

The Mather Company, Inc.

Information For For Sale By Owners

Helping Out For Sale By Owners All Year Long!

Welcome to **The Mather Company**, the **Future of Real Estate**

Being in Real Estate we understand why some people would rather sell their house by themselves than list their home with a Realtor. Everyone has different circumstances and different needs. However, selling a home by yourself can be hard, time consuming, frustrating, and can sometimes end up costing you more than it would have been listed with a Realtor. In this packet we would like to show you several reasons it would be advantageous to list your house through The Mather Company. That being said, if after reading this packet you still wish to sell your house by yourself, then please know that we wish you the best of luck selling your home on your own, and hope that you receive a quick sale. We do ask you though to hold onto our information, just in case you decide that you would like to talk to a professional Realtor in the future. **Please read the following pages and see how our Company is changing the way Columbia is going to sell Real Estate.**

The Mather Company, Inc.

M

“The Key to Your Real Estate Needs”

www.TheMatherCompany.com

Here at **The Mather Company** we know that when selling your home, you, the seller, have a lot of decisions that need to be made. Provided in this packet are resources that will help you see the many advantages of selling your home through a Realtor, help you make the tough decisions, as well as give you a clear understanding of how this whole process works. Furthermore, you will see why **The Mather Company** is your best option when it comes to listing your home. Once you are ready, please contact **The Mather Company** and allow us to begin helping you with selling your home.

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Chapter 1:

Why **The Mather Company**?

The Mather Company is **SELLING** real estate unlike anyone else in Columbia's Residential Housing Market. We offer marketing ideas that other Realtors don't know about, don't have time for, or don't want to spend the money on. Why offer these different marketing ideas? Because the Real Estate Market is **NOW DIFFERENT**. Selling a home is not like it used to be when you could just put a sign in the yard, place an ad in the Newspaper, and put the listing in Multiple Listing Service (MLS). Those days are gone. Furthermore, there are about 2,300 houses for sale in the Columbia Market, making competition fierce. So why are Realtors trying to sell Real Estate the same old ways, even though the results no longer equal success? Here is the good news; we are the new future to Real Estate Marketing! We still market homes in traditional ways; newspaper ads, public open houses, mass emails to other Realtors, flyers, and enticing descriptions in the MLS. But we also offer several new marketing ideas to all of our clients.

A few of our Unique Marketing Ideas are:

- **Mather Productions**
- **Mather Photography**
- **Mather Online**
- **Mather Communication**



With **Mather Video** we show off your home, and its best features, through video. Our videos, which have inspirational music added to the background, allow potential buyers to revisit your home and walk through it multiple times, from the comfort of their couch. Your video is made available to buyers and agents when viewing your home and at open houses. Furthermore, for maximum exposure, your video will be posted on our website, www.TheMatherCompany.com, as well as sites such as You Tube, Facebook, Twitter, and Craigslist.



First impressions are important. And that holds true in real estate. These days, because of the internet, most buyers see a house for the first time via photograph. Often times these photographs are taken by the listing agent on a cheap camera (or even cell phone!), and therefore are not very impressive. With **Mather Photography** we have a professional photographer who will take stunning pictures of your home. Our photographer uses a high quality camera and edits the pictures with professional editing software. These pictures look like they belong in a magazine! Potential buyers will remember your house, because the pictures of your home will make a great first impression!



In today's world, more and more buyers are turning to the Internet to research houses, and **Mather Online** wants to take full advantage of that. We provide mass marketing on the Internet in order to capture every buyer we can. Because we are on the cutting edge of technology, not only will your home be found on our website, www.TheMatherCompany.com, but you can find your home advertised on popular websites such as:

AOL.com	HomeGain.com	RussellandJeffcoat.com
Colamls.com	HomePages.com	Trulia.com
ColdwellBanker.com	HomeSeekers.com	Twitter
Craigslist.com	ListingVue.com	Vast.com
Facebook.com	PropertyShow.com	TheWolfeCo.com
FrontDoor.com	Realtor.com	YahooRealEstate.com
Google.com	Remax.com	Zillow.com



We understand that our sellers do not want to be left in the dark. That is why we provide **Mather Communication** to all of our clients. We promise to keep you updated 24/7. We will provide you with statistics including the number of times your listing was viewed on our website and the MLS, the number of phone calls and emails we receive regarding your listing, as well as how many times your home was shown by an agent. Furthermore, after each showing or every open house, we will provide you with all the feedback we received from the agents or potential buyers. We promise to not hold any information back from you; whether good or bad. Communication is not just a convenience to you, the seller, but it is also a crucial component in the success of the selling of your listing.

