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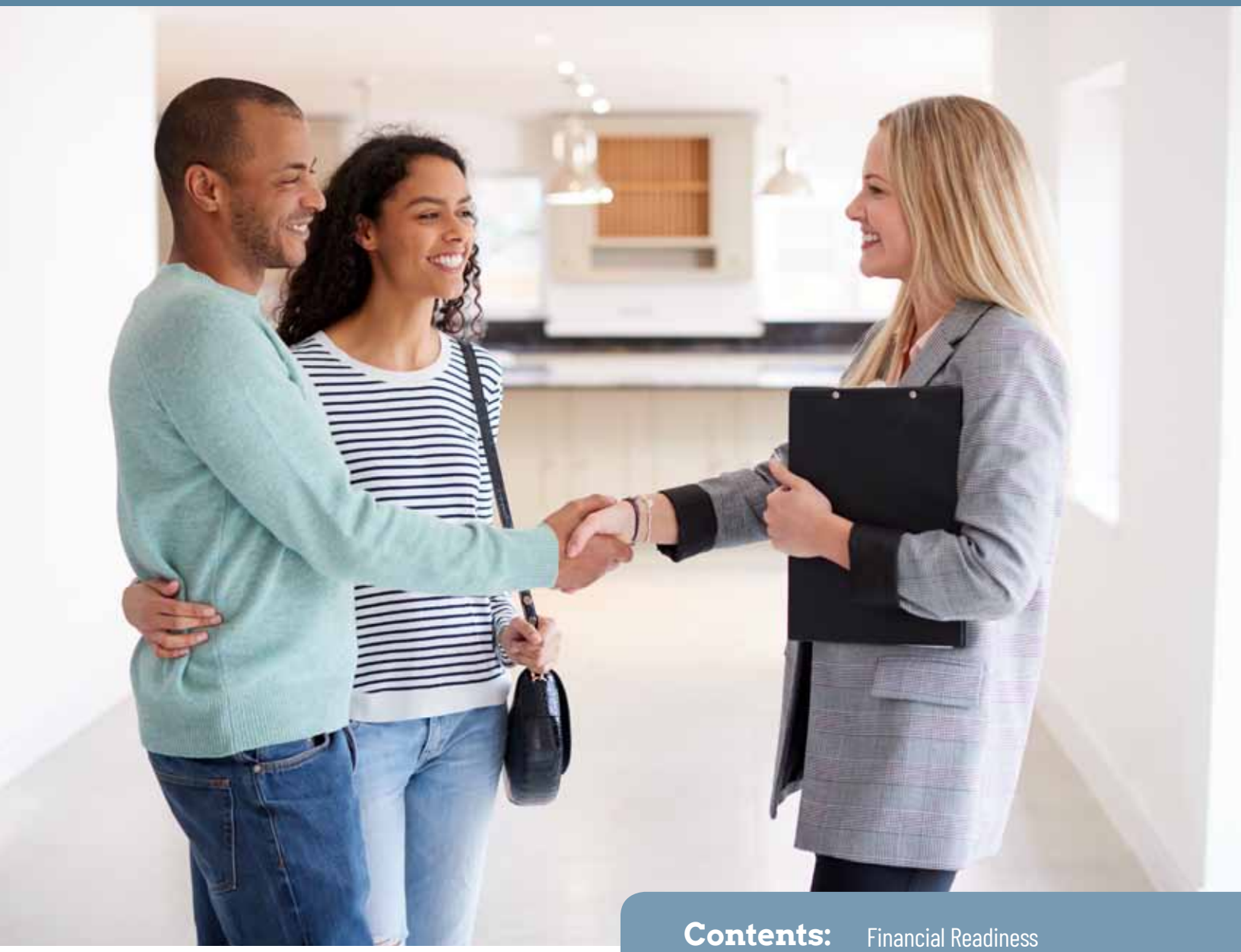
Homebuyer Toolkit



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Financial Readiness

Buying your first home can be daunting, but with education and planning, you can feel confident you're making a good decision. This guidance can help you to prepare your finances as you begin your search for your next home—of start the process of becoming a first-time homeowner. Making sure that you're mortgage-ready – that your credit and savings are sufficient – is crucial.

