea to explain each of those line items to the lender. In addition, the lender might want you to account for each and every deposit so it can determine whether deposits will continue.

- **Comparative Market Analysis**

Sometimes markets decline and property values fall. If this is part of the reason that the seller cannot sell their home for enough to pay off the lender, this fact should be substantiated for the lender through a comparative market analysis (CMA). The real estate agent can prepare a CMA for the lender, which will show prices of similar homes

- Active on the market
- Pending sales
- Solds from the past six months.

Purchase Agreement & Listing Agreement

When you reach an agreement to sell with a prospective purchaser, the lender will want a copy of the offer, along with a copy of your listing agreement. Be prepared for the lender to try to renegotiate commissions and to refuse to allow payment of certain items such as home protection plans, or certain types of fees.

Submit Documentation & Purchase Offer to Lender

Once the seller has accepted your offer, send it to the lender for approval. You do not have a deal until the lender accepts. Also, send the lender a copy of your earnest money deposit. Do not be surprised if the lender asks you to increase it.

In addition, the lender will want to see that the buyer has their own loan available and they are preapproved. Send a preapproval letter to the lender. It will help if the agent sends a list of comparable sales that support the price you are offering to pay for the home.

Some lenders submit short sales to committee, but most can make a decision within two to three weeks, providing you have submitted the offer to the individual in decision-making capacity. Get a name and phone number for the appropriate contact at the lender. Don't send an offer blindly to a department.

Expect Commission Negotiations...but don't sell yourself short...

Regardless of the commission the seller has agreed to pay, the lender is actually the entity paying the commission. The reason is the seller is not receiving any money with which to pay a commission. Since the lender is losing money, the lender will likely try to negotiate the commission directly with the listing broker, who will then share the commission with the selling agent.

A buyer will be asked to purchase the property "as is," which means no repairs.

Now if everything goes well, the lender will approve your short sale. As part of the negotiation, you might ask that the lender not report adverse credit to the credit reporting agencies, but realize that the lender is under no obligation to accommodate this request.



Listing the Short Sale

Guidelines and Overview for Agents (This is only a sample. It is designed only for educational purposes.)

The short sale proposal submitted to the lender must be prepared and packaged professionally to assist the lender in making an informed decision. The following procedures should be adhered to when submitting an offer:

- Submit a complete proposal to lien holder(s)
- Provide an orderly presentation of documents as set forth below
- Include the borrower name, loan number and property address in the top right hand corner of each document
- Negotiate the offer to obtain the best price and terms prior to submitting the documentation to the lender

Preparing a well organized, professional package will ease the process for lien holder review and facilitate response time.

The following identifies the documentation that might need to be included with a short sale proposal. Be sure to conform to the lender's specifications:

- Fax Cover. Please note: each page contained in fax contents should include the borrower's name and loan number.
- Agent Letter to Lien Holder
- Table of Contents
- Seller/Borrower Authorization
- Seller/Borrower Hardship Explanation (normally provided by lender or lender's website)
- Seller/Borrower Financial Statement (normally provided by lender's website) and Supporting Financial Documentation
- HUD-1
- Synopsis of Offer to Purchase
- Executed Purchase Agreement

- Short Sale Addendum as needed
- Counter Offer(s) (if applicable)
- Buyer Pre-Approval Letter
- Buyer Verification of Funds
- Listing Agreement
- Short Sale Listing Addendum
- Price Reduction History and Supporting Documentation (if applicable)
- Current one page "Agent" Multiple Listing System (MLS) summary print-out
- Broker Price Opinion (BPO) (if applicable)
- Comparative Market Analysis (CMA) (if applicable)
- Market Activity Report
- Property Brochure
- Copies of Advertisement
- Photographs (if applicable)
- Documentation supporting local market trends or statistics (if applicable)
- Property Inspection Report(s) (if applicable)
- Lien Holder's Response to Short Sale Proposal



Short Sale-Representing the Buyer

Guidelines and Overview for Agents (This is only a sample. It is designed only for educational purposes.)

