

YOUR NEW HOME

A Guide for Home Buyers

Provided Exclusively by :



Opening Doors For You

100 E. Wilson Bridge Rd.
Worthington, Ohio 43085
Direct: 614-431-0637
Fax: 614-438-7107
E-mail: Eric@EricRansom.com
Visit us online at: EricRansom.com



**KELLER WILLIAMS®
CAPITAL PARTNERS**

R E A L T Y

Our Commitment to You

- **INTEGRITY** is our #1 priority.
- **PROFESSIONAL ADVICE** during all steps of the process built on our **KNOWLEDGE** of the real estate industry, current markets and the community.
- **COMMUNICATION** based on listening before speaking and acting, and including **PROGRESS REPORTS** throughout the sales effort.
- **STRATEGIC ACTION** to achieve the best results.
- **PROGRESSIVE APPROACHES** utilizing current technology, research and analysis.
- **TIMELINESS**, which is important to every aspect of a real estate transaction.
- **CREATIVITY** to develop the best solutions for the complex issues involved in real estate transactions.
- **TEAM WORK** as a tool for assuring that clients' needs are met with skill and ease and that the company operates smoothly.
- **SHARING** information across a wide network of Keller Williams' consultants, Central Ohio Realtors, and a National network of real estate service providers.
- **EXCEEDING CLIENT EXPECTATIONS** because we know that selling a home or investment property often is a major life event of great importance to our clients and therefore to us.

Keller Williams Realty: Innovative, Visionary and People-Focused

Keller Williams Realty International:

Keller Williams Realty was founded in Austin, Texas in 1983 with the specific premise that buyers and sellers of real estate deserve the best service for their needs.

Keller Williams Associates are real estate consultants, not agents or salespeople. They build fiduciary relationships with their clients, intent upon representing their clients' best interests at all times.

Keller Williams Capital Partners:

Keller Williams Capital Partners was established in July 2002 – the first Keller Williams franchise in Ohio. Eric Ransom is an owner and one of the 7 founding partners. KW Capital Partners was the highest volume independently owned and operated real estate office in Central Ohio in 2007 and has grown from 15 to 140+ agents in a short period. Keller Williams Capital Partners' growth and success continue at a remarkable pace.

