

# REALTY REIMAGINED



## BUYER'S GUIDE

The complete guide for helping you take  
the first steps towards finding home.



# CONTENTS

- › Experience the Nonprofit Difference
- › Meet Our Team
- › Let's Find Your Dream Home!
- › The Home Buying Process
- › Preparing to Buy
- › Get Pre-Approved!
- › Pre-Qualified vs Pre-Approved
- › Which Loan is Right for You?
- › Questions to Ask Lenders
- › Trusted Lenders
- › Home Loan Application Checklist
- › Finding Your Dream Home
- › House Hunting Tips
- › House Wants & Needs List
- › Making an Offer
- › Negotiations
- › Under Contract & In Escrow
- › What Not to Do
- › Final Steps Before Closing
- › Homeowners Insurance
- › Title Insurance
- › Cleared to Close
- › Closing Day
- › Success Stories
- › Glossary of Terms



# REIMAGINING REAL ESTATE TODAY TRANSFORMING LIVES TOMORROW

## Thank you for considering Realty Reimagined

Realty Reimagined is an innovative, full-service real estate social enterprise that is changing how real estate services are provided and giving back to the communities where our agents live, work, play, and give.

**Our mission is to reimagine real estate today and transform lives tomorrow – one person, one home, and one neighborhood at a time.**

We are dynamically positioned to change what you know about the real estate industry. As a growing company with bold aspirations, we know there is no greater asset than people. The highest value is placed on our agents, customers, and partners. Our success is a catalyst for giving back. We are working to build a legacy in the real estate space and beyond.

Most businesses use their profits to create wealth, but we believe in a bigger purpose. We have a philanthropic mission to use our gross profits to improve our resident's lives. When you use our services, your fees help us to give back and support our purpose as a social enterprise.

REALTY  
REIMAGINED

*Real Estate for Social Good*



216.302.4468



812 Huron Rd. E. Suite 800  
Cleveland, OH 44115



[sales@realtyreimagined.org](mailto:sales@realtyreimagined.org)



[realtyreimagined.org](http://realtyreimagined.org)

You can also find us on:





## MEET OUR AGENTS



*Sonya Edwards*  
BROKER®



*Bridget Holmes*  
REALTOR®



*Gus Frangos*  
REALTOR®



*Dennis Roberts*  
REALTOR®



*Michelle Thomas*  
REALTOR®



*KC Petraitis*  
REALTOR®



*Tiffany Sokol*  
REALTOR®



*Wendy Tarr*  
REALTOR®



*Andrea Bruno*  
REALTOR®



*William A. Willis*  
REALTOR®





# LET'S FIND YOUR DREAM HOME!

We're here to guide you  
through the process,  
Every step of the way.





# Home Buying Process



## PREPARE

- Take a Homebuyer Education course
- Know your credit & budget
- Select a real estate agent



## PRE-APPROVAL

- Meet with a lender
- Determine the right mortgage
- Get a pre-approval letter



## HOME SEARCH

- Discuss your criteria with buyer's agent
- Begin your home search
- View the homes you are interested in



## OFFER & NEGOTIATION

- Submit a strong offer
- Negotiate the terms of the contract
- Research comps with an agent



## INSPECTION

- Negotiate repairs & begin title exam
- Schedule home inspections
- Finish loan process



## PRE-CLOSING

- Confirm the repairs are made
- Carry out a pre-closing walkthrough
- Send funds to title company



## CLOSING

- Review closing statement
- Sign the closing documents
- Receive your keys





# PREPARING TO BUY



**CONSIDER ATTENDING A HOMEBUYER  
EDUCATION COURSE**



**DETERMINE HOW MUCH YOU CAN SPEND**



**SAVE FOR A DOWN PAYMENT**



**CHECK YOUR CREDIT**



**SELECT A REAL ESTATE AGENT**



**GET PRE-APPROVED**



# ATTEND AN UPCOMING PRE-APPROVAL CLINIC

We host monthly FREE pre-approval housing fairs to assist potential buyers in accessing resources and obtaining as many pre-approvals as possible.

**INFORMATION & OPTIONS =  
EMPOWERMENT!**



# PRE-QUALIFIED VS PRE-APPROVED

**What's the difference  
between being pre-qualified  
and pre-approved?**

## **Pre-Qualified**

In order to be pre-qualified, a lender may or may not check your credit score and won't require documentation - they will go off what you tell them. This will give you an idea of what you could qualify for. When you're serious about buying, you'll need to get pre-approved.

## **Pre-Approved**

To be pre-approved, the lender will pull your credit and ask you for documentation to verify your finances. Before making an offer on a house, it is best to get pre-approved to show sellers your offer is serious and that a lender has already approved you for enough money to purchase the home.

# PRE-QUALIFIED VS PRE-APPROVED

## WHAT YOU SHOULD KNOW



### PRE-QUALIFIED

- Most buyers will need a mortgage to finance their home purchase, so we advise that you prepare before you look.
- Your lender will generate a mortgage pre-qualification based on your debt-to-income, your credit score, and your overall financial position. You should also consider your budget and comfort level with the payment amount.
- A pre-qualification letter will state the estimated loan amount your lender has calculated based on your income and credit profile without any documentation.