Chapter 2:

Factors That Contribute To Establishing Market Value

A Competitive Market Analysis (CMA) is prepared from information available through the Multiple Listing Service (MLS) to estimate what buyers would be willing to pay for a property based on recent actions in the marketplace.

At The Mather Company, Inc., we evaluate the following factors to establish market value:

RECENT SALES

These are properties whose selling prices reflect what qualified buyers most recently paid for properties comparable to yours. (S L D stands for sold.)

FAILED TO SELL

These are properties recently offered “For Sale” but failed to sell. Listing prices of these properties suggest what potential buyers will not pay. (W T H stands for withdrawn or EXP stands for expired.)

PENDING SALES

These are properties currently under contract, but not closed. Pending sales can be useful in identifying listing prices that encouraged buyers to make offers. (C N D stands for conditional, C T G stands for contingent or P N D stands for pending.)

COMPETITIVE ACTIVE LISTINGS

These are properties that will compete with yours in the market. Since they have not sold, their market value is not determined. (A C T stands for active.)

Chapter 3:

Five Reasons A Property Sells

The top five reasons a property sells are:

1. Location
2. Price
3. Terms
4. Condition Of The Property
5. The Right Real Estate Professional

If your property positively meets the first four criteria, the current interest rates are reasonable and supply and demand for housing is satisfactory, then your home is a prime candidate for resale. However, if one or more of the criteria under your control are not favorable, the sale of your home could be impacted.

Choosing The Mather Company can help ensure your home sells as quickly as possible. Experience and productivity coupled with our dedication to our clients makes us the right choice for your real estate needs.

Chapter 4:

How to Get Top Dollar

With buyers, first impressions count. A small investment of time and money will generate financial rewards and give your home a positive edge over other listings when it comes time to show it. Review the following ideas and see what you can do with just a little effort that might help attract a buyer sooner at your asking price.

First Impressions

- Clean and tidy entrance
- Functional doorbell
- Polish door hardware and outdoor lights
- Paint/clean front door
- Add flowers to the porch

Exterior

- Mow lawn, prune shrubs and trees. Keep well-watered
- Weed and edge gardens
- Clean pet areas, re-sod if needed
- Clean brick, siding or stucco, paint or repair as needed
- Wash windows
- Sweep and remove stains on driveways and walkways
- Repair doors, paint, gutters and eaves.
- Paint/repair fences

Living and Dining Room

- Arrange furniture for maximum open feel
- Remove papers and clutter
- Straighten bookshelves, store books
- Polish furniture and wood
- Remove extra or dying plants
- Clean lighting fixtures
- Clean hardwood floors
- Clean window coverings
- Clean/paint walls and ceilings
- Check doors and windows (to ensure working properly)

Kitchen

- Store extra dishes – clean cupboards
- Clean/remove stains from sink

- Polish cabinets
- Clear all areas of paper and unnecessary items
- Clean exhaust hoods
- Clean appliances inside and out
- Clean and wax floors
- Clean curtains
- Repair faucet leaks

Bedrooms

- Clean curtains
- Clean bedspreads or replace with neutral color bedding
- Clean and deodorize carpet
- Organize closets, store excess items
- Straighten children's rooms, pack excess toys
- Wash, patch and paint walls in neutral shades

Bathrooms

- Set out clean towels
- Clean counters
- Clean sinks, tub, shower and toilets
- Remove all stains and mold
- Clean medicine cabinets, vanities, linen closets
- Clean and deodorize floors
- Wash curtains
- Repair any necessary plumbing problems
- Caulk and grout

Inside (General)

- Open shades and curtains
- Place fresh flowers in rooms
- Clean rugs
- Empty trash baskets
- Vacuum, sweep and dust