1 CHECK YOUR CREDIT REPORT

Make sure it's accurate and correct any errors immediately. You can get a free credit report from each of the major reporting bureaus annually at **www.annualcreditreport.com**. If your credit needs work, reach out to a nonprofit consumer credit counseling agency for free help.

2 START SAVING

You will need to save cash for down payment, closing costs, and pre-paid expenses, such as appraisal and inspections. While it's a myth that you need 20% down to buy a home, keep in mind that the larger the down payment, the better your interest rate is likely to be, and you could avoid paying private mortgage insurance.

3 REDUCE DEBT

Having less debt will improve both your credit score and your debt-to-income ratio, which mortgage lenders use to evaluate your ability to pay.

TIP: don't pay off collections or close out paid off credit cards account without talking to a lender first—it could lower your credit score.

4 TALK TO A LENDER

A mortgage professional will help you determine what kind of loan is best for you, and how much house you can afford. They will walk you through the pre-approval process, which will include looking at paystubs, bank statements, and tax returns.

TIP: ALWAYS get pre-approved before looking at homes. It will put you in the best position to make an offer quickly should you need to.

5 SEEK DOWN PAYMENT ASSISTANCE

There are a wide variety of programs available to help first-time buyers with down payment and closings costs. Check with state and local government agencies, such as the Maryland Mortgage Program.

TIP: If you have served in the military or currently work as a police officer, firefighter, EMT, or teacher, you may be eligible for special incentives. Some employers offer financial assistance as well.

Financial Readiness

What to know
About Credit Scores

Credit scores range between 200 and 850, with scores above 620 considered desirable for obtaining a mortgage. The following factors affect your score:

Your payment history.
Did you pay your credit card bills on time? Bankruptcy filing, liens, and collection activity also affect your history.

How much you owe and where.
If you owe a great deal of money on numerous accounts, it can indicate that you are overextended. However, spreading debt among several accounts can help you avoid approaching the maximum on any individual credit line.

The length of your credit history.
In general, the longer an account has been open, the better.

How much new credit you have.
New credit—whether in the form of installment plans or new credit cards—is considered more risky, even if you pay down the debt promptly.

The types of credit you use.
Generally, it's desirable to have more than one type of credit—such as installment loans, credit cards, and a mortgage.

How to
Improve Your Credit

Credit scores play a big role in determining whether you'll qualify for a loan and what your loan terms will be. So, keep your credit score high by doing the following:

Check for errors in your credit report.
Thanks to an act of Congress, you can download one free credit report each year at annualcreditreport.com. If you find any errors, correct them immediately.

Pay down credit card bills.
If possible, pay off the entire balance every month. Transferring credit card debt from one card to another could lower your score.

Don't charge your credit cards to the max.
Pay down as much as you can every month.

Wait 12 months after credit difficulties to apply for a mortgage.
You're penalized less severely for problems after a year.

Don't order items for your new home on credit.
Wait until after your home loan is approved to charge appliances and furniture, as that will add to your debt.

Don't open new credit card accounts.
If you're applying for a mortgage, having too much available credit can lower your score.

Shop for mortgage rates all at once.
Having too many credit applications can lower your score. However, multiple inquiries about your credit score from the same type of lender are counted as one if submitted over a short period of time.

Avoid finance companies.
Even if you pay off their loan on time, the interest is high and it may be considered a sign of poor credit management.

Checklist

Your Mortgage Application

Every lender requires documents as part of the process of approving a mortgage loan. Here are documents you're generally required to provide.

- [ ] **W-2s and tax returns** — or business tax returns if you're self-employed — for the last two or three years for every person signing the loan.
- [ ] **30 days' worth of pay stubs** for each person signing the loan.
- [ ] **Two to four months of bank or credit union statements** for both checking and savings accounts.
- [ ] **Addresses** where you've lived for the last two to three years, with names of landlords if appropriate.
- [ ] **Brokerage account statements** for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks or bonds not held in a brokerage account.
- [ ] **Your most recent 401(k)** or other retirement account statement.
- [ ] **Documentation to verify additional income**, such as child support or a pension.
- [ ] **Copies of driver's license and social security card** for all borrowers.