The short sale proposal submitted to the lender must be prepared and packaged professionally to assist the lender in making an informed decision. To facilitate this process, the following procedures should be adhered to when submitting an offer:

- Submit a complete proposal to lien holder(s)
- Provide an orderly presentation of documents as set forth below
- Include the borrower/seller name, loan number (if known) and property in the top right hand corner of each document
- The final terms and conditions of the offer should be negotiated and accepted by the borrower/seller prior to the listing agent submitting the offer to the lender

Preparing a well organized, professional package will ease the process for lien holder review and facilitate response time.

The following identifies the documentation that should be included with every short sale proposal:

- Fax Cover. Please note, each page contained in fax contents should include the borrower's/seller's name and loan number.
- Table of Contents
- Overview of Offer to Purchase
- Executed Residential Purchase Contract
- Short Sale Addendum to Residential Purchase Contract
- Loan Status Report
- Buyer Verification of Funds
- Comparative Market Analysis (CMA) (if applicable)
- Documentation supporting local market trends or statistics (if applicable)

Part Three: Foreclosures

True/False

- ___1. If the borrower defaults and the lender tries to repossess the property, courts of equity can grant the borrower the equitable right of redemption if the borrower repays the debt.

- ___2. The mortgagor is the lender, and the mortgagee is the borrower.

- ___3. Foreclosure is the legal and professional proceeding in which a mortgagee or other lien holder, usually a lender, obtains a court ordered termination of a mortgagor's equitable right of redemption.

- ___4. If the promissory note was made with a recourse clause then if the sale does not bring enough to pay existing balance of principal and fees the mortgage can file a claim for a deficiency judgment.

- ___5. Within the U.S. only one type of foreclosure exists.

- ___6. The process of foreclosure can be rapid or lengthy and varies from state to state.

- ___7. Each state has its own set of foreclosure laws.

- ___8. Over the past few years, much has been written and preached about people who have "made a killing" (lots of money) buying and selling foreclosures.

- ___9. Buying and selling foreclosures is always simple and risk free.

- ___10. Since properties are usually offered "as is" at foreclosure auctions, inspect the property before you make a foreclosure bid to avoid costly mistakes.



How to Buy a Foreclosed Home...11 Steps for Consumers to Consider

1. Find an expert agent in foreclosures. Some sellers won't accept offers from unrepresented buyers.
2. Understand that foreclosure means that because a home owner has become unable to pay the mortgage, the lender takes back the property. The legal steps involved differ from state to state.
3. Be prepared to deal with more paperwork with a foreclosure than you would with a conventional purchase, particularly when a government agency is involved.
4. Investigate the advantages. Since a bank or other lender wants to recover as much of its investment, as quickly as possible, foreclosed homes are often unloaded at significant discounts.
5. Search for foreclosure listings in real estate magazines, newsletters, newspapers and Internet search engines. Call lenders for real estate owned (REO) properties lists of foreclosures. Government agencies such as Fannie Mae (fanniemae.com) and the Department of Housing and Urban Development (hud.gov) also advertise foreclosed homes for sale. Check public records for other leads. A lender deciding to foreclose must file a notice default in the local county clerk's office.
6. Check to see if a foreclosed home has any liens on it, such as unpaid property taxes. Find out who is liable for those costs.
7. Tour the property and inspect it as closely as possible. Some foreclosures, unlike fixer-uppers, are in a fairly good shape. Others may be behind in maintenance.
8. Have your agent check nearby or comparable homes to see if the asking price for a foreclosed home is, in fact, a bargain.
9. Have the home inspected if the seller allows. Some sellers include this as part of the sales agreement, but the buyer still pays for it.
10. Check your credit report and correct any defaults or outdated information. Get prequalified for a mortgage. Depending on the agency handling the sale, it may be required.
11. Find out if there is a listing broker and make an offer.