Outside (General)

- Put away toys and lawn tools
- Put away any objects that take away from curb appeal
- Clean porch
- Clear driveways and walk areas

Basement/Garage

- Organize tool, shop and laundry areas – store extra items
- Organize children’s play areas – store extra items
- Clean garage – store tools and equipment
- Sweep floors, remove cobwebs
- Wash and deodorize pet areas
- Check furnace and water heater condition
- Repair pipes as necessary

General Maintenance

- Paint and repair as needed – inside and out
- Oil squeaky doors
- Tighten doorknobs
- Replace burned-out lights
- Clean and repair windows
- Touch up chipped paint
- Repair cracked plaster
- Repair leaking taps and toilets

Clean and Tidy

- Keep interior neat and presentable at all times
- Shampoo carpets
- Clean washer, dryer and tubs
- Clean furnace
- Clean refrigerator and stove
- Clean and freshen bathrooms
- Organize kitchen cabinets and closets so they look clean and spacious

Chapter 5:

Preparing to Sell

What do you need to consider when preparing to sell your home?”

There are many things to consider when preparing to sell your home, and the more prepared you are for the journey, the easier it will be. Here are some basics to consider:

- **Presentation Is Everything**

You'd be amazed at the difference “cosmetic” improvements can make in how buyers react to your home. Therefore, you may want to spend some time sprucing up your home with paint and landscaping, as well as taking care of necessary repairs you may have been avoiding. This not only will help you get the very best price, but may help you get an offer sooner. See How to Get Top Dollar and FAQ #6 – “What do I need to do to ensure that I get my asking price?”.

- **Make Arrangements For Pet Care**

If your house is also home to a cat or dog, that can be noted in your listing so that real estate agents act with due caution. You may want to close your pets off in a separate room or fenced area outside, or request advance notice when your house is to be shown.

- **The Value Of Placing A Lock Box On Your Home**

A lock box is a key storage system placed on an entrance to your home that is accessible only by active, licensed real estate agents. With today's technology, most lock boxes allow us to know which sales agent showed your house and when. A lock box allows sales agents to show your home when you're not there, without having to go to the listing sales agent's office to obtain (and later return) the key. By making it more convenient for real estate agents to show your home, it will be viewed by a greater number of buyers.

Chapter 6:

What Should You Do First – Buy or Sell?

“What should you do first—sell your house or buy your next one?”

If you already own a home, you’re probably struggling with this basic question: what do I do first, buy the home that I want, or sell my existing home? And the answer is as individual as you are. Generally, most real estate professionals would advise you to list your present home and shop for your new home simultaneously. However, depending on the market and/or your individual needs, you may want to consider an alternative. In a very robust real estate market, a home could sell within a few days of listing. So if you have very specific criteria for your new home with regard to location, size, views, age, etc., in a competitive market you may want to begin searching for and buying that home first before you sell your existing home.

Talk with a Mather Company Agent regarding your own personal situation. They can help guide and advise you on the best possible strategy for buying a new home and selling your current home.

Chapter 7:

Frequently Asked Questions

1. Why shouldn't I price my house a little high, since I can always drop the price later?
2. Why should I choose The Mather Company to sell my home?
3. How often will you contact me over the course of my listing?
4. How do you advertise my house?
5. Will you advertise my house on the Internet?
6. What do I need to do before my house is listed to make sure I get the maximum price?
7. What happens when a potential buyer wants to look at my house?
8. What happens when we have a contract to buy our house?
9. How long will it take to sell my house?

Question 1: Why shouldn't I price my house a little high, since I can always drop the price later?

That's a strategy that sounds good – but, in fact, is more likely to result in a lower price. Here's why. The first few weeks a house is on the market is when it will have the most activity. If a house is overpriced, it has to compete with houses at that higher price level, which are almost certainly larger or have newer/more luxurious features.

So the overpriced home is unlikely to attract an offer. Worse yet, those first weeks are when real estate agents preview the house. If it's overpriced, they may not even bother to show it to their buyers. Eventually, the seller will have to drop the price – and may end up with an even lower price because buyers will wonder why the house has been on the market so long and may factor that into their offer.