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Use a REALTOR®

A REALTOR® isn't just a real estate agent. They're professional members of the National Association of REALTORS® and abide by its strict code of ethics. Not all real estate agents are REALTORS® - make sure you work with one who is. Here are just a few reasons why you should use a REALTOR® to help you with this important decision.

1 ETHICAL TREATMENT

Every REALTOR® must adhere to a strict code of ethics, which is based on professionalism and protection of the public. As a REALTOR®'s client, you can expect honest and ethical treatment. A REALTOR®'s first obligation is to you, the client.

2 EXPERT GUIDANCE

Buying a home usually requires dozens of forms, reports, disclosures, and other technical documents. A knowledgeable expert will help you prepare the best deal and avoid delays or costly mistakes.

3 OBJECTIVE INFORMATION

REALTORS® can provide resources for you to research local information on utilities, zoning, schools, and more. They also have objective information about each property. REALTORS® can use that data to help you determine if the property has what you need.

4 EXPANDED SEARCH POWER

Sometimes properties are available but not actively advertised, or are "coming soon" and not yet searchable online. A REALTOR® can help you find opportunities not listed on home search sites and avoid out-of-date listings that might be showing up as available online but are no longer on the market.

5 NEGOTIATION EXPERTISE

There are many factors up for discussion in a deal. A REALTOR® will look at every angle from your perspective, including drafting a purchase agreement that allows enough time for you to complete inspections of the property before you are bound to complete the purchase.

6 UP-TO-DATE EXPERIENCE

Most people buy only a few homes in their lifetime, usually with quite a few years in between each purchase. Even if you've done it before, laws and regulations change. Many REALTORS® handle hundreds of transactions over the course of their career. Also, REALTORS® must complete continuing education each year to maintain their license.

7 CONNECTIONS

REALTORS® make it their mission to know just about everyone who can possibly help in the process of buying or selling a home. Mortgage lenders, title companies, home inspectors, home improvement contractors—the list goes on—and they're all in your REALTOR'S® network.

8 YOUR ROCK DURING EMOTIONAL MOMENTS

A home is so much more than four walls and a roof. And for most people, property represents the biggest purchase they'll ever make. Having a concerned, objective third party helps you stay focused on the issues most important to you.

Questions to Ask When Choosing a REALTOR®

How long have you been in residential real estate? Is it your full-time job?
Like most professions, experience is no guarantee of skill. But much of real estate is learned on the job.

Do you have any designations or certifications?
Real estate professionals have to take additional specialized training in order to obtain these distinctions. Designations and certifications help define the special skills that an agent can apply to your particular real estate needs. One designation buyers should look for is the ABR®, or Accredited Buyer's Representative.

What's your business philosophy?
While there's no right answer to this question, the response will help you assess what's important to the agent and determine how closely the agent's goals and business emphasis mesh with your own.

How many buyers did you and your real estate brokerage represent last year?
This will tell you how much experience they have and how up-to-date they are on the local market.

What's the average variation between your initial offers and final sales price?
This is one indication of a REALTOR®'s pricing and negotiating skills.

Will you represent me exclusively, or might you choose to represent the seller as well?
While it's usually legal to represent both parties in a transaction, your REALTOR® should be able to explain his or her philosophy on client obligations and agency relationships.

Can you recommend service providers who can help me obtain a mortgage, make home repairs, and so on?
Practitioners should be able to recommend more than one provider and let you know if they have any special relationship with any of the providers.

How will you keep me informed about the progress of my transaction?
The best answer here is a question. A real estate agent who pays close attention to the way you prefer to communicate and responds accordingly will make for the smoothest transaction.

Could you please give me the contact information of your three most recent clients?
Ask their former customers if they would use the agent again in the future.