### PRE-APPROVED

- Monthly debt payments: Lenders examine your payment obligations to calculate your debt-to-income ratio.
- Real estate debt: If your current property is mortgaged, have your most recent statement.
- Down payment gift letters: Lenders will document all funds used to buy your home.
- Bank statements: Copy 60 days' worth of statements for every account whose assets you're using to qualify for the mortgage.
- Retirement and brokerage accounts: Two months of statements from IRAs, investment accounts.



# WHICH LOAN IS RIGHT FOR YOU?

## CONVENTIONAL LOAN

The most common type of home loan, which is offered through private lenders.

## FHA LOAN

Loans designed for those with high debt-to-income ratios and low credit scores, and most commonly issued to first-time homebuyers. Offered by FHA-approved lenders only and backed by the Federal Housing Administration.

## VA LOAN

Loans designated for veterans, spouses, and reservists, offered through private lenders and guaranteed by the U.S. Department of Veteran Affairs.

## USDA LOAN

Loans for homebuyers in designated rural areas, backed by the U.S. Department of Agriculture.

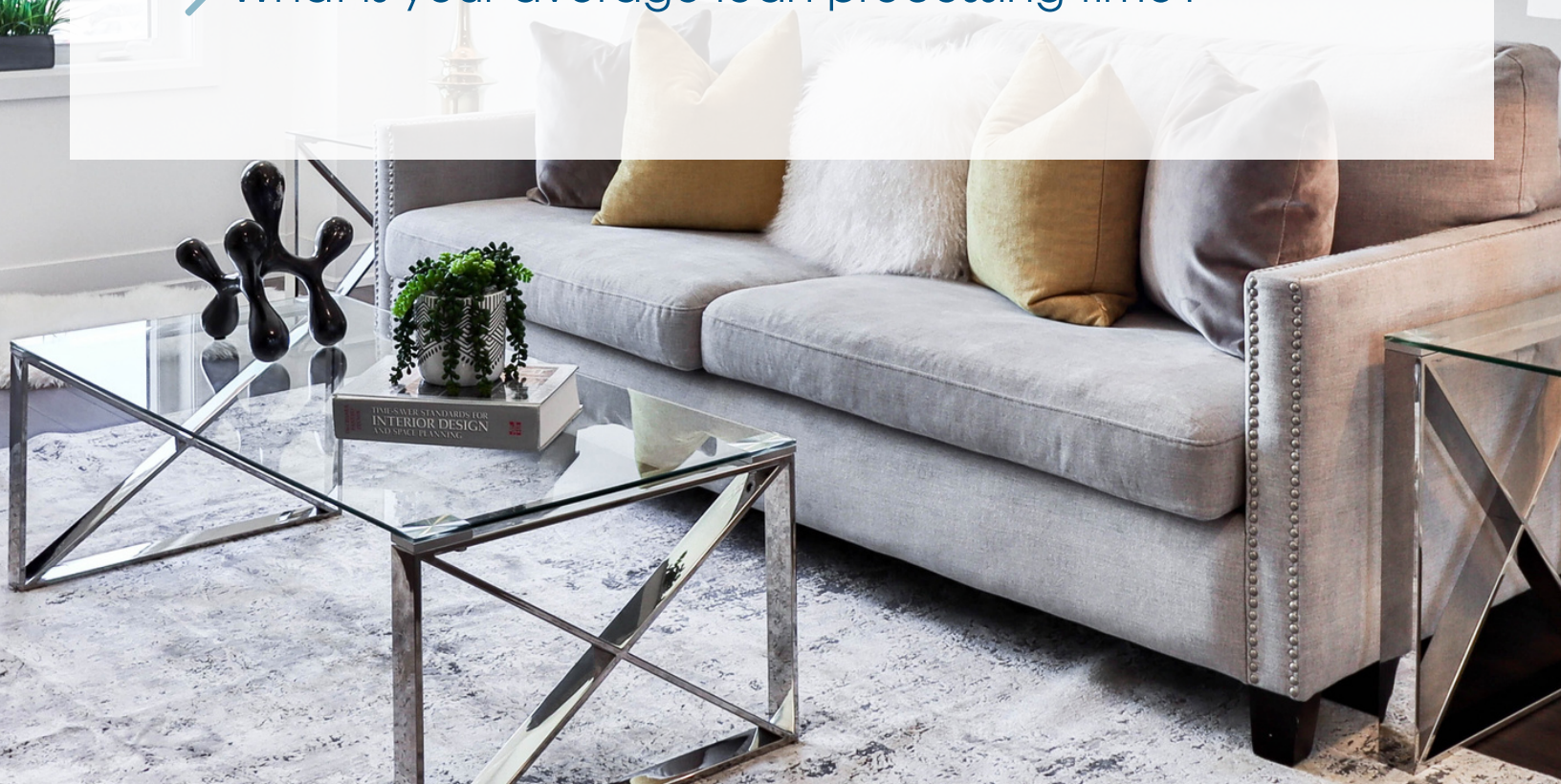
| TYPE OF LOAN | DOWN PAYMENT | TERMS       | MORTGAGE INSURANCE               | MINIMUM CREDIT SCORE |
|--------------|--------------|-------------|----------------------------------|----------------------|
| CONVENTIONAL | 3 - 20%      | 15-30 Years | On down payments under 20%       | 620                  |
| FHA          | 3.5 - 20%    | 15-30 Years | For 11 years or life of the loan | 500                  |
| VA           | None         | 15-30 Years | None                             | 640                  |
| USDA         | None         | 15-30 Years | None                             | 640                  |