Question 2: Why should I choose The Mather Company to sell my home?

The Mather Company professionals know the Columbia market. We understand the importance of responding to client's needs quickly and efficiently, using the most accurate, up-to-date information available. Every member of The Mather Company team is dependable, attentive to the smallest detail... and experienced in creative problem solving. We excel at bringing buyers and sellers together successfully.

The Mather Company goes beyond these essential elements. At The Mather Company, there is a strong belief that relationships with clients must be based on trust... that respect and communication must be a part of every transaction. These are the intangibles that have earned the company its very special reputation.

Sales associates at The Mather Company are well-informed men and women. We are highly-trained and backed by an experienced management team that shares Our commitment to services.

Our team members all have extensive information about neighborhoods, schools, recreation, churches and shopping. From listing to showing to closing a home, we are active participants who know how to make the right things happen. Membership in a computerized Multiple Listing Service ensures that necessary information about the marketplace is available at a moment's notice.

Whether working with Columbians moving from one neighborhood to another or with families moving into or out of the Midlands, The Mather Company professionals serve the client well. Every time. In every way.

Question 3: How often will The Mather Company contact me over the course of my listing?

Communication is a number-one priority for The Mather Company. Your sales associate will call or email you – your choice – at least once a week with a progress report.

Question 4: How does The Mather Company advertise my home?

Your home will also be marketed using a proven, strategically strong combination of media including the Internet, newspapers, flyers, and brochures, to fully expose the property to a wide audience of home buyers who are actively looking.

Question 5: Will The Mather Company advertise my house on the Internet?

Yes! Statistics show that 70% of prospective homebuyers begin their search on the Internet. We will advertise your home on:

- www.TheMatherCompany.com
- www.realtor.com
- ...Plus hundreds of relocation sites nationally and hundreds of local broker sites via broker reciprocity agreements.

Question 6: What do I need to do before my house is listed to make sure I get my top price?

With buyers, the first impression counts tremendously! A small investment of time and money will generate financial rewards and give your home a positive edge over other listings when it comes time to show it.

Review the following ideas and see what you can do with just a little effort that might help attract a buyer sooner at your asking price.

Curb Appeal

- Cut lawn
- Trim shrubs and lawns
- Keep well watered
- Weed and edge gardens
- Pick up any litter
- Clear walk and driveway of leaves, toys, etc
- Repair gutters and eaves

General Maintenance

- Paint and repair as needed – inside and out
- Oil squeaky doors
- Tighten doorknobs
- Replace burned-out lights
- Clean and repair windows
- Touch up chipped paint
- Repair leaking taps and toilets

Clean and Tidy

- Keep interior neat and presentable at all times
- Shampoo carpets
- Clean washer, dryer and tubs
- Clean refrigerator and stove
- Clean and freshen bathrooms
- Organize kitchen cabinets and closets so they look clean and spacious

First Impressions

- Clean and tidy entrance
- Functional doorbell
- Polish door hardware and outdoor lights
- Paint/clean front door
- Add flowers to the porch

Question 7: What happens when a potential buyer wants to look at my house?

The following is a checklist of proven tips to help make your home very appealing to the buyer and create what is called “the buying atmosphere.”

- Be absent, if possible, when your property is being shown
 - Open shades, draperies, and all interior doors except closets
 - Turn on all interior lights, whether it is day or night
 - Have ceiling fans on at low speed
 - Keep pets outdoors/in garage
 - Put money and other valuables in a safe place
 - Enhance the beauty of your house with fresh flowers
 - Hang your best towels
 - Do other similar things that maximize appeal
-

8. What happens when we have a contract to buy our house?

Once your house is under contract, Your associate will give you a list of things that you will need to do to be prepared for closing day (turn off utilities, etc.).

Question 9: How long will it take to sell my house?

In a *normal* market the average time before a house is sold is three to six months. However, that time frame can be shorter or longer depending on what the housing market is doing. If you list your home with The Mather Company, we guarantee you will have a hardworking agent who will get your house the maximum exposure possible, and do whatever it takes to get your home sold.