Agency & Agency Relationships

Customer

- A person who has not entered into a written brokerage agreement
- Must be treated honestly and fairly
- Agents must disclose material facts they know or should know
- Duty of confidentiality owed to prospective client*

Client

- A person who has entered into a written brokerage agreement with a broker
- Agent owes client duties of reasonable care: loyalty, disclosure, confidentiality, diligence, and accounting

Brokerage Relationship

A relationship created by a written brokerage agreement between a client and a broker where the client authorizes the broker to provide real estate brokerage services in a residential real estate transaction

Buyer agent
A licensed real estate broker, associate broker, or salesperson who, in accordance with a written brokerage agreement, represents a buyer/tenant in the acquisition of real estate for sale/lease

Seller agent
A licensed real estate broker, who in accordance with a written brokerage agreement, acts as the listing broker, or a licensee affiliated with the listing broker

Subagent
A licensee from another company that is authorized, through the listing agreement, to show the home to buyer customers on behalf of the seller**

Dual Agency
A relationship in which a licensed real estate broker or designated branch office manager acts as a dual agent

Dual Agent
A licensed real estate broker or designated branch office manager who acts as an agent for both the seller/landlord and buyer/tenant in the same transaction

Intra-company agent
The two agents who have been designated by a dual agent to act on behalf of a seller/landlord or buyer/tenant in the same transaction***

Notes:
** Duty is owed to a customer with whom you've discussed forming a brokerage relationship.*
*** A subagent's duty of loyalty is to the seller.*
**** Intra-company agents are affiliated with the same brokerage.*

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Homebuyer Education

While exciting, homeownership is a long-term financial commitment and a weighty responsibility. It's important to understand exactly what you're getting into before submitting an offer to buy. There are different types of mortgage programs, and depending on the program you select you may be required to take a homebuyer education course. This might be the case if you're a first-time homebuyer applying for a program that offers down payment or closing cost assistance grants or loans. These courses—which can be completed online or in a classroom—vary between six and eight hours. Upon completion, you'll be given a certificate that will provide you to access special financial incentives.

Here are a few things to know about homebuyer education, which is also referred to as housing counseling:

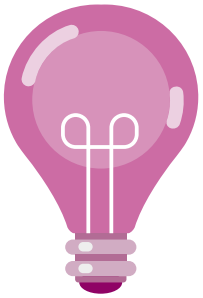
1 IT HELPS ASSESS WHETHER YOU'RE READY TO PURCHASE A HOME

A homebuyer's education course provides information on just about every aspect of buying a property from start to finish. You'll not only receive information about financial readiness; you'll also learn about applying for a mortgage, why it's important to use a REALTOR®, home inspections, insurance, the closing process, and being a successful homeowner. By going through a course, you'll learn the good and the bad about ownership, which can help you decide if you're ready for the responsibility.

2 YOU'LL LEARN ABOUT THE DIFFERENT TYPES OF MORTGAGES

You will need to save cash for down payment, closing costs, and pre-paid expenses such as appraisal and inspections. It's a myth that you need 20% down to buy a home, but the larger the down payment, the better your interest rate is likely to be—and you might avoid paying private mortgage insurance.

3 IN SOME CASES, IT'S FREE



Make sure you take a course from a HUD-approved agency. These nonprofit organizations offer their services for free or very low cost. Even if you're familiar with the buying process or are using a mortgage program that doesn't require a homebuyer education course, it's always a good idea to be as informed as possible.

4 ACCESS LOANS AND INCENTIVES THAT CAN MAKE HOMEOWNERSHIP MORE AFFORDABLE

Many federal, state, and local government agencies, as well as community banks and nonprofit organizations (and sometimes employers), offer special financing options or down payment and closing cost assistance grants and loans for first-time and middle-income buyers. Check with the Maryland Mortgage Program (**mmp.maryland.gov**) and local entities to see if there are programs to help you. Some of these programs have income limits or other restrictions, so be sure and ask your lender for more information.

Equal Housing Opportunity

The sale or purchase of a home is one of the most significant events in a person or a family's life. It is more than a transaction. It shapes the hopes, dreams, aspirations, and economic destiny of those involved. Federal, state, and local laws, along with the REALTOR® Code of Ethics, protect people from discrimination when they are renting or buying a home, getting a mortgage, or engaging in other housing-related activities.

REALTOR® Commitment To Equal Opportunity

The term REALTOR® identifies a licensed real estate professional who is a member of the National Association of REALTORS®. REALTORS® conduct their business in accordance with a strict Code of Ethics. Article 10 of the Code provides that REALTORS® shall not deny equal professional services to anyone because of their race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. A request that a REALTOR® act in a discriminatory manner in the sale, lease, or rental of property cannot legally or ethically be fulfilled by a REALTOR®.