# QUESTIONS TO ASK WHEN CHOOSING A LENDER

Interviewing lenders is an important step in determining what type of home loan is best for you. Not all lenders are the same, and the type of loans available, interest rates, and fees can vary. Here are some questions to consider when interviewing lenders:

- Which types of home loans do you offer?
- What will my interest and annual percentage rates be?
- Do I qualify for any special programs or discounts?
- What estimated closing costs can I expect to pay?
- What is your average loan processing time?





# LENDER INTERVIEW QUESTIONS

BANK: \_\_\_\_\_ LOAN OFFICER: \_\_\_\_\_

PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

HOW DID YOU HEAR ABOUT LENDER? ☐ HOUSING COUNSELOR ☐ REALTOR ☐ BUILDER  
☐ FAMILY/FRIEND ☐ INTERNET ☐ OTHER: \_\_\_\_\_

HOW MUCH EXPERIENCE DO YOU HAVE WITH NEW CONSTRUCTION LOANS?

APPROX # OF YEARS: \_\_\_\_\_ APPROX # OF NEW CONSTRUCTION LOANS: \_\_\_\_\_

WHICH NEW CONSTRUCTION LOANS DOES YOUR COMPANY OFFER?

☐ CONSTRUCTION-TO-PERMANENT ☐ CONSTRUCTION-ONLY ☐ BRIDGE

WHICH TYPE OF NEW CONSTRUCTION LOANS COULD I QUALIFY?

☐ CONVENTIONAL ☐ FHA ☐ VA ☐ USDA ☐ OTHER: \_\_\_\_\_

HOW MUCH MONEY WILL I NEED FOR DOWN PAYMENT & CLOSING COSTS?

$\$$  \_\_\_\_\_  $+$   $\$$  \_\_\_\_\_  $=$   $\$$  \_\_\_\_\_  
DOWN PAYMENT CLOSING COSTS, PRE-PAYS & RESERVES TOTAL

HOW WILL YOU COMMUNICATE WITH ME?

☐ ONLINE PORTAL/APP ☐ PHONE ☐ TEXT ☐ EMAIL

DO YOU HAVE OR KNOW OF ANY SPECIAL PROGRAMS I QUALIFY FOR?

WHAT HAPPENS IF THE INTEREST RATE GOES UP BEFORE MY HOME IS BUILT?

WILL YOU PROVIDE A COMPARISON OF LOAN OPTIONS THAT INCLUDES TERMS, RATES, MORTGAGE INSURANCE, DOWN PAYMENT, LOAN COSTS, & PAYMENTS?

☐ YES ☐ NO

# COMPARE LENDERS

GET A MINIMUM OF 3 LOAN ESTIMATES  
USE THIS WORKSHEET TO COMPARE THE LOAN OFFERS

|  | OPTION #1   | OPTION #2   | OPTION #3   |
|--|---|---|---|
| LENDER NAME  |   |   |   |
| LOAN AMOUNT  | \$  | \$  | \$  |
| LOAN TYPE  |   |   |   |
| INTEREST RATE  | %   | %   | %   |
| FIXED OR ADJUSTABLE RATE?                              | <input type="checkbox"/> FIXED<br><input type="checkbox"/> ADJUSTABLE | <input type="checkbox"/> FIXED<br><input type="checkbox"/> ADJUSTABLE | <input type="checkbox"/> FIXED<br><input type="checkbox"/> ADJUSTABLE |
| DOWN PAYMENT AMOUNT                                    | \$  | \$  | \$  |
| REQUIRED % DOWN  | %   | %   | %   |
| LOAN TERM IN YEARS                                     | YEARS   | YEARS   | YEARS   |
| PRINCIPAL & INTEREST AMOUNT                            | \$  | \$  | \$  |
| MORTGAGE INSURANCE PREMIUM                             | \$  | \$  | \$  |
| LOAN COSTS<br>(SECTION D, PAGE 2 OF THE LOAN ESTIMATE) | \$  | \$  | \$  |
| MY BEST LOAN OPTION IS:                                |   |   |   |



# THE MORTGAGE PROCESS

## COMPLETE APPLICATION

Complete loan application.  
You should receive Loan Disclosure within 3 days.



