

HOME BUYER'S GUIDEBOOK

Finding and Financing a Home



REAL ESTATE

A Great Investment



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THE ONLY SOURCE YOU NEED

Beginning Your Search



At Coldwell Banker Gundaker we will take care of all your home buying needs. From researching communities to showing you available properties to negotiating on your behalf, we will be with you every step of the way.

When searching for your dream home we can provide detailed information on almost any property currently listed for sale – whether it's listed by Coldwell Banker Gundaker or another real estate company. We will always give you our utmost attention, the attention you want, the attention you deserve. Simply stated, with Coldwell Banker Gundaker you receive the ultimate result – a successful real estate experience.



COMMITTED TO OUR BUYERS

Beginning Your Search

This commitment is what your Coldwell Banker Gundaker sales associate will provide as part of your representation agreement:

- **Buyer Counseling Session.** We will conduct a buyer counseling session to discuss your needs and goals, and to plan your property search.
- **Buyer Agency Alternatives.** We will discuss agency alternatives for you and the sellers.
- **Buyer Representation Agreement.** We will present and explain the representation agreement and the benefits it offers.
- **Buyer's Package.** We will provide you with the pertinent information you will need during the buying process.
- **Financing Qualification.** We will offer to arrange to have you preapproved with our mortgage company.
- **Coldwell Banker Gundaker Sales Team.** We will present your property search criteria to the Coldwell Banker Gundaker sales team. Our goal is to present you with properties as they debut or before they appear on the open market.
- **Property Showing.** We will show you properties that meet the criteria you have selected.
- **Property Evaluation.** We will discuss the positive and negative features of a property that may affect its value and future resale.
- **Property Disclosure.** We will review with you all inspection reports and other documents pertaining to the condition of the property and disclose all physical defects of the property that are known to us.
- **Review of Written Seller Disclosure.** We will thoroughly review with you the seller's written disclosure statement to enable you to accept or specify the remedy for each fault disclosed.
- **Appraisal Contingency.** We will explain to you the option of an appraisal contingency.
- **Home Warranty.** We will explain to you the option of a home warranty plan to reduce your risk of repair when purchasing a property.
- **Home Inspections.** We will recommend that you obtain a professional home inspection.
- **Home Inspection Remedies.** We will work with you to request the seller remedy the items you specify.
- **Estimate of Funds Required.** We will provide you with an approximate preliminary estimate of closing costs and down payment requirement anticipated in the transaction.
- **Offer Preparation.** We will prepare a written offer on the property you choose to purchase, with terms approved by you.
- **Negotiation Strategy.** We will prepare a negotiation strategy for the property you have selected.
- **Offer Presentation.** We will present your purchase offer in the most favorable light possible.
- **Walk-Through.** We will accompany you on a thorough walk-through of the property (if one is provided for in the sales contract) before closing.
- **Closing the Sale.** We will monitor and inform you of the progress of the purchase agreement.
- **After-Sale Service.** We will contact you after the closing to follow up on remaining details or service needs.
- **Service Satisfaction Survey.** We will provide you with a confidential opportunity to give an evaluation of our services.



COLDWELL BANKER WEB RESOURCES

Beginning Your Search

[CBGundaker.com](#)

Home buyers looking in St. Louis and the east central missouri area head to [CBGundaker.com](#) to find their perfect home.

Special Features

- Search for your dream home by city, state, address or MLS number directly from the home page
- Fast search results offer you at-a-glance details of property listings with multiple views
- Sign up for email alerts for new properties and open houses and save your searches
- Search for properties, agents and offices directly from your mobile device
- Share your favorite properties with your friends via email or social media networks
- Neighborhood and community information gives you insight into all local areas
- Special searches for just listed, open houses, and luxury Previews listings

[ColdwellBanker.com](#)

Award-winning [ColdwellBanker.com](#) is one of the industry's leading web sites with an average of 3.1 million* potential buyers among its visitors each month. The site features easy-to-use search functions and direct links to [CBGundaker.com](#), where consumers can find more details on any property.

[Realtor.com](#)

This site includes 90% of the listed properties in the United States. Coldwell Banker Gundaker's properties on [Realtor.com](#) are enhanced listings which means each listing includes a detailed description and multiple property photos.