Fair Housing Rights And Responsibilities

The home seeker, the home seller, and the real estate professional have rights and responsibilities under the federal Fair Housing Act, as well as other federal, state and local laws.

For The Home Buyer

The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, or engaging in other housing-related activities. You have the right to expect that housing will be available to you without discrimination or other limitations based on race, color, religion, sex, handicap (disability), familial status (presence of children under 18 in the household), or national origin. Additionally, when working with a REALTOR®, you can expect that your housing search will be free from discrimination based on sexual orientation or gender identity. State and local laws may add further protections.

This includes the right to expect:

- Equal professional service from your real estate practitioner;
- The opportunity to consider a broad range of housing choices and neighborhoods;
- Fair and equal treatment in the terms and conditions for home sale and rental, including in the financing, appraising or insuring of housing;
- Reasonable accommodations in rules, practices and procedures for persons with disabilities; and
- To be free from harassment or intimidation for exercising your fair housing rights.

Further Assistance

If you believe you have been discriminated against in a housing transaction, you may file a complaint for investigation by a public or private agency. In Maryland, this organization is the Maryland Commission on Civil Rights. https://mccr.maryland.gov REALTORS® associations will accept complaints alleging violations of the Code of Ethics from a person who alleges discriminatory treatment by a REALTOR® in the purchase or rental of housing. REALTOR® associations have a responsibility to enforce the Code of Ethics through professional standards procedures and corrective action in cases where a violation of the Code of Ethics is proven to have occurred.

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10 Steps to Buying a Home

Homeownership can have tremendous benefits—not just financially, but for stability, predictability, and freedom.

1 SAVE YOUR DOWN PAYMENT

No, you do not need 20% down to purchase. There are many low-down payment loans, but you will need funds for closing costs and prepaids such as appraisals and inspections.

2 CHECK YOUR CREDIT

Your credit score dictates your loan terms. If you need help repairing or improving your credit, talk to a nonprofit consumer credit agency or your lender.

3 TAKE A HOMEBUYER EDUCATION COURSE

This is the key to becoming an informed buyer, and possibly accessing down payment and closing cost assistance.

4 USE A REALTOR®

Ask friends, family, or coworkers for a referral to a reputable REALTOR® and plan on interviewing several. You'll want to feel comfortable with the person guiding you through one of the most important purchases you'll ever make.

5 GET PRE-APPROVED FOR A MORTGAGE

This step ensures that you are in the best possible position to make an offer on a home once you find one. Your REALTOR® will have several mortgage lenders in their network of real estate professionals.

6 GO SHOPPING

Think about your list of needs and wants, and narrow down the areas you're interested in. Your REALTOR® can help you find opportunities not listed on home search sites and avoid out-of-date listings that might be showing up as available online but are no longer on the market.

7 MAKE AN OFFER

Your REALTOR® will help you determine the best offer price for the home, walk you through the purchase contract, and provide expert guidance about the negotiation process. Once the offer is accepted, your lender will order a home appraisal to ensure the property is worth the price you've agreed to pay for it.

8 GET AN INSPECTION

Don't be tempted to skip this step. You want to make sure there are no hidden problems with the home. A general home inspection is most common, but you may want or need supplemental inspections such as radon, fireplace, well and septic, chimney, termite, mold, or structural.

9 CLOSE THE SALE

Once your inspections are satisfactorily completed and your loan is approved, you will schedule closing with a title company. This is the day when you sign the paperwork to complete the purchase and get your keys.

10 MOVE IN!

Congratulations on your new home!

7 Reasons to Own A Home

1. **Tax benefits.**
   The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes, and some of the costs involved in buying a home.

2. **Appreciation.**
   Historically, real estate has had a long-term, stable growth in value. In fact, median single-family existing-home sale prices have increased on average 5.2 percent each year from 1972 through 2014, according to the National Association of REALTORS®. The recent housing crisis has caused some to question the long-term value of real estate, but even in the most recent 10 years, which included quite a few very bad years for housing, values are still up 7.0 percent on a cumulative basis. In addition, the number of U.S. households is expected to rise 10 to15 percent over the next decade, creating continued high demand for housing.