STEP 1



STEP 2

## VERIFICATIONS

Loan officer will review documents for borrower & property and verify credit and income.



STEP 3

## APPRAISAL ORDERED

The lender will order an appraisal to determine the value of the property.



STEP 4

## UNDERWRITER REVIEW

Underwriters reviews credit history, capacity to repay, and collateral (property appraisal).



STEP 5

## LOAN APPROVAL

It is common for underwriters to first issue a loan approval with conditions.



STEP 6

## CLEAR TO CLOSE

Underwriter approves loan once all loan conditions have been met, closing is scheduled.



STEP 7

## CLOSE THE LOAN

You should receive the Closing Disclosure 3 days before signing closing documents.



STEP 8

## FUND THE LOAN

The mortgage & deed are recorded and the funds are disbursed.



# HOME LOAN APPLICATION DOCUMENTS CHECKLIST

To determine loan eligibility, lenders typically require the following types of documents from each applicant:

## INCOME:

- ☐ Federal tax returns: last 2 years
- ☐ W-2s: last 2 years
- ☐ Pay stubs: last 2 months
- ☐ Any additional income documentation: pension, retirement, child support, Social Security/disability income award letters, etc.

## ASSETS:

- ☐ Bank statements: 2 most recent checking and savings statements
- ☐ 401(k) or retirement account statement and summary
- ☐ Other assets: statements and summaries of IRAs, stocks, bonds, etc.

## OTHER:

- ☐ Copy of driver's license or government ID and Social Security card
- ☐ Addresses for the past 2-5 years and landlord's contact info if applicable
- ☐ Student loan statements: showing current and future payment amounts
- ☐ Documents relating to any of the following, if applicable: divorce, bankruptcy, collections, judgements or pending lawsuits



# FINDING YOUR DREAM HOME

Create a list of what you want in your new home. Include must haves as well as details you would like to have but aren't deal breakers.





# HOUSE HUNTING TIPS



## INVESTIGATE THE AREA

Drive around neighborhoods that interest you to get a feel of the area, how the homes are cared for, what traffic is like, etc.



## ASK AROUND

Talk to family, friends and co-workers to see if anyone might know of a house for sale in an area you're interested in. One of them may even know of someone that's thinking about selling but hasn't put the house on the market yet.



## KEEP AN OPEN MIND

Finding your dream home isn't always an easy task! Have a priorities list but keep an open mind when viewing houses.



## TAKE PICTURES & NOTES

When you visit multiple houses it gets difficult to remember specific details about each one. Take photos and notes while touring houses so that you can reference them later when comparing the properties that you've seen.



## BE READY TO MAKE AN OFFER

When you find a home you want to buy, keep in mind there may be others interested in it as well. Be ready to make a solid offer quickly in order to have the best chance at getting that home.



# HOUSE WANTS & NEEDS LIST

Determine the features you are looking for in your ideal home and prioritize which items are most important to you. No house is perfect, but this will help us find the best match for you.

## TYPE OF HOME:

- ☐ Single Family Home    ☐ Townhouse    ☐ Condo

## CONDITION OF HOME:

- ☐ Move-In Ready    ☐ Some Work Needed is OK    ☐ Fixer Upper

## DESIRED FEATURES:

(Circle)

\_\_\_ Bedrooms    \_\_\_ Bathrooms    \_\_\_ Car Garage    Small or Large Yard

Ideal Square Footage: \_\_\_\_\_

Desired Location/Neighborhood/School District: \_\_\_\_\_

## MUST HAVE

---

---

---

---

---

---

---

---

---

---

## WOULD LIKE TO HAVE

---

---

---

---

---

---

---

---

---

---

# LOVE IT OR CHANGE IT

Think about each room of your current home and previous homes and write down things that you like and the things you would change if you could. It doesn't matter if you're living in a house, apartment or somewhere else, this activity will help you make a list of things that you want or need in a home.

## LOVE IT

---

---

---

---

---

---

---

---

---

---

---

## CHANGE IT

---

---

---

---

---

---

---

---

---

---

---



# MAKING AN OFFER

When we have found a home that you're interested in buying, we will quickly and strategically place an offer. There are several factors to consider that can make your offer more enticing than other offers:

## PUT IN A COMPETITIVE OFFER

We will decide on a reasonable offer price based on:

- Current market conditions
- Comparable properties recently sold in the area
- The property value of the house
- The current condition of the house

## DO NOT WAIVE HOME INSPECTIONS

Our agents will never recommend that you waive a home inspection to have a winning offer. The biggest risk with waiving a home inspection is that you may buy a home with hidden costly problems.

## UNDERSTAND ESCALATION CLAUSES

An escalation clause is an addendum to your offer where you agree to pay an amount higher than the highest bid up to your maximum amount. Here is an example:

You make an offer of \$100,000 with an escalation clause stating you are willing to pay \$1,000 more than the highest offer up to \$130,000. If you submitted this escalation clause and the highest offer was \$125,000, your offer would be escalated to \$126,000.