The Keller Williams Philosophy

Win-Win – or no deal

Integrity – do the right thing

Commitment – in all things

Communication – seek first to understand

Creativity – ideas before results

Customers – always come first

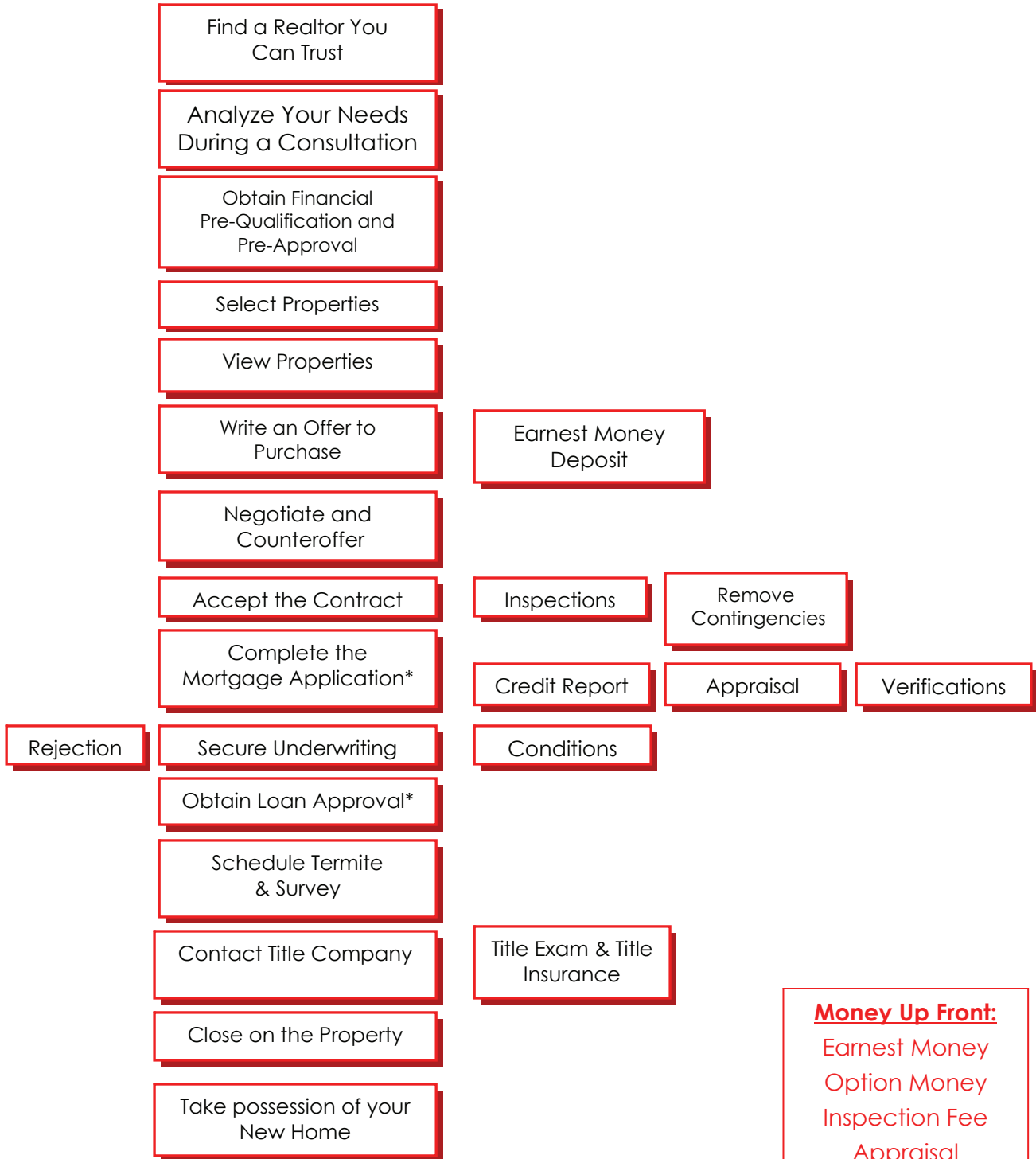
Teamwork – together everyone achieves more

Trust – starts with honesty

Success – results through people

THE HOME-BUYING PROCESS

We have designed this packet to assist you with the purchase of your new home. We assure you that it is our goal to provide you with the most professional and informative service available. Please know we are always just a phone call away!



*If not already pre-approved

Money Up Front:

Earnest Money
Option Money
Inspection Fee
Appraisal
Credit Report

BEFORE WE BEGIN...

PRE-QUALIFICATION AND PRE-APPROVAL

Many buyers apply for a loan and obtain approval before they find the home they want to buy. Why?

Pre-qualifying will help you in the following ways:

1. Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
2. You won't waste time considering homes you cannot afford.

Pre-approval will help you in the following ways:

1. A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
2. You can select the best loan package without being under pressure.

How Much Home Can You Afford?

There are three key factors to consider:

1. The down payment
2. Your ability to qualify for a mortgage
3. The closing costs associated with your transaction.



Down Payment Requirements:

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance.

Closing Costs:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

BEFORE WE BEGIN, *continued*

Qualifying For The Mortgage:

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- The **Principal** on the loan (**P**)
- The **Interest** on the loan (**I**)
- Property **Taxes** (**T**)
- The homeowner's **Insurance** (**I**)

Your total monthly **PITI** and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan:

- Credit Report
- Assets
- Income
- Property Value

HOW MUCH CAN YOU AFFORD?

Use the following to chart to determine your monthly principal and interest payments at various interest rates for either a 15 or 30-year term.

INTEREST RATE FACTORS PER \$1,000					
Interest Rates	Term 15 Years	Term 30 Years	Interest Rate	Term 15 Years	Term 30 Years
4	7.40	4.77	8	9.56	7.34
4 ¼	7.52	4.92	8 ¼	9.70	7.51
4 ½	7.65	5.07	8 ½	9.85	7.69
4 ¾	7.78	5.22	8 ¾	9.99	7.87
5	7.91	5.37	9	10.14	8.05
5 ¼	8.04	5.52	9 ¼	10.29	8.23
5 ½	8.17	5.68	9 ½	10.44	8.41
5 ¾	8.30	5.84	9 ¾	10.59	8.59
6	8.44	6.00	10	10.75	8.77
6 ¼	8.57	6.16	10 ¼	10.90	8.96
6 ½	8.71	6.32	10 ½	11.05	9.15
6 ¾	8.85	6.48	10 ¾	11.21	9.33
7	8.99	6.65	11	11.36	9.52
7 ¼	9.13	6.82	11 ¼	11.52	9.71
7 ½	9.27	6.99	11 ½	11.68	9.90
7 ¾	9.41	7.16	11 ¾	11.84	10.09

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000s.