Commonly Used Terms

A

Adjustable Mortgage Loans: Mortgage loans under which the interest rate is periodically adjusted to more closely coincide with current rates. The amounts and times of adjustment are agreed to at the inception of the loan. Also called: Adjustable Rate Loans, Adjustable Rate Mortgages (ARMs), Flexible Rate Loans, Variable Rate Loans.

Adjustable Rate Loans: See Adjustable Mortgage Loans

Adjustable Rate Mortgages (ARMs): See Adjustable Mortgage Loans

Amortization: Payment of a debt in equal installments of principal and interest, rather than interest-only payments.

Annual Percentage Rate (A.P.R.): The total yearly cost of a mortgage as expressed by the actual rate of interest paid. The APR includes the base interest rate, points, and any other add-on loan fees and costs. The APR is thus invariably higher than the rate of interest that the lender quotes for the mortgage. The APR is disclosed as a requirement of the federal truth-in-lending statutes.

Appraisal: Mortgage lenders require an appraiser to give an opinion of the market value of a house a homeowner wants to sell or refinance. This professional opinion helps to protect the lender from lending money on a house that is worth less than the amount the buyers have agreed to pay for it or that the seller wishes to obtain when refinancing the existing loan. For typical houses, the appraisal fee is in the \$200 to \$300 range and is usually paid for by the borrower.

Assessed Value: The value of a property for the purpose of determining property taxes. This figure depends on the methodology used by the local tax assessor and, thus, may differ from the appraised or market value of the property.

Attorney Fees: Costs relating to having an attorney or law firm review and prepare the needed documents for your closing. These costs may include, deed preparation (this cost is paid for by the seller), title search, and closing packet preparation. Costs are usually around \$450 to \$600

B

Buydown: The builder or house seller agrees to pay part of the home buyer's mortgage for the first few years. The term also refers to the practice of a seller paying a mortgage lender a predetermined amount of money to reduce his or her mortgage interest rate, thereby creating more attractive financing for a potential buyer. Veterans with low or modest incomes may be

able to get buydowns through a Veterans Administration loan plan that is available in some new housing developments.

C

Cap: In adjustable rate mortgages, the limit on how much the interest rate or monthly payment can change.

Closing: The final procedure in which documents are executed and/or recorded, and the sale (or loan) is completed. Also known as Settelement.

Closing Costs: These costs generally total from 2 to 5 percent of the home's purchase price and are completely independent of (and in addition to) the down payment. Closing costs include such things as points (that is, loan origination fee to cover lender's administrative costs), an appraisal fee, a credit report fee, mortgage interest for the period between the closing date and the first mortgage payment, homeowners insurance premium, title insurance, prorated property taxes, and recording and transferring charges. So when you are finally ready to buy, you need to have enough cash to pay all these costs in order to buy your dream home

Closing Statement: The statement which lists the financial settlement between buyer and seller, and also the costs each must pay.

Comparable Market Analysis (CMA): A comparison of homes similar to a seller's home in terms of size, style, features, and location that have sold recently or are on the market. A CMA is prepared by a real estate agent to help set a home's listing price. In order to determine a sales price, you need to know how much houses like the one you are considering are selling for or sold. Identify houses "comparable" to yours that sold within the last six months, are in the immediate vicinity of your house, and are as similar as possible to your house in terms of size, age, and condition. By analyzing the asking prices of houses comparable to yours that are currently on the market, you can see whether prices are rising, flat, or declining. A written analysis of comparable houses currently being offered for sale and comparable houses that sold in the past six months is called a comparable market analysis (CMA)

Contingency: Commonly, a stated event which must occur before a contract is binding. For example, a home sale may be contingent upon the buyer obtaining financing.

Cosigner: Past credit issues may require you to have help securing a mortgage, even though you are financially stable. A friend or relative can come to your rescue by cosigning (which literally means being indebted for) a mortgage. A cosigner cannot improve your credit report, but can improve your chances of getting a mortgage. Cosigners should be aware, however, that cosigning for your loan will adversely affect their future creditworthiness since your loan becomes what is known as a contingent liability against their borrowing power.