[ColdwellBankerPreviews.com](#)

International site dedicated to luxury real estate.

[OpenHouse.com](#)

Visit for a complete list of open houses.



* Google Analytics, January - May 2013

HOME SEARCH TOOLS

Beginning Your Search



Saved Searches

With our HomeBase inbox you can save up to ten different custom property searches. Once they're saved, you can quickly and easily perform the same search anytime you return to our site. There are several places throughout CBGundaker.com which allow you to add to and edit your Personal Property Search preferences.

Open House Reminders

This feature automatically informs you about open houses scheduled for Coldwell Banker Gundaker listings. Once you've saved your property search criteria, you can choose to receive Open House Reminders. Your Open House Reminder will arrive in your email every Friday.

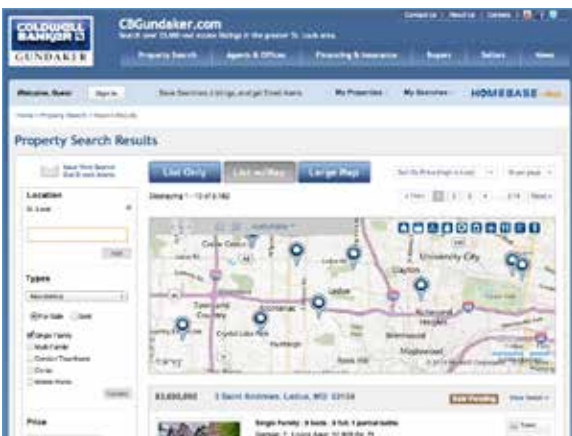


Saved Properties

When you find properties that you like, you can save them in your personal search portfolio by clicking on the "Save this Property" button. Then you can quickly find them again when you return.

Just Listed Email Alerts

This feature automatically emails you when new properties that match your search criteria come on the market. Once you've saved your property search criteria, you can choose to receive Just Listed email alerts.



Mapping

You can view home search results on a map. You can choose between aerial, road and hybrid views.



HOME FINDING NEEDS WORKSHEET

Finding the Right Home

The more your Coldwell Banker Gundaker Realtor® knows about what you want, the easier it will be for them to help you find the right home. Take time to complete this page and then discuss it with your sales associate.

Features	Preferences	Rate 1-5 Importance
View		
Size of Lot		
Landscaping		
Topography		
Location		
Convenience to Work		
Convenience to Transportation		
Convenience to Shopping		
Convenience to School		
Convenience to Day Care		
Nearby Recreational Facilities		
Near Police and Fire Protection		
General Appearance of Properties in Area		
House Value Relative to Area		
Exterior		
Architectural Style		
Curb Appeal		
Foundation Condition		
Roof Condition		
General Exterior Condition		
Deck/Patio		
Pool		
Garage		
Other		
Interior		
Floor Plan		
Room Sizes		
Bedrooms		
Bathrooms		
Living Room		
Family Room		
Bonus/Game Room		
Dining Room		
Kitchen Amenities		
Fireplace		
Basement		
General Interior Condition		
Total Score		
Other Considerations		

HOME FINDING EVALUATION WORKSHEET

Finding the Right Home

	Property 1	Property 2	Property 3	Property 4	Property 5
Property Address					
List Price / Taxes					
View					
Size of Lot					
Landscaping					
Topography					
Location					
Convenience to Work					
Convenience to Transportation					
Convenience to Shopping					
Convenience to School					
Convenience to Day Care					
Nearby Recreational Facilities					
Near Police and Fire Protection					
General Appearance of Properties in Area					
House Value Relative to Area					
Exterior					
Architectural Style					
Curb Appeal					
Foundation Condition					
Roof Condition					
General Exterior Condition					
Deck/Patio					
Pool					
Garage					
Other					
Interior					
Floor Plan					
Room Sizes					
Bedrooms					
Bathrooms					
Living Room					
Family Room					
Bonus/Game Room					
Dining Room					
Kitchen Amenities					
Fireplace					
Basement					
General Interior Condition					
Total Score					
Positive Features					
Negative Features					

HOME PURCHASE NEGOTIATION

Finding the Right Home

Here are some important questions you should ask your Realtor[®] and why you should ask them.*

We recommend... If you will be financing the property, get preapproved for a mortgage prior to making your offer. This will show the seller your commitment and ability to perform.