AN EXAMPLE
Interest Rate = 6 ½ Desired term = 15 years Interest rate factor per \$1,000 = 8.71 Mortgage = \$200,000 Monthly Principal & Interest = \$1,742 (8.71 x 200)

Add your monthly insurance premium and your property tax to your principal and interest to determine your total monthly payment.

We are providing this information for use only as a guide. We strongly recommend you contact one of our mortgage specialists for more detailed information on current rates, available programs and other questions you may have about the financing process.

LOAN APPLICATION CHECKLIST

General:

- .. Picture ID with Social Security Number
- .. Payment to cover application fee.
- .. Name and complete address of all landlords (past 2 years).

Income:

- .. Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).
- .. Copies of your most recent pay stubs and W-2 form (past 2 years).
- .. Verification of other income (social security, child support, retirement).
- .. If you are self-employed: Copies of signed tax returns including all schedules (past 2 years), and a signed profit and loss statement of the current year.
- .. If you are retired: Tax returns (past 2 years).
- .. If you have rental property income: Copies of all lease agreements.

Assets:

- .. Copies of all bank statements from checking/savings accounts (past 3 months).
- .. Copies of all stock/bond certificates and/or past statements/retirement accounts.
- .. Prepare a list of household items and their values.
- .. Copies of title documents for all automobiles, boats, or motorcycles.
- .. Face amount, monthly premiums, and cash values of all life insurance policies (Cash value may be used for closing costs or down payments. You need documentation from the carrier indicating cash value).

Creditors:

- .. Credit cards (account numbers, current balances, and monthly payments).
- .. Installment loans (car, student, etc.) Same details as for credit cards.
- .. Mortgage loans (property address, lender with address, account numbers monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale of properties sold.
- .. Childcare expense/support (name, address, phone number).

LOAN APPLICATION CHECKLIST *continued*

Other:

- Bankruptcy – bring discharge and schedule of creditors.
- Adverse credit – bring letters of explanation.
- Divorce – bring your Divorce Decrees, property settlements, quit-claim deeds, modifications, etc.
- VA only – bring Form DD214 and Certificate of Eligibility.
- Retirees – bring retirement and/or Social Security Award Letter.

MAKING AN OFFER



sign!

Once you have found the home you wish to purchase, you will need to determine what offer you are willing to make for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember, **Be Realistic**. Make offers you want the other party to

To communicate your interest in purchasing a home, we will present the listing agent with a written offer. When the seller accepts an offer it becomes a legal contract. When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property.

After we present your offer to the listing agent it will either be accepted, rejected, or the seller will make a counter offer. This is when we will negotiate terms of the contract, if necessary.

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by the Columbus Board of Realtors.

The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer. I have included a copy in this packet.

BEHIND THE SCENES WHAT HAPPENS NEXT?

Now that you have decided to buy your home, what happens between now and the time you legally own the home? A Title Company may handle the following items.

NOTE: in different parts of the country attorneys, lenders, escrow companies and other persons who are independent of title companies perform some or all of these functions.

Earnest Money – An agreement to convey starts the process once it is received at the Title Company. Once you submit the loan application, it is usually subject to a credit check, an appraisal, and sometimes, a survey of the property.

Tax Check – What taxes are owed on the property? The Title Company contacts the various assessor-collectors.

Title Search – Copies of documents are gathered from various public records: deeds, deeds of trust, various assessments and matters of probate, heirship, divorce, and bankruptcy are addressed.

Examination – Verification of the legal owner and debts owed.

Document Preparation – Appropriate forms are prepared for conveyance and settlement.

Settlement – An Escrow Officer oversees the closing of the transaction: seller signs the deed, you sign a new mortgage, the old loan is paid off and the new loan is established. Seller, Realtors, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.

BEHIND THE SCENES, *continued* **WHAT HAPPENS NEXT?**

Title Insurance - There are two types of title insurance:

- Coverage that protects the lender for the amount of the mortgage,
- Coverage that protects your equity in the property.