3. **Equity.**
   Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home.

4. **Savings.**
   Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to $250,000 ($500,000 for a married couple) as gain without owing any federal income tax.

5. **Predictability.**
   Unlike rent, your fixed-rate mortgage payments don't rise over the years so your housing costs may actually decline as you own the home longer. However, keep in mind that property taxes and insurance costs will likely increase.

6. **Freedom.**
   The home is yours. You can decorate any way you want and choose the types of upgrades and new amenities that appeal to your lifestyle.

7. **Stability.**
   Remaining in one neighborhood for several years allows you and your family time to build long-lasting relationships within the community. It also offers children the benefit of educational and social continuity.

How to Prepare for House-Hunting

Know that there's no "right" time to buy.

If you find the perfect home now, don't risk losing it because you're trying to guess where the housing market and interest rates are going. Those factors usually don't change fast enough to make a difference in an individual home's price.

Don't ask for too many opinions.

It's natural to want reassurance for such a big decision, but too many ideas from too many people will make it much harder to make a decision. Focus on the wants and needs of the people who will actually be living in the home.

Accept that no house is ever perfect.

If it's in the right location, the yard may be a bit smaller than you had hoped. The kitchen may be perfect, but the roof needs repair. Make a list of your top priorities and focus in on things that are most important to you. Let the minor ones go. Also, accept that a little buyer's remorse is inevitable and will most likely pass.

Don't try to be a killer negotiator.

Negotiation is definitely a part of the real estate process, but trying to "win" by getting an extra-low price or refusing to budge may cost you the home you love.

Remember your home doesn't exist in a vacuum.

Don't get so caught up in the physical aspects of the house itself that you forget about important issues such as noise level, access to amenities, and other aspects that also have a big impact on your quality of life.

Plan ahead.

Don't wait until you've found a home to get approved for a mortgage, investigate insurance, or consider a moving schedule. Being prepared will make your bid more attractive to sellers.

Choose a home first because you love it; then think about appreciation.

A home is still considered a great investment, but its most important role is as a comfortable, safe place to live.

What to Know

About the Home Inspection

Some items should always be examined.

Structure

The home's "skeleton" should be able to stand up to weather, gravity, and the earth that surrounds it. Structural components include items such as the foundation and the framing.

Exterior

The inspector should look at sidewalks, driveways, steps, windows, doors, siding, trim, and surface drainage. They should also examine any attached porches, decks, and balconies.

Roofing

A good inspector will provide very important information about your roof, including its approximate age, roof draining systems, buckled shingles, and loose gutters and downspouts. They should also inform you of the condition of any skylights and chimneys as well as the potential for pooling water.

Plumbing

They should thoroughly examine the water supply and drainage systems, water heating equipment, and fuel storage systems. Drainage pumps and sump pumps also fall under this category. Poor water pressure, banging pipes, rust spots, or corrosion can indicate larger problems.

Electrical

You should be informed of the condition of service entrance wires, service panels, breakers and fuses, and disconnects. Also take note of the number of outlets in each room.

Heating and air conditioning

The home's vents, flues, and chimneys should be inspected. The inspector should be able to tell you the water heater's age, its energy rating, and whether the size is adequate for the house. They should also describe and inspect all the central air and through-wall cooling equipment.

Interiors

Your inspector should take a close look at walls, ceilings and floors; steps, stairways, and railings; countertops and cabinets; and garage systems. These areas can reveal leaks, insect damage, rot, construction defects, and more.

Ventilation/insulation

Inspectors should check for adequate insulation and ventilation in the attic and in unfinished areas such as crawl spaces. Insulation should be appropriate for the climate. Without proper ventilation, excess moisture can lead to mold and water damage.

Fireplaces

They're charming, but fireplaces can be dangerous if they're not properly installed. Inspectors should examine the vent and flue, and describe solid fuel-burning appliances.

What to Know About Home Hazards

Radon

A colorless, odorless gas that can seep into your home from the ground, radon is often referred to as the second most common cause of lung cancer behind smoking.