How long has the property been on the market and what is the average market time in this area?

Why: Market times indicate supply and demand for properties in the area and can give you an idea of whether it's a buyer or seller driven market.

Have there been any price reductions during the listing period?

Why: A price reduction may indicate a seller's desire to attract an offer.

What is the price range of recent sales in the neighborhood?

Why: This information may indicate the home seller's expectation.

Are there any other active offers being considered by the home seller?

Why: Knowing if you are competing for a property with another home buyer may affect the terms of your offer to purchase.

What is the motivation of the seller?

Why: Motivation is a key element in any negotiation. As an example, if the seller has already purchased a new property, your ability to close quickly may be an attractive element of the negotiation.

What improvements have been made to the property?

Why: Recent enhancements can effect the buyer and seller's perceived value of the property.

When would the seller like to move?

Why: Knowing when the seller wants to move can be helpful during negotiations.

What personal items are included in the sale?

Why: Anything the seller is willing to leave behind that you won't need to buy when you move in has real value. Consider those items in your offer.

Can I have copies of all home seller disclosures?

Why: Most states require all home sellers to provide property disclosure statement(s) for your review.

* Depending on the type of agency relationship you have with your sales associate, he or she may not be able to assist you with these specific questions.



INTEREST RATE FACTOR CHART

Financing Your New Home

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 years.

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.

For example:

Interest Rate: 6.5%
Term: 30 years
Factors per \$1,000: 6.32
Total Mortgage: \$152,600
6.32 x 152.6 = \$964

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

Find an online mortgage calculator at CBGundaker.com.

Interest Rate	Term 15 Years	Term 30 years	Interest Rate	Term 15 Years	Term 30 years
4.0	7.40	4.77	8.0	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
5.0	7.91	5.37	9.0	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
6.0	8.44	6.00	10.0	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
7.0	8.99	6.65	11.0	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

THE FINANCING PROCESS

Financing Your New Home

How to Apply for a Mortgage

1. First complete the loan application. An application fee may be required by the lender.
2. The lender begins processing the application.
3. The lending institution requests an appraisal of the home, a credit report, and verification of employment and assets such as bank accounts.
4. The lender will provide a booklet containing specific loan information and a good faith estimate of closing and related costs.
5. An estimate of your loan costs in the form of an initial Truth in Lending Disclosure Statement (Reg Z) is issued.
6. The lender evaluates the application, along with supporting documentation, and approves the loan.
7. Once you sign the closing documents, the loan is funded.
8. The lender disburses the funds to the settlement or closing agent. The seller is paid and the title to the home is yours.
9. The appropriate documents are recorded at the county recorder's office.

Documents Needed to Apply for a Mortgage

When you apply for a mortgage, you will need to furnish information regarding your income, expenses and obligations. It will save time if you have the following items available:

- Two most recent pay stubs
- W-2s for the last two years
- Federal tax returns for the last two years
- Last two months bank statements
- Long-term debt information (credit cards, child support, auto loans, installment debt, etc.)

Repairing Past Credit Problems

Have you had situations in the past that have put blemishes on your credit?

Some lenders will work with you to find a credit solution. They have special programs and financing options that allow you to get a mortgage even with minor credit blemishes. However, it is in your best interest to keep your credit report in good standing.

Here are some helpful hints for your credit report:

- Never go over 90 days past due on any accounts
- Keep your credit card debt below 50% of your monthly obligations
- If paying bills after the due date, always pay within the grace period



FINANCIAL FAQs

Financing Your New Home

Answers to these financial questions will help you get a basic understanding of the financing process. Of course, your Coldwell Banker Gundaker Realtor® can assist you in finding all the information you need to know to make a sound decision on the purchase of a new home.

Q. What is the difference between “prequalified” and “preapproved”?

A. A prequalification consists of a discussion between a home buyer and a loan officer. The loan officer collects basic information regarding the customer’s income, monthly debts, credit history and assets, and then uses this information to calculate an estimated mortgage amount for the home buyer. The prequalification is not a full mortgage approval, but estimates what a home buyer can afford.

A preapproval, on the other hand, is a comprehensive approach using basic information as well as electronic credit reporting. Preapprovals, in most cases, are true mortgage commitments. The lender commits to financing your home and indicates the total mortgage amount available to you.