Escalation clauses can help you win a bid and can help you from overbidding. In the example above, if you were willing to pay \$130,000 for the property, you may have paid \$4,000 more than you needed to.



# NEGOTIATIONS

A seller can accept or decline your offer, or come back with a counter offer. If they send you a counter offer, be prepared to negotiate to come up with reasonable terms for both parties. This process can go back and forth until an agreement is made.



# UNDER CONTRACT & IN ESCROW

Once you and the seller have agreed on terms, a sales agreement is signed and the house is officially under contract and in escrow. Here are the steps that follow:

## PUT YOUR DEPOSIT INTO AN ESCROW ACCOUNT

Your earnest money deposit will be put into an escrow account that is managed by a neutral third party (typically a title company or bank) who holds the money for the duration of the escrow period. They will manage all the funds and documents required for closing, and your deposit will go towards your down payment which is paid at closing.

## SCHEDULE A HOME INSPECTION

Home inspections are optional but highly recommended to make sure that the home is in the condition that it appears. Inspections are typically completed within 10-14 days after signing the sales agreement.

## RENEGOTIATE IF NECESSARY

The home inspection will tell you if there are any dangerous or costly defects in the home that need to be addressed. You can then choose to either back out of the deal completely, ask for the seller to make repairs, or negotiate a lower price and handle the repairs yourself.

## COMPLETE YOUR MORTGAGE APPLICATION

Once you've come to an agreement on the final offer, it's time to finalize your loan application and lock in your interest rate if you haven't done so already. You may need to provide additional documentation to your lender upon request.

## ORDER AN APPRAISAL

An appraisal will be required by your lender to confirm that the home is indeed worth the loan amount. The appraisal takes into account factors such as similar property values, the home's age, location, size and condition to determine the current value of the property.



# WHAT NOT TO DO DURING THE HOME BUYING PROCESS

It's extremely important not do any of the following until after the home buying process is complete:

- ❌ Buy or Lease a Car
- ❌ Change Jobs
- ❌ Miss a Bill Payment
- ❌ Open a Line of Credit
- ❌ Move Money Around
- ❌ Make a Major Purchase



Any of these types of changes could jeopardize your loan approval. It's standard procedure for lenders to also do a final credit check before closing.



# FINAL STEPS BEFORE CLOSING

## Insurance Requirements

Most lenders require both homeowner's insurance and title insurance. See following pages for more detailed information on each of these.

## Closing Disclosure

At least 3 days before closing, lenders are required to provide you with a Closing Disclosure with your final loan terms and closing costs for you to review. Closing costs for the buyer typically range from 2-5% of the purchase price, which can include lender fees, lender's title insurance, and HOA dues if applicable.

## Final Walk through

Within 24 hours of closing we will do a final walk through of the home before signing the final paperwork. This last step is to verify that no damage has been done to the property since the inspection, that any agreed upon repairs have been completed, and that nothing from the purchase agreement has been removed from the home.

## Next Step: Closing!

# HOMEOWNERS INSURANCE

## WHY DO YOU NEED HOMEOWNERS INSURANCE?

Homeowners insurance protects your home and possessions against damage or theft and is required by lenders before finalizing your loan. Policies vary and are completely customizable, so it's recommended to get quotes from multiple companies to compare price, coverage and limits.

## WHAT DOES THIS INSURANCE COVER?

Homeowners insurance typically covers destruction and damage to the interior and exterior of a home due to things like fire, hurricanes, lightning, or vandalism. It also covers loss or theft of possessions, and personal liability for harm to others.

## WHAT DOESN'T IT COVER?

Most policies do not cover flood or earthquake damage, and you may need to purchase an additional policy for this type of coverage.

## WHAT ARE POLICY RATES BASED ON?

Rates are mostly determined by the insurer's risk that you will file a claim. The risk is based on your personal history of claims, frequency and severity of claims, past history of claims on the home, neighborhood statistics and the home's condition.

## HOW CAN YOU QUALIFY FOR DISCOUNTS?

Many insurance companies offer discounts to seniors, and also to customers who have multiple policies with them, such as auto or health insurance. Having a security system, smoke alarms and carbon monoxide detectors can also lower annual premium rates. When getting quotes, be sure to ask each company about their discounts and cost savings options.



# TITLE INSURANCE

## WHAT IS TITLE INSURANCE?

Title insurance protects the lender and/or homeowner from financial loss against claims regarding the legal ownership of a home.

## HOW DOES TITLE INSURANCE COVERAGE WORK?

There are two types of title insurance: one for lenders and another for homeowners. Lender's title insurance is required by lenders but it does not cover you. A separate homeowners policy is needed to protect yourself from a claim on your home, and from being held financially responsible for possible unpaid property taxes from previous owners.

## IS A TITLE SEARCH SUFFICIENT?

While most lenders require a title search, the title insurance ensures that if anything is missed during the search, those insured will be protected if any legal issues arise.