What to look for: Basements or any area with protrusions into the ground offer entry points for radon. The Environmental Protection Agency publishes a map of high-prevalence areas. A radon test can determine if high levels are present.

Asbestos

A fibrous material once popular as fire-resistant insulation, asbestos was banned in 1985. However, it's often found in the building materials, floor tiles, roof coverings, and siding of older. If disturbed or damaged, it can enter the air and cause severe illness.

What to look for: Homes built prior to 1985 are at risk of having asbestos in their construction materials. Home owners should be careful when remodeling because disturbing insulation and other materials may cause the asbestos to become airborne.

Lead

This toxic metal used in home products for decades can contribute to several health problems, especially among children. Exposure can occur from deteriorating lead-based paint, pipes, or lead-contaminated dust or soil.

What to look for: Homes built prior to 1978 may have lead present. Look for peeling paint and check old pipes. To get a HUD-insured loan, buyers must show a certificate that their older home is lead-safe.

Other hazardous products

Stockpiles of hazardous household items — such as paint solvents, pesticides, fertilizers, or motor oils — can create a dangerous situation if not properly stored. They can easily spark fires and can cause illness or even death if ingested, even in small amounts.

What to look for: Check all the corners, crawl spaces, garages, or garden sheds in the home. If these products are found, make sure you ask for their removal and get a disposal certificate prior to closing.

Groundwater contamination

When hazardous chemicals are disposed of improperly, they can seep through the soil and enter water supplies. A leaking underground oil tank or septic system can contribute to this.

What to look for: Homes near light industrial areas or facilities may be at risk, as are areas once used for industry that are now residential.

What to Know

About the Appraisal Process

An appraisal is a written document that shows an opinion of how much a property is worth. Once you are under contract, your lender will send out an appraiser to make sure the purchase price is in line with the property's value.

Appraisals help guide mortgage terms.

The appraised value of a home is an important factor in the mortgage loan process. Although lenders may use the sale price to determine the amount of the mortgage they will offer, they generally only do so when the property is purchased for less than the appraisal amount. Also, the loan-to-value ratio (loan-to-value (LTV) ratio compares the size of the loan you're requesting to take out compared to the appraised value) helps lenders figure out how much money may be borrowed to purchase the property and under what terms. If the LTV is high, the lender is more likely to require the borrower to purchase private mortgage insurance.

Appraised value is not a concrete number.

Appraisals provide a professional opinion of value, but they aren't an exact science. Appraisals may differ quite a bit depending on when they're done and who's doing them. Also, changes in market conditions can dramatically alter appraised value.

Appraised value doesn't represent the whole picture of home prices.

There are special considerations that appraised value doesn't take into account, such as the need to sell rapidly.

Appraisers use data from the recent past.

Appraisals are often considered somewhat backward looking, because they use sold data from comparable properties (often nicknamed "comps") to help come up with a reasonable price.

There are uses for appraised value outside of the purchase process.

For buying purposes, appraisals are usually used to determine market value or factor into the pricing equation. But other appraisals are used to determine insurance value, replacement value, and assessed value for property tax purposes.

What to Know About Homeowners Insurance

A homeowners insurance policy will protect you against certain losses and damage to your new home and is generally required by lenders prior to closing. Some lenders will collect the money you owe for homeowners insurance as part of your monthly mortgage payment and place it in an escrow account, paying the insurer on your behalf when the bill is due.

Coverage exclusions:

Most insurance policies do not cover flood or earthquake damage as a standard item. You may need to buy these types of coverage separately.

Dollar limitations on claims:

Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.

Replacement cost:

If your home is destroyed, you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for $150,000 and it costs $180,000 to replace it, you'll still receive only $150,000.

Actual cash value:

If you choose not to replace your home when it's destroyed, you'll receive replacement cost minus the depreciation. This is what's referred to as actual cash value.

Your liability:

Generally, your homeowner's insurance covers your liability for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that amount is sufficient, especially if you have significant assets.

What to Know About Title Insurance

Title insurance protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as misspellings of a person's name or an inaccurate description of the property. In some states it is customary for the seller to purchase the policy on your behalf.

Your mortgage lender will require it.