Q. What types of mortgage programs are offered?

A. Currently, there are numerous different mortgage products available, including, but not limited to:

- 15, 20, and 30-year fixed rate loans
- Adjustable rate loans
- New construction financing
- VA and FHA loans
- 5 and 7-year balloon loans

All mortgage products have their own benefits and disadvantages. Talk to your financial institution to discuss which product is best for you.

Q. How long does it take to process a mortgage application?

A. Usually about 45 to 60 days, although it can take as few as seven days and as long as 90 days for some transactions.

The actual time depends on how quickly the lender can get an appraisal of the property, a credit report and verification of employment and bank accounts.

Continued on next page...

FINANCIAL FAQs

Continued

Q. What documents will I have to provide?

A. Be prepared to provide verification of income (including a pay stub and recent tax returns), bank account numbers and details on your long-term debt (credit cards, auto loans, child support, etc.). If you're self-employed, you may also be required to provide financial statements for your business.

Q. Could anything delay approval of my loan?

A. If you provide the lender with complete, accurate information, everything should go smoothly.

You may face a delay if the lender discovers credit problems, such as a history of late payments or nonpayment of debts, or a tax lien. You may then be required to submit additional explanations or clarifications.

You should also be sure to notify your lender if your personal or financial status changes between the time you submit an application and the time it is funded. If you change jobs, get an increase (or decrease) in salary, incur additional debt or change your marital status, let the lender know promptly.

You may also be delayed if the home you selected fails to appraise for the agreed purchase price.

Q. What's included in my house payment?

A. Principal and interest on your loan. Depending on the terms of your loan, the payment may also include homeowners insurance, mortgage insurance and property taxes.

Q. Can I pay those other things separately?

A. Not if it's an FHA or VA-insured loan. With most other loans, you can pay your own taxes and insurance if you borrowed no more than 80% of the purchase price or appraised value of your home. Check with your lender to be sure.

Q. What do the closing costs include?

A. Closing costs cover processing and administration of your loan. In addition to a loan fee, you'll usually be asked to prepay interest charges, to cover the partial month in which you close, and impounds for property taxes, hazard insurance and mortgage insurance.

Q. When do my mortgage payments start?

A. Usually about 30 days after closing. The actual date of your first payment will be included in your closing documents.

ESTIMATED BUYER'S COSTS

Financing Your New Home

Property Address:

Sales Price:

\$ _____

Down Payment:

\$ _____

Amount Financed:

\$ _____

NOTE: This estimate has been prepared to assist the buyer in computing costs. Lenders and other related services will vary in their charges; therefore, these figures are not and cannot be guaranteed by your local Coldwell Banker Gundaker office or sales associate.

Loan Items:

- Loan Origination Fee: \$ _____
- Appraisal Fee: \$ _____
- Credit Report: \$ _____
- Additional Loan Fees: \$ _____

Prepaid Items:

- Interest: \$ _____
- Hazard Insurance: \$ _____
- Mortgage Insurance: \$ _____
- Taxes: \$ _____
- Assessments: \$ _____
- Other Fees: \$ _____

Title and Closing Charges:

- Escrow, Settlement or Closing Fee: \$ _____
- Title Insurance: \$ _____
- Attorney's Fee: \$ _____
- Other Fees: \$ _____

Recording Fees:

- Recording Fees: \$ _____
- Tax Stamps: \$ _____
- Other Fees: \$ _____

Additional Settlement Charges:

- Survey: \$ _____
- Pest Inspection: \$ _____
- Home Warranty: \$ _____
- Home Inspection Fee: \$ _____
- Other Fees: \$ _____