Both you and your lender will want the security offered by title insurance. Why?

Title agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples: an unauthorized seller forges the deed to the property; an unknown, but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; or a land survey showing the boundaries of your property is incorrect.

For a one-time charge at closing, title insurance will safeguard you against problems including those events an exhaustive search will not reveal.

HOME WARRANTY PROTECTION

New Home Warranties —

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home.

At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder.

If the homebuilder does not offer a warranty, BE SURE TO ASK WHY!

Resale Home Warranties —

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The warranty may be offered by either the Seller, as part of the overall package, or by the Realtor®. Even with a warranty, you should have the home carefully inspected before you purchase it.

A home warranty program will give you peace of mind, knowing that the major covered components in your home will be repaired if necessary. Ask me for more details about home warranty packages.

HOME INSPECTION

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection. The inspection will include the following:

- Appliances
- Plumbing
- Electrical
- Air conditioning and heating
- Ventilation
- Roof and Attic
- Foundation
- General Structure

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well.

Your home cannot “pass or fail” an inspection, and your inspector will not tell you whether he/she thinks the home is worth the money you are offering. The inspector’s job is to make you aware of repairs that are recommended or necessary.

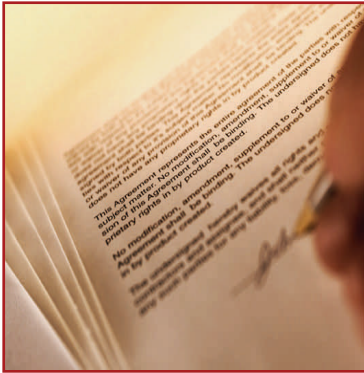
The seller may be willing to negotiate completion of repairs or a credit for completion of repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites or the presence of radon gas.

In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association.

I recommend being present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. Most important, you will see the home through the eyes of an objective third party.

WHAT IS A REAL ESTATE CLOSING?

What is a Real Estate “Closing”?



A “closing” is where you and I meet with some or all of the following individuals: the Seller, the Seller’s agent, a representative from the lending institution and a representative from the title company, in order to transfer the property title to you. The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur.

If financing the property, your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

At closing, you will be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check. Your agent or escrow officer will notify you of the exact amount at closing.

What is an Escrow Account?

An escrow account is a neutral depository held by your lender for funds that will be used to pay expenses incurred by the property, such as taxes, assessments, property insurance, or mortgage insurance premiums which fall due in the future. You will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due the lender pays them from the special account. At closing, it may be necessary to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due.

Sharing Time, Talent & Treasures

Eric Ransom & Associates is an integral part of the Central Ohio community. Our team demonstrates through a commitment to helping meet the needs of others that the greater good is a priority in our lives.

Giving: We honor clients who complete a transaction with a financial contribution to a charity of their choice. Gifts during the first 8 months of 2004 exceeded \$3,000. Recent recipients include:

- Ronald McDonald House
- Homeless Families Foundation
- Columbus Cancer Clinic
- Capital Area Humane Society
- Habitat for Humanity
- Grant/Riverside Hospice
- Ohio Nature Conservancy

Serving: We share our skills, talents and concern through voluntary service in a variety of ways and places including:

- Recreational coaching
- School volunteering
- The church of our choice
- Training leader within real estate industry
- Mentoring the lives of friends and neighbors
- Lost and stray animals

Making an Impact: People often let us know what our commitment has meant to their organization:

- This generous contribution will enable us to continue our efforts to build homes for God's people in need.

Habitat for Humanity

- Individuals such as you understand how important it is for families to be close to their sick child.

Ronald McDonald House

- Your generous gift will give the animals a second chance for a new loving and caring home.

Capital Area Humane Society

- Your support will help us to protect more of the Last Great Places in Ohio for future generations.

Ohio Nature Conservancy

Testimonials

Myrna & I thank you most sincerely for the professional manner in which you handled our home sale in Westerville, OH. Your help and understanding was invaluable in assisting Myrna in her monumental task of getting the home ready for the many walk-thru's. Again, we thank you from the bottom of our hearts.

Bill & Myrna Steele

Eric Ransom is the best in the business! He sold our previous home in 2 hours and made the purchase of our current home painless and stress-free! We would not trust our home buying needs to anyone else.