Title insurance protects the lender (and the secondary markets to which they sell loans) from defects in the title to your home—which could include mistakes made in the local property office, forged documents, and claims from unknown parties. It ensures the validity and enforceability of the mortgage document. The amount of the policy is equal to the amount of your mortgage at its inception. The fee is typically a one-time payment rolled into closing costs.

There are two different policies to consider purchasing.

The first policy, the one your lender will require, protects the lenders investment. You may also purchase an owner's policy that provides coverage up to the purchase price of the home you are buying.

You have the right to choose your provider.

You can shop around for a lower insurance premium rate at a wide variety of sites online. You should first request quotes from a few companies and then reach out and speak to them. Ask about hidden fees and charges that could make one quote seem more attractive than another. Also, find out if you're eligible for any discounts. Discounts are sometimes available if the home has been bought within only a few years since the last purchase as not as much work is required to check the title. You can also ask your lender or real estate professional for advice or help with getting quotes. Make sure the title insurance company you choose has a favorable Financial Stability Rating with Demotech Inc.

Even new construction needs coverage.

Even if your home is brand-new, the land isn't. There may be claims to the land or liens that were placed during construction that could negatively impact your title.

Checklist

Your Final Walk-Through

Closing time is hectic, but you should always make time for a final walk-through to make sure that your home is in the same condition you expected it would be. Here's a detailed list of what to check for on your final walk-through.that your home is in the same condition you expected it would be. Here's a detailed list of what to check for on your final walk-through.

- [ ] **Basement, attic, and every room, closet, and crawl space have been checked**. Sheds and outbuildings, too.
- [ ] **Requested repairs** have been made.
- [ ] **Receipts for paid bills and warranties** (if applicable) are in hand.
- [ ] **No major, unexpected changes** have been made to the property since last viewed.
- [ ] **All items included in the sale price**—draperies, lighting fixtures, etc.—are still on site.
- [ ] **Screens and storm windows** are in place or stored onsite.
- [ ] **All appliances are operating** (dishwasher, washer/dryer, oven, etc.).
- [ ] **Intercom, doorbell, and alarm are operational.**
- [ ] **Hot water heater is working.**
- [ ] **Heating and air conditioning** systems are working.
- [ ] **No plants or shrubs have been removed** from the yard.
- [ ] **Garage door opener** and other remotes are available.
- [ ] **Instruction books and warranties** on appliances and fixtures, if available.
- [ ] **All debris and personal items of the sellers have been removed**, and home is in "broom swept" condition.
- [ ] **Make sure toilets flush and sinks operate as intended.**

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Home is just a click away

Checklist

Prepare for Your Move

- [ ] **Update your mailing address** at usps.com or fill out a change-of-address form at your local post office.
- [ ] **Change your address with important service providers**, such as your bank(s), credit companies, magazine subscriptions, and others.
- [ ] **Create a list of people who will need your new address.**
  Whether you plan on sending formal change-of-address notices in the mail or just e-mailing the family members, friends, and colleagues who should be informed, a list will ensure no one gets left out.
- [ ] **Contact utility companies.**
  Make sure they're aware of your move date, and arrange for service at your new home if the service provider will remain the same.
- [ ] **Check insurance coverage.**
  The insurance your moving company provides will generally only cover the items they transport for you. Ensure you have coverage for any items you'll be moving yourself.
- [ ] **Unplug, disassemble, and clean out appliances.**
  This will make them easier to pack, move, and plug in at your new place.
- [ ] **Check with the condo board or HOA** about any restrictions on using the elevator or particular exits or entrances for moving, if applicable
- [ ] **Pack an "Open First" box.**
  Include items you'll need most, such as toilet paper, soap, trash bags, chargers, box cutters, scissors, hammer, screwdriver, pens and paper, cups and plates, water, snacks, towels, and basic toiletries.
- [ ] **If you're moving a long distance:**
  Obtain copies of important records from your doctor, dentist, pharmacy, veterinarian, and children's schools.
- [ ] **E-mail a copy of your driving route** to a family member or friend.
- [ ] **Empty your safe deposit box.**

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Parts of this toolkit were adapted from material from the National Association of REALTORS® and additional buyer and seller resources.

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