Total Settlement Charges: \$ _____

Down Payment: + \$ _____

Total Estimate of Buyer's Costs: \$ _____

Amount Financed: \$ _____

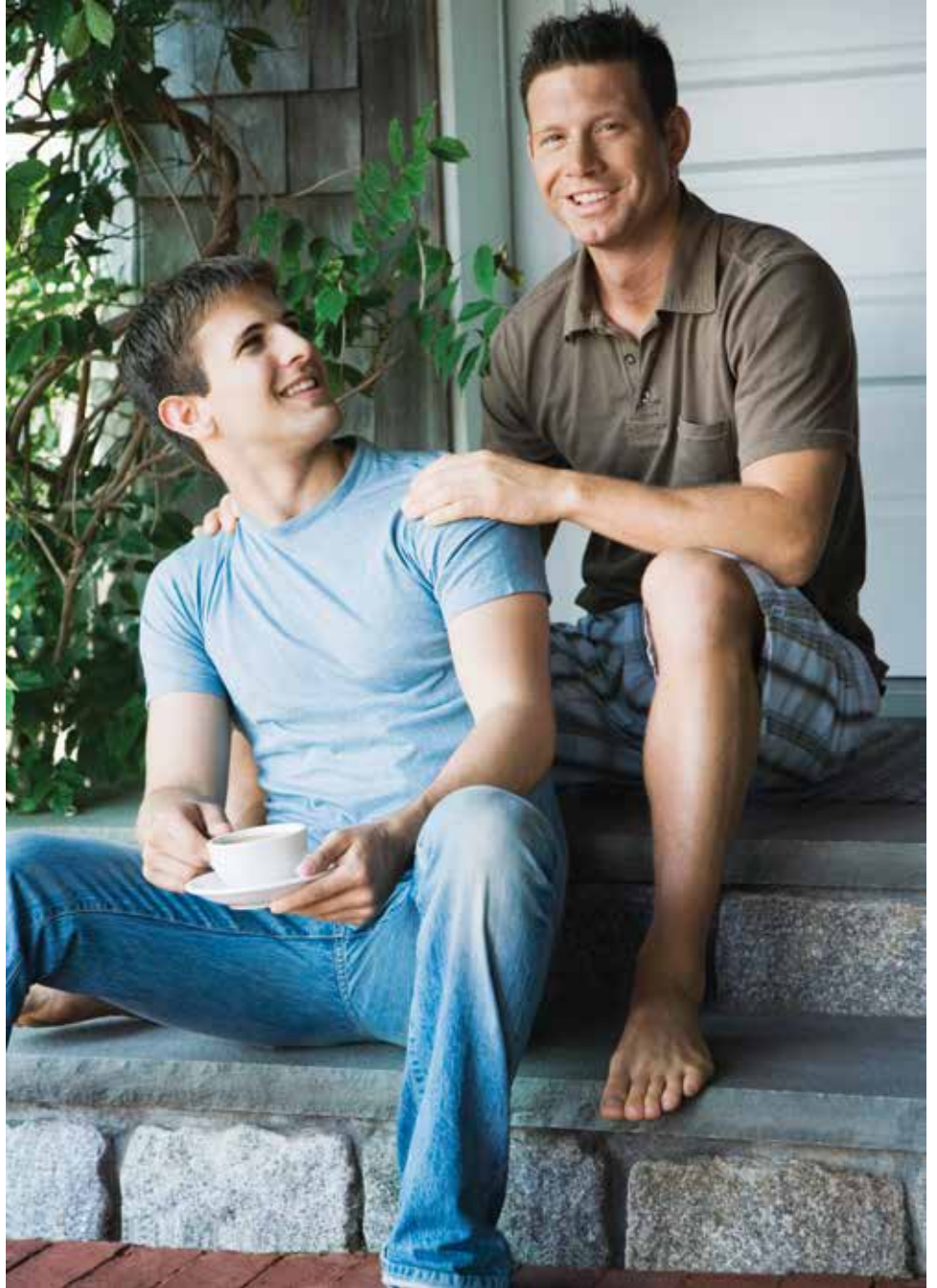
Interest Rate: % _____

Term: _____ Years

Estimated Monthly Payment:

- Principal & Interest: \$ _____
- Mortgage Insurance (if any): \$ _____
- Property Taxes: \$ _____
- Homeowner's Insurance: \$ _____
- Association Fees (if any): \$ _____

Total Monthly Payment: : \$ _____



ADDITIONAL BUYER SERVICES

One-Stop Shopping

Buying a home is one of the most exciting experiences in a person's life. Making the process smooth and anxiety-free is a Coldwell Banker Gundaker specialty.



The fastest, simplest, most convenient way to finance your home. To apply the same day, talk to your Coldwell Banker Gundaker Realtor® about details or visit ColdwellBankerHomeLoans.com.