## HOW MUCH DOES TITLE INSURANCE COST?

Title insurance is a one-time fee that is paid at closing, which costs between \$500-\$3,500 depending on the state, insurance provider and the purchase price of the home. There are typically separate policies for the lender, buyer and seller. At times, title companies will offer a discount for bundling policies.



# CLEARED TO CLOSE

Closing is the final step of the buying process. On the day of closing, both parties sign documents, funds are dispersed, and property ownership is formally transferred from the seller to the buyer.



# CLOSING CHECKLIST

## CLOSING COSTS TO PREPARE FOR:

- ☐ Down payment
- ☐ Fee for loan application/origination
- ☐ Closing costs
- ☐ Title search and insurance
- ☐ Taxes
- ☐ Lender costs
- ☐ Other upfront costs

## PREPARING FOR CLOSING:

- ☐ Finalize outstanding paperwork for your mortgage
- ☐ Make sure you have the appropriate funds for closing
- ☐ Purchase homeowners insurance
- ☐ Do not open any new credit cards or loans before closing
- ☐ Schedule final walk-through a few days before closing
- ☐ Call utility companies
- ☐ Review your closing disclosure and documents prior to closing
- ☐ Schedule closing

# CLOSING DOCUMENTS

## DOCUMENTS YOU WILL SIGN AT CLOSING:

There are a lot of documents to sign at closing. Some of the common ones include:

- ☐ Closing disclosure: a five-page form that describes in detail the critical aspects of your mortgage loan, including purchase price, loan fees, interest rate, estimated real estate taxes and insurance, closing costs and other expenses.
- ☐ Loan application: should be reviewed for accuracy before signing.
- ☐ Mortgage note (or promissory note): the written promise to pay a specified amount under the agreed upon conditions.
- ☐ Mortgage: the legal document that uses the house you're buying as collateral, which means if you default on mortgage payments, the lender can foreclose on the house.
- ☐ Title: a legal way of stating that you own something and have the right to use that property. It may be a partial interest until the loan is paid in full.
- ☐ Deed: shows the transfer of property ownership from the seller to you.
- ☐ Affidavits: legally binding documents that you sign to indicate that all the information you're providing is accurate.
- ☐ Initial escrow disclosure: A document required by federal law (if you are creating an escrow account) that accounts for financial obligations that extend beyond the loan itself.
- ☐ Transfer tax declaration: applies to property transfer taxes. A statewide mandatory tax of \$1 per \$1,000 dollars of the value of property sold or transferred applies in all 88 of Ohio's counties. In addition, counties may also impose a permissive real property transfer tax of up to an additional \$3 per \$1,000.
- ☐ Certificate of occupancy (if newly constructed home): Indicates that the house is in compliance with building codes and it is suitable for occupancy.



# CLOSING DAY

## Congratulations! You made it to Closing!

On the day of closing you'll be going and signing the final paperwork, and submitting a cashier's check (or previously arranged wire transfer) to pay the remaining down payment and closing costs.

### ITEMS TO BRING TO CLOSING:

- ✓ Government Issued Photo ID
- ✓ Homeowner's Insurance Certificate
- ✓ Certified Funds or Cashier's Check
- ✓ Final Purchase Agreement

*Enjoy your new home!*



# WHAT OUR CLIENTS ARE SAYING

“

An aspect that helped us to find the house of our dreams was to be quite clear about what we wanted, and our Realtor, being realistic, knowing what we could or could not negotiate. Our team helped us find success in obtaining the house of our dreams in the middle of the pandemic in 2020!

- Aldo & Vilmarie



”



“

Sonya took her time to understand our home interests and personal story, and was a calming influence as we searched for a home during a volatile time with houses being sold sight unseen. I highly recommend taking the Home Buyer Education classes, and continuing your relationship with Realty Reimagined throughout the buying process because they will have your back.

- Edwin & Sina



”

“

We love our new home! It was a dream that seemed too far out of reach, but we kept pushing forward. We could not have fulfilled our dream without the help of our Realtor, Sonya. We didn't let a global pandemic keep us from reaching our goals and making a better life for our family!

- David & Sharon



”





# HOMEOWNERSHIP RESOURCE CENTER

## FREE HOMEOWNERSHIP WORKSHOPS & COUNSELING



**HOME BUYER  
EDUCATION**



**NEW CONSTRUCTION  
EDUCATION**



**POST PURCHASE  
EDUCATION**



**HOME SELLER  
EDUCATION**

## HUD-CERTIFIED HOUSING COUNSELING SERVICES:

### PRE-PURCHASE

Pre-purchase counseling prepares home buyers. Counselor assists clients with setting goals, budgeting, determining affordability, applying for down payment assistance, qualifying for a mortgage, and avoiding home buying pitfalls.

### POST-PURCHASE

Post-purchase counseling empowers new and existing homeowners with the tools and knowledge needed to prepare for regular maintenance, financial emergencies, and home repairs. Counseling can also prepare homeowners to sell their homes.