Credit Report: A report lenders use to determine an applicant's credit worthiness. Applicants must pay for a lender to obtain this report, which the lender uses to determine the applicant's ability to handle all forms of credit and to pay off loans in a timely fashion. The cost of a credit report is usually around \$40 to \$50. **debt-to-income ratio:** Before you go out home buying, you should determine what your price range is. Lenders generally figure that you shouldn't spend more than about 33 to 45 percent of your monthly income for your housing costs. The debt-to-income ratio measures your future monthly housing expenses, which include your proposed mortgage payment (debt), property tax, and insurance, in relation to your monthly income.

D

Default: The failure to fulfill a duty or promise or to discharge an obligation or the failure or omission to perform an act.

Delinquency: Delinquency occurs when a monthly mortgage payment is not received by the due date. The first time you are delinquent, the next time you are in default.

Deposit: A portion of the down payment given by the buyer to the seller or escrow agent with a written offer to purchase. Shows good faith.

Down Payment: The part of the purchase price that the buyer pays in cash, upfront, and does not finance with a mortgage. Generally, the larger the down payment, the better terms you can get on a mortgage.

E

Earnest Money: A home buyer's "good faith" deposit that accompanies a written purchase offer. **fixed-rate mortgage:** Considered the granddaddy of all mortgages, you can lock into an interest rate (for example, 8.5 percent), and it never changes during the life (term) of your 15- or 30-year mortgage. Your mortgage payment will be the same amount each and every month. Compare fixed-rate mortgages with adjustable rate mortgages.

Escrow: A procedure in which a third (neutral) party holds all funds, documents, etc. necessary to the sale, with instructions from both buyer and seller as to their use and disposition.

Escrow Account Deposits: These cost are for the payment of taxes and/or insurance and other items that must be made at settlement to set up an escrow account. The lender is not allowed to collect more than a certain amount. Also known as Pre-pays.

F

FHA Loan: A loan insured by the Federal Housing Administration, a part of the Department of Housing and Urban Development. FHA insurance enables lenders to loan a very high percentage of the sale price.

Flexible Rate Loans: See Adjustable Mortgage Loans

FSBO: A property that is For Sale By Owner and is not listed through a real estate broker.

graduated payment mortgage: A mortgage initially offering low monthly payments that increase at fixed intervals and at a predetermined rate.

G

Graduated Payment Mortgage: A mortgage initially offering low monthly payments that increase at fixed intervals and at a predetermined rate.

H

Hazard Insurance: This is required and necessary. You must have “dwelling coverage” that can cover the cost to rebuild your house. The liability insurance portion of this policy protects you against accidents that occur on your property. Another essential piece is the personal property coverage that pays to replace your lost worldly possessions and usually totals 50 to 75 percent of the dwelling coverage. Finally, get flood or earthquake insurance if you’re in an area susceptible to these natural disasters. As with other types of insurance, get the highest deductibles with which you are comfortable. Also known as Homeowners Insurance.

Homeowners Insurance: See Hazard Insurance.

Home Warranty Plan: A type of insurance that covers repairs to specific parts of the home for a predetermined time period. BUY-A-1d 3/06

I

Inspection: Overall condition of the property, inside and out; electrical, heating, and plumbing systems; foundation; roof; pest control and dry rot. A good house inspection can save you money by locating problems. With the inspection report in hand, your Realtor can ask the seller to either do repairs or reduce the purchase price.

Interest Rate: Interest is what lenders charge you to use their money. Lenders generally charge higher rates of interest on higher risk loans. For fixed-rate mortgages, remember that the interest rate has a seesaw relationship with the points. A high number of points is usually associated with a lower interest rate, and vice versa. For an adjustable-rate mortgage, make sure that you understand the formula (the index plus the margin) that determines how the interest rate is calculated after the teaser rate expires.

L

Legal Fees: See Attorney Fees.

Lien: A legal claim or charge on property as security for payment of a debt or for the discharge of an obligation.

Loan's Origination Fee: Also called points. Interest charges paid up-front when you close on your loan. Points are actually a percentage of your total loan amount (one point is equal to 1 percent of the loan amount). For a \$100,000 loan, one point costs you \$1,000.