Protecting your home takes more than homeowner's insurance. Unexpected major appliance and system breakdowns can prove to be very costly. Our Home Protection Plan offers you the satisfaction of a quick repair, and, if necessary, replacement of malfunctioning appliances and systems, from dishwashers to furnaces.

★U.S. TITLE★

US Title is an affiliate company whose priority is the business of Coldwell Banker Gundaker clients.

Benefits include:

- Beginning the title search at listing to ensure a smooth closing (selected areas)
- Competitive pricing
- Closing at convenient locations



Now that you are relocating to the Midwest, do you need to sell your current home? Let your agent refer you to a Realtor in our Cartus Broker Network. You will have an experienced relocation specialist to assist you in pricing and marketing your home.

YOUR RIGHTS AS A BUYER

Understanding the Language

Inspections

As a home buyer, your Real Estate Purchase Agreement will typically include a clause allowing you to conduct a professional inspection(s) of the property. We recommend that you invest in this objective visual examination of the physical structure and systems as they appear and operate at the time of the inspection. A standard home inspection report usually covers:

- Exterior components
- Structural components
- Roofing condition
- Interior plumbing
- Electrical systems
- Heating and air conditioning systems
- Interior condition of walls, ceilings, flooring, windows and doors
- Visible attic insulation and ventilation

A professional home inspector may also provide home maintenance tips and suggestions for improvements you may want to consider after purchasing the property. We believe it's important to make an informed decision about a property and hiring a professional home inspector for an objective assessment gives you that opportunity.



Seller Disclosure

State law requires sellers to provide buyers with a Residential Property Disclosure Statement. This report indicates any known material defects in the property that the seller is aware of (ie. flooding problems, leaky roof, cracks in the foundation, faulty furnace, air conditioning or plumbing, or lot line disputes)

By indicating knowledge of any defects in a property through this report, a seller is not obligated to make repairs. However, if you have signed a contract and then receive information through this report about any defects, you can rescind the contract within the number of days stated in your contract.

Sellers must also disclose known information on lead-based paint hazards before selling a house. Sales contracts include a federal form about lead-based paint in the building. Buyers will have up to 10 days to check for lead hazards.

GLOSSARY OF REAL ESTATE TERMS

Understanding the Language

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 provided by a professional appraiser.

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.

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 of 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, floor, 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.

CRS

Certified Residential Specialist. This designation is recognized industry-wide as the symbol of excellence in residential sales and is the highest designation awarded in the residential real estate sales industry.

GLOSSARY OF REAL ESTATE TERMS

Understanding the Language

Debt Ratios

The comparison of a buyer's housing cost to his or her gross or net effective income, and the comparison of a buyer's 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 Association (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 the FHA or guaranteed by the VA, as well as conventional home mortgages.

Fee 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 Association (GNMA)

Called "Ginnie Mae"; a government 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.

GRI

Graduate, Realtors Institute. A professional designation granted to a member of the National Association of Realtors who has successfully completed courses covering Law, Finance and Principles of Real Estate.

HOAs

Homeowners' associations are formal legal entities created in many single-family subdivisions and condominium/townhome/villa developments to maintain common areas and enforce the Covenants, Conditions & Restrictions of the community.

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 a 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.

GLOSSARY OF REAL ESTATE TERMS

Understanding the Language

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 one 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 investment.

Prepayment Penalty

A fee charged to a borrower who pays a loan before its 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 by the Entirety

A form of property ownership in Missouri, in which the property belongs to the marriage, which means that both husband and wife own the property as one person, and thus, both of them own 100% interest in the property.

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.

USEFUL WEB SITES

For More Information

Community

CBGundaker.com

Everything you need for a successful real estate experience

ExploreStLouis.com

Festivals, parks and events in St. Louis

GetAroundStLouis.com

Local sites organized by area

STLToday.com

Neighborhoods and news

Patch.com

Your source for local knowledge

Transportation

MetroStLouis.org

Bus and train schedules/maps

MoDOT.Mo.gov

Highway conditions

Careers

CBGundakerCareers.com

CareerBuilder.com

STLToday.com/classifieds/jobs

Education

DESE.Mo.gov

Guide to Missouri elementary and secondary education