Part Four: ...And More

Checklists to help educate and serve...sellers

We've all heard today's market described as a "Price War and Beauty Pageant". It's true. To sell most residential homes in our current climate sellers need to have their property priced AGGRESSIVELY and looking GREAT.

The first two checklists are for your use with sellers...to educate and serve them to reach their goals.

Checklists to help educate and serve...buyers

The nine (9) checklists at the end of this section address key issues and realities to help home buyers remain focused, objective and realistic about buying a home.

Appraisals and how they fit into short sales-foreclosures and loss mitigation

Current market value is a critical part to the equation for all parties involved in any real estate situation today. Review the two forms because they are used regularly by appraisers on most real estate events. The forms are:

- 1004 (6 pages)
- 1004MC (1 page)

<http://www.freddiemac.com/sell/forms/pdf/70.pdf>

<http://www.freddiemac.com/sell/forms/pdf/71.pdf>



5 Reasons Why Pricing Your Home Correctly in the Beginning Is So-o-o-o Important

1. Your home is more likely to sell for top dollar when it's fresh to the market.
2. Buyers buy after they shop around. Buyers are in search of the best buy. If your home is priced too high, it will make the other homes look more attractive.
3. Your property will need to be appraised. If it appraises below the contract price you may have a problem.
4. Other than possibly location, price is the most critical item that both buyers and real estate agents look to when selecting homes to view.
5. Negotiations
 - If priced too high, it's possible that no one will seriously consider or see the benefit of starting the negotiations.
 - The more accurately priced the property is, the less likely the buyer is to start the negotiations with a "low ball" offer or even see the need to negotiate.

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substitute for legal, tax or other professional assistance.**





The 6 C's of Merchandising....How to Get Your Home Market-Ready

1. **Curb Appeal**...how does your property look from the curb? If potential buyers don't like the looks of the house from the curb, they become disappointed and often times won't go in the house.
2. **Clutter**...eliminate it everywhere: closets, garage, attic, each room, yard, etc.
3. **Clean**...everywhere, everything. People value cleanliness...both in what they see and smell.
4. **Character and charm**...what makes your property special – little touches of decorating such as flower arrangements in a room and fire in the fireplace can all contribute to a special feeling.
5. **Critique your home objectively**...how does it compare to others in the area? What are our property's strengths and potential weaknesses? Highlight the benefits of your home on a "Home Feature Sheet. See "**16 Key Items to Include in a Home Book That Will Catch a Buyer's Eye.**"
6. **Cost vs. Value**...spend money in the right places and on the right items to get your home "market ready". See "**Getting Your House Ready for Show Time**".

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Are You a Ready, Willing, and Able Buyer?

7 Critical Issues to Consider

1. Motivation

...why are you considering a move?

Are your reasons compelling enough to cause you to be realistic and put up with the realities of moving?

2. Authority

...is the decision to move yours alone?

3. Finances

...are you financially qualified to make the move at this time?

4. Compromise

...are you willing to make some compromises along the way?

5. Competitive

...are you willing to be competitive with other motivated and qualified buyers that may want to purchase the same home that you do?

6. Availability

...are you available to find and secure the best property? Will you be able to preview & screen properties when they first become available?

7. Commitment

...are you committed to reaching your goals in a specific timeframe?

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6 Truths about Today's Marketplace that will help any Buyer Be More Realistic

1.

There is no perfect house...

When you find a house/property that is consistent with your top few priorities – consider writing an offer. Seldom does a buyer find a property that has more than 85% of what they want/need.

2.

The popular properties priced right go quickly.

See “**5 Reasons Why Pricing Your Home Correctly In The Beginning Is So-o-o-o Important**”.

3.

Package yourself and your offer so that both look good to a seller.

You may be in competition with one or more buyers for the same property. See “**6 Keys to Making You & Your Offer Look Great**”.

4.