### TRANSITION

Transition or rental helps individuals who need assistance preparing to rent a property or to transition from homeownership to other types of housing. Counselors will work with our real estate agents to find appropriate housing.

**Elizabeth Sanchez**  
Homeownership Manager | HUD Counselor

 **216.244.4858**  
 **ESanchez@realtyreimagined.org**

**Realty Reimagined partners with El Centro, a HUD-approved, non-profit housing counseling agency.**

# GLOSSARY OF TERMS



## Addendum

A document that is added to a real estate contract or purchase agreement.

## Adjustable-Rate Mortgage (ARM)

A mortgage loan with an interest rate that can change throughout the life of the loan.

## Agent

A real estate professional that is licensed to represent buyers and sellers in real estate transactions. An agent cannot operate independently, they must work under a licensed broker.

## Amortization

The process of gradually reducing mortgage loan debt over time by establishing scheduled monthly payments. The interest payment of an amortized loan will decrease as time goes on, while the principal payment will increase.

## Appraisal

An approximation of a home's current value based on a range of factors such as the price of similar properties in the area.

## Appreciation

The increase in a property's value over time.

## Assessed Value

The value of a property used for tax purposes.



# GLOSSARY OF TERMS



## Bridge Loan

A short-term loan used to bridge the gap between buying a home and selling your previous one. Sometimes you want to buy before you sell, meaning you do not have the profit from the sale to apply to your new home's down payment.

## Broker

A real estate broker is qualified to represent a seller or buyer. He or she can choose to work independently of a firm, real estate agents must work with licensed brokers.

## Buyer's Agent

A real estate agent or broker that operates on behalf of a client buyer to help them find and purchase a property.



## Closing

The final step of a real estate transaction when legal documents are signed, and the property is transferred from the seller to the buyer.

## Closing Costs

The costs and fees that come along with the purchase of a property.

## Clouded Title

An irregularity, claim, or encumbrance which, if valid, would affect or impair the title.

## Commission

The fee that a real estate agent makes at closing, usually a percentage of the sale price.

# GLOSSARY OF TERMS



(continued)

## Comparable (Comp)

A term that refers to the prices of recently sold properties that are used to determine market value of other similar properties. An agent will refer to these “comps” when trying to figure out what their property is worth.

## Comparative Market Analysis (CMA)

Process used to determine the value of a home based on the sale prices of similar properties in the area.

## Contingency

A condition that must be met in order for a real estate contract to be finalized.

## Construction Loan

This is a short-term loan that covers the cost of building a property.

## Contract

A written and legally binding agreement between a buyer and seller outlining the details of a real estate transaction.

## Conventional Mortgage

Ideal for borrowers with strong credit, this type of loan is not backed by a government agency like the Federal Housing Administration (FHA).



# GLOSSARY OF TERMS



## Debt-to-Income Ratio (DTI)

It is the total of all monthly debt payments divided by monthly gross income. It is used to determine affordability and for loan approval.

## Deed

The deed refers to the legal document that transfers ownership of a property from a seller to a buyer.

## Deed-in-Lieu of Foreclosure

A document transferring the title of a property from a homeowner to the bank that holds the mortgage. .

## Default

When a homeowner fails to make several mortgage payments on time, according to the terms of the loan contract.

## Discount Points

Fees homebuyers pay directly to the lender at the time of closing in to buy down the interest rate which can lower monthly mortgage payments. One point is equal to one percentage of the loan amount.

## Down Payment

The down payment is the amount of money a buyer must contribute to the purchase of a property at closing. This can typically range from 5 - 20% of the home's cost.

## Dual Agent

A situation when one real estate agent represents the buyer and seller in a transaction.

# GLOSSARY OF TERMS



## Earnest Money

Money paid by the buyer to indicate that they are serious about purchasing the property. Sometimes referred to as good faith deposit.

## Egress

The right to a path or right-of-way over that a person may leave or go away from his own real estate.

## Eminent Domain

The right of eminent domain gives the government the ability to use private property for public purposes. It is only exercisable when and if the government fairly compensates the owner of the property.

## Encroachment

The extension of a structure from the real estate to which it belongs across a boundary line and onto adjoining property.

## Encumbrance

A claim, right or lien upon the title to real estate, held by someone other than the real estate owner.

## Equity

This is calculated by taking the difference between the amount owed to a lender and the market value of a property.

## Escrow

During the home buying process, your money will be placed "in escrow" and is protected by a third party until the real estate transaction is closed.



# GLOSSARY OF TERMS



## Fair Credit Reporting Act

This federal law determines how a consumer's credit information can be used.

## Fair Market Value

The amount a property would sell for in a competitive market, or when a seller and buyer can agree on the price of a property.

## FHA Mortgage

A Federal Housing Administration mortgage loan is backed by the government and is typically reserved for buyers with a low credit score or significant amount of debt.

## Fixed-Rate Mortgage

This mortgage has the same interest rate for the term of the loan.

## For Sale by Owner (FSBO)

This refers to a homeowner putting their property up for sale without assistance from a real estate agent or broker.