Loan-to-Value Ratio: The ratio – expressed as a percentage – of the amount of a mortgage loan to the appraised value or selling price of the property.

Lock Box: A key storage system placed on a home entrance that is accessible only by active, licensed real estate agents who must abide by a strict set of guidelines when showing a seller's home.

Lock-In: A lock-in is a mortgage lender's commitment and written agreement to guarantee a specified interest rate to the homebuyer, provided that the loan is closed within a set period of time. loan origination: This fee is usually known as a loan origination fee but is sometimes called a "point" or "points." It covers the lender's administrative costs in processing the loan. Often expressed as a percentage of the loan, the fee will vary among lenders. Generally, the buyer pays the fee, unless otherwise negotiated.

M

Margin: In Adjustable Mortgage Loans, the number of percentage points the lender adds to the index rate to determine the new interest rate at each adjustment.

Multiple Listing Services (MLS): A real estate agents' cooperative service that contains descriptions of most of the houses that are for sale. Real estate agents use this computer-based service to keep up with properties listed for sale by members of the Multiple Listing Service in their area.

N

Notary Fee: This fee is charged for the cost of having a person who is licensed as a notary public swear to the fact that the persons named in the documents did, in fact, sign them.

P

PITI (Principal, Interest, Taxes, and Insurance): Used to indicate the four major items included in a monthly mortgage payment.

Points: See Loan's Origination Fee.

Pre-Paid: See Escrow Account Deposits.

Principal: The principal is the amount that you borrow for a loan. If you borrow \$100,000, your principal is \$100,000. Each monthly mortgage payment consists of a portion of principal that must be repaid plus the interest that the lender is charging you for the use of the money. During the early years of your mortgage, your loan payment is primarily interest.

Private Mortgage Insurance (PMI): If the down payment is less than 20 percent of a home's purchase price, the borrower will probably need to purchase private mortgage insurance (also known as "mortgage default insurance"). Lenders feel that homeowners who can only come up with small down payments are more likely to default on their loans. Therefore, lenders make these homeowners buy PMI, which reimburses them the loan amount in case the borrower does default. Private mortgage insurance can add hundreds of dollars per year to loan costs. After the equity in the property increases to 20 percent, borrowers no longer need the insurance. Do not confuse this insurance with mortgage life insurance.

Property Disclosure Statement: Some states require that sellers give prospective buyers a written disclosure regarding all known property defects and all known material facts that may affect the property's value or desirability.

Proration: Certain items such as property taxes and homeowners association dues are continuing expenses that must be prorated (distributed) between the buyers and sellers at closing. If the buyers, for example, owe the sellers money for property taxes that the sellers paid in advance, the prorated amount of money due the sellers at closing is shown as a debit (charge) to the buyers and a credit to the sellers.

R

Recording: The cost for having the new deed recorded. This will put your name in the public records as the owner of the home. Usually around \$35.00.

S

Second Mortgage: A mortgage which ranks after the first mortgage lien in priority.

Settlement: See Closing.

Survey: The lender may require that a surveyor conduct a property survey. This is a protection to the buyer as well. Usually the buyer pays for the surveyor's fee, but sometimes this may be paid by the seller.

T

Tax Deductible: Refers to payments that you may deduct against your federal and state taxable income. The interest portion of your mortgage payments, loan points, and property taxes are tax deductible.

Title Insurance: Covers the legal fees and expenses necessary to defend your title against claims that may be made against your ownership of the property. The extent of your coverage depends upon whether you have an owner's standard coverage or extended coverage title insurance policy. To get a mortgage, you also have to buy a lender's title insurance policy to protect your lender against title risks.

V

VA Loans: Loans partially guaranteed by the Veteran's Administration, enabling veterans to buy a home with little or no down payment.

Variable Rate Loans: See Adjustable Mortgage Loans

Z

Zoning: Certain city and county government bodies have the power to regulate the use of land and buildings. For example, the neighborhood where your house is located is probably zoned for residential use. It most likely also has zoning codes or ordinances to regulate building heights, yard sizes, and the percentage of lot coverage by buildings.

Contact Information

The Mather Company

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