The home buying process is complex, so consider using professional service providers such as real estate agents, attorneys, etc.

Also consider using proven **Checklists and Systems**.

5.

If value and price are important to you, have an appraisal or Competitive Market Analysis (CMA) done on the property BEFORE buying it.

6.

Don't be surprised if and when you get buyer's remorse...
an uneasy feeling about your buying decision. Most people question their decision to purchase at some time during the process.

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5 Simple Steps to Buying Your Next Home That Could Save You Thousands of Dollars

1. Ask mortgage bankers & lenders the right questions...to get the best loan for you based upon your needs & your financial goals.
2. Act quickly when you find the right house...someone else may consider it to be the right house for them and you could miss out or be placed in a situation of multiple offers.
3. Be sure to package yourself & your offer in a way that looks attractive to the seller.
4. Think resale BEFORE you buy...
5. Be sure to select the right agent and/or company to help you!

Solution: Find an agent with proven **Checklists and Systems** that will help you reach your goals.

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18 Steps Most Buyers Take to Buy Their Home

1. Look for an agent to help you through the maze.
2. Interview the agent...set an appointment with an agent to find out if they have the skills, services and professional attitude you're looking for.
3. Discover if the agent is working "for" you or "with" you...client or customer?
4. Clarify your wants and needs to your agent...let them know your objectives and timetable.
5. Have the agent help you establish your purchasing power...this may include getting pre-approved.
6. Select the best three to five properties to see.
7. View each property objectively following the "Simple 3-Step" approach. See "**A Proven 3 Step Approach to Selecting The Right Property**".
8. Write the offer to purchase following the "**6 Keys to Making You and Your Offer Look Great**".
9. Have your agent present your offer ASAP...time is of the essence.

10. Handle all counter offers and negotiations with a win/win attitude...BIG Picture Mentality.
11. Avoid “Second Guessing Syndrome” also known as “Buyer’s Remorse”. Almost EVERYONE gets it at some point in time. Let it pass...
12. Finalize any loan details to get final approval. If you haven’t been pre-approved, you need to get the ball rolling NOW!
13. You or your agent need to order title insurance from the company of your choice.
14. Any inspections or predications that need to be addressed should be done in a timely fashion.
15. Address snags and problems as part of life. Keep focused on your goals...Big Picture.
16. Do a “walk-thru” prior to closing...See **“The Final Walk-Thru Checklist”**.
17. Show up early to closing with all necessary items from your closing checklists.
18. After closing, keep in contact with your agent. They want to assist you with questions, concerns and problems whenever you have the need!

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A Proven “3 Step Approach” To Selecting the Right Property

Step 1. Approach the Home Buying Process Objectively

- No Perfect House...85% Rule
- The Good Ones Go Quickly
- Avoid Second Guessing Syndrome...Commonly Referred to As “Buyer’s Remorse”

Step 2 After Viewing Each Property Ask Yourself

3 Important Questions...

- What did I like about the property?
- What, if anything, would I want to need to change?
- If the price were right, could I see myself owning this property? If yes, at what price?

Step 3 Remember You Have 3 Safety Nets Available to you...

- Your judgment as an educated/informed buyer
- The Customized Market Analysis prepared by your agent
- The option of an Appraisal Rider

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10 Key Questions to Ask A Home Inspector before Hiring One

1. What type of licenses, certificates or designations do you hold?
2. What is the scope of your inspections? How detailed will the inspection be?
3. How many inspections do you do per year on residential homes like ours?
4. How long does the actual on-site inspection normally take?
5. Will you allow us to accompany you on the inspection?
6. What type of report will we receive and will it include estimates of costs to correct defects?
7. Do you carry errors-and-omissions insurance or give any warranties/guarantees?
8. How much does an inspection cost for a property like ours?
9. How quickly can we get it done?
10. Do you have a list of past customers and clients that we may call as referrals?