## Foreclosure

A property goes into foreclosure when the homeowner misses mortgage payments, and the lender tries to recover the balance of a loan.



## Good Faith Estimate

A required statement from the lender that shows all the expected closing costs.

# GLOSSARY OF TERMS



## Home Equity Line of Credit (HELOC)

A second mortgage that borrows money against their home's equity.

## Home Equity Conversion Mortgage (HECM)

An FHA reverse mortgage program enabling homeowners to withdraw equity on their home through either a fixed monthly payment, a line of credit, or a combination of the two.

## Home Inspection

A home inspection involves the evaluation of a property's condition, including electrical work, sewage, and plumbing before the closing.

## Homeowner's Association

When a group of homeowners in a community, such as a condominium, join in paying fees that cover the maintenance of the entire property.

## Homeowner's Insurance

Protection covering property repairs or replacement if necessary.



## Ingress

The place of entry such as a right-of-way across adjoining land.

## Interest

The amount of money charged on a loan.

## Intestate

Dying without a legal will.



# GLOSSARY OF TERMS



## Joint Tenancy

Joint ownership by two or more persons with right of survivorship. Upon the death of a joint tenant, his interest does not go to his heirs, but to the remaining joint tenants.



## Lender

A lender is a financial institution or person that loans money to another party for the purpose of purchasing real estate.

## Lien

A lien is a form of security interest granted over an item of property to secure the payment of a debt or performance of some other obligation.

## Listing

A property that is for sale.

## Listing Agent

A real estate agent who represents the seller in a transaction.

## Listing Agreement

A legally binding agreement between a real estate broker and an owner of real property granting the broker the authority to act as the owner's agent in the sale of the property.

# GLOSSARY OF TERMS



## Mortgage

A mortgage is a loan that is used to purchase a home or other form of real estate.

## Mortgage Banker

A mortgage banker provides mortgage loans.

## Mortgage Broker

A mortgage broker acts as the agent between mortgage borrowers and potential lenders.

## Mortgage Insurance

Mortgage insurance is paid by a borrower who pays less than 20% down payment on their loan. It is paid by borrower but is used to protect the lender from losses in the event of a default on the loan.



## Negative Amortization

When interest on a mortgage loan has not been paid to the lender, it is added to the loan balance.

## Note

A written instrument acknowledging a debt and promising payment.



# GLOSSARY OF TERMS



## Original Principal Balance

This is the amount of the mortgage loan before interest is taken into account.



## Pre-Approval

The pre-approval process involves a potential lender or bank reviewing an individual's finances, including their income, assets, and credit history, to determine how much money can likely be borrowed.

## Prime Interest Rate

Banks offer customers who have proven to be creditworthy their best, or prime, interest rate.

## Principal

The principal is the amount of money you borrowed from a lender, excluding the interest.



## Right of Refusal

A lease or contract might include "right of first refusal" to note that an individual has the right to put an offer on a property before it is listed on the market by a seller.

# GLOSSARY OF TERMS



## Second Mortgage

Also known as a junior lien, a second mortgage is an additional loan taken on the same property.

## Servicer

A servicer is a company that manages mortgage loans, they collect payments, monitor accounts, interface with the customers.



## Time is of the Essence

Within a real estate contract, a “time is of the essence” clause creates a specified timeframe for the party to meet its obligations.

## Title

This legal document states who has owned a property in the past and notes any liens associated with it.

## Transfer Tax

A tax that is charged by a state, county, or city when ownership of a property is transferred.



# GLOSSARY OF TERMS



## Under Contract

This refers to a prospective buyer and seller reaching an agreement on a property. At this early stage, both parties are in alignment with the terms of the deal, including the property's price and closing date.

## Underwriter

The person in the lending institution whose job it is to review loan documentation and evaluate the borrower's ability and willingness to repay the loan.

## Undisclosed Dual Agency

An illegal situation that arises when a real estate broker represents both parties but does not inform one or more of the parties.



## Variable Interest Rate

A fluctuating interest rate that can go up or down depending on the going market rate.

## Voluntary Lien

A consensual lien by the owner such as a mortgage, as opposed to involuntary liens (taxes).

# GLOSSARY OF TERMS



## Waive

To relinquish, or abandon. To forego a right to enforce or require anything.

## Walk-Through

A final inspection of the property before closing to see that all agreed to repairs have been completed and that the property is in the condition the buyer expects.

## Wrap-Around Mortgage

A second mortgage, which is subordinate to but includes the face value of the first mortgage.



## Zoning Ordinances

The acts of an authorized local government establishing building codes and setting forth regulations for property land usage.



# Thank You

for trusting us with your real estate needs.

## REALTY REIMAGINED

*Real Estate for Social Good*



216.302.4468



812 Huron Rd. E., Suite 800  
Cleveland, OH 44115



[sales@realtyreimagined.org](mailto:sales@realtyreimagined.org)



[realtyreimagined.org](http://realtyreimagined.org)