Stephanie Backstrom

Eric Ransom has successfully worked on our behalf on a number of different real estate transactions. The first house we listed with him sold in less than three days, and our second home, a \$700,000 investment, in less than three months. Eric spent countless hours to locate a suitable condominium to accommodate our changing life style, and we have since recommended his services to family and friends. As a realtor, Eric is knowledgeable, friendly, courteous and thoroughly professional, and his sense of humor and insight have made him a pleasure to work with.

Ursula Busch

My wife and I recently had the opportunity to work with Eric Ransom and his team, to help in locating a home in the Columbus area. Not having a need for real estate services for over 27 years, we were somewhat unsure of what to expect. We were pleasantly surprised by the professionalism & assistance provided by Eric's group. At no time did we feel any pressure whatsoever, and we always depended on Eric to help us avoid unexpected 'surprises.' Please consider this a hearty endorsement of their services.

Gary & Kristen Robinson

We really appreciate all of the time you have spent helping us. You have gone above and beyond with all of the leg-work, e-mail, trips to the opposite side of the city, etc.....

Mark & Beth D'onofrio

Your desire to see me find the right home really helped me and comforted me. You seemed genuinely interested in my well being and I thank you for that.

Rene Dunlap

Just a little note to say "thank you" for helping us so much during our house hunting trip. You did a great job and were really patient with us.

Pam & Patrick Bauer

GLOSSARY

ACCEPTANCE: The date when both parties, seller and buyer, have agreed to and completed signing and/or initialing the contract.

ADJUSTABLE RATE MORTGAGE: A mortgage that permits the lender to adjust the mortgage's interest rate periodically on the basis of changes in a specified index. Interest rates may move up or down, as market conditions change.

AMORTIZED LOAN: A loan, which is paid in equal installments during its term.

A.P.R. (ANNUAL PERCENTAGE RATE): A term used in the Truth in Lending Act. It represents the relationship of the total finance charge (interest, discount points, origination fees, loan broker, commission, etc.) to the amount of the loan.

APPRAISAL: An estimate of real estate value, usually issued to standards of FHA, VA, and FHMA. Recent comparable sales in the neighborhood is the most important factor in determining value. This should be contrasted against the home inspection.

APPRECIATION: An increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation.

ASSUMABLE MORTGAGE: Purchaser takes ownership to real estate encumbered by an existing mortgage and assumes responsibility as the guarantor for the unpaid balance of the mortgage.

BILL OF SALE: Document used to transfer title (ownership) of PERSONAL Property.

CLOSING STATEMENT (HUD1): A financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

CLOUD ON TITLE: Any condition that affects the clear title to real property.

COMPARABLE SALES: Sales that have similar characteristics as the subject property and are used for analysis in the appraisal process.

CONTRACT: An agreement to do or not to do a certain thing.

CONSIDERATION: Anything of value to induce another to enter into a contract, i.e., money, services, a promise.

DEED: Written instrument, which when properly executed and delivered, conveys title to real property.

GLOSSARY *continued*

DISCOUNT POINTS: A loan fee charged by a lender of FHA, VA or conventional loans to increase the yield on the investment. One point = 1% of the loan amount.

EASEMENT: The right to use the land of another.

ENCUMBRANCE: Anything that burdens (limits) the fee title to property, such as a lien, easement, or restriction of any kind.

EQUITY: The value of real estate over and above the liens against it. It is obtained by subtracting the total liens from the value.

ESCROW PAYMENT: That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments and other items as they become due.

FANNIE MAE: Nickname for Federal National Mortgage Corporation (FNMA), a tax-paying corporation created by congress to support the secondary mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.

FEDERAL HOUSING ADMINISTRATION (FHA): An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

FHA INSURED MORTGAGE: A mortgage under which the Federal Housing Administration insures loans made, according to its regulations

FIXED RATE MORTGAGE: A loan that fixes the interest rate at a prescribed rate for the duration of the loan.

FORECLOSURE: Procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

FREDDIE MAC: Nickname for Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. It purchases and sells residential conventional home mortgages.

GRADUATED PAYMENT MORTGAGE: Any loan where the borrower pays a portion of the interest due each month during the first few years of the loan. The payment increases gradually during the first few years to the amount necessary to fully amortize the loan during its life.

GLOSSARY *continued*

INVESTOR: The holder of a mortgage or the