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5+ Of the Most Common Hidden Defects in Real Property

These repairs can become expensive. Be sure to seek expert opinions and estimates on repair costs from reputable professionals.

- 1. Bad Foundation**
- 2. Worn Roof**
- 3. Water Drainage**
- 4. Termite Infestation**
- 5. Working components of the house:**
 - Inadequate wiring**
 - Inadequate plumbing**
 - Heating/Cooling**

Other Areas of Concern:

- Environmental issues**
- Title issues**
- Adverse location issues**

**** Special Note: If a property is on private water, sewage or roads, the buyer will most likely have individual inspections on each of the items. A compliance certificate or other written documentation will most likely be requested by the buyer and/or lender to indicate all systems meet the required standards for the area.**

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Do I Need An Agent When Buying A Home?

9 Critical Points

There are several items that a professional real estate salesperson can provide to you while in pursuit of your new home. Here are several items to consider when asking yourself whether or not you will benefit from the assistance of a real estate professional.

1. Do I have time to research the residential housing market?
2. Do I have the knowledge to integrate and understand the information available to me?
3. Can I integrate the information available on the real estate internet sites into useful data that can help me accomplish my goal of home ownership?
4. Do I have the expertise to negotiate on my own behalf?
5. Do I have the ability to find a qualified home inspector?
See "[10 Key Questions to Ask A Home Inspector Before Hiring One](#)".
6. Do I have the time to interview mortgage loan officers?
See "[14 General Questions to Ask All Lenders](#)".
7. Do I have the time and expertise to target market, if necessary, for the type of property I am looking to purchase?
8. Do I know the zoning regulations and building codes pertaining to residential real estate in the area I am interested in moving to?

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Prioritizing Your Needs as a Buyer...

30+ Home Buying Issues to Consider

How many bedrooms		How many bathrooms		Masterbath?	
Eat-in Kitchen		Formal Dining Room		Family Room	
Basement		Finished or Unfinished		Condition of Home	
First Floor Laundry		Fireplace		Garage – Attached or Detached	
Side Drive		Extra Parking		Age of Home	
Older vs. Newer		New Construction		Or Re-Sale?	
Type of Home?		Condo, townhouse or Single-family?		Style of home?	
One level, two-story or multi-level		Room size		Interior Décor	
Is the lot important		Location		Mechanical Systems	
Monthly Assessments		How much?		Seller Financing	
Rent with option to buy?		Home Warranty system?		How soon do you have to be in?	

The above checklist is for informational purposes only & is not a substitute for legal, tax or other professional assistance.



Answer Key

Opening Exercise

1. C
2. B
3. A

Part One

1. A
2. E
3. A
4. B - This is an item that might vary a little, to a significant amount from case to case. Check with the lender (or other powers that be) on how items/issues will be handled.
5. A
6. A
7. A
8. B – Check references and credentials before engagement.
9. B
10. A
11. B
12. A

Part Two

1. T
2. T
3. F- The lender will typically pursue what the law will allow that makes the best financial sense for them...judged case by case
4. F – Check with the lender once a problem or potential problem is discovered
5. F

6. T
7. F- Be sure this is addressed, clarified, negotiated, etc. up front.
8. F-Short sales often take weeks (even months) to finalize...decisions are made on a case by case basis
9. T
- 10.T
- 11.F-It is very possible to have more than one mortgage on the property and still do a short sale, but all parties with a vested interest must give their OK.
- 12.F-Commissions, fees and some other items/issues are negotiable.
- 13.F- On a case by case basis lien holders decide what makes sense to them...all things considered
- 14.T
- 15.T
- 16.F-Typically buyers are allowed to get their loan from the lender of their choosing.
- 17.T

Part Three

1. T
2. F- The mortgagor is the borrower...the mortgagee is the lender
3. T
4. T
5. F- Foreclosure laws vary from state to state...sometime significantly
6. T
7. T
8. T
9. F-Never risk free...often complex, especially for rookies or those under prepared
- 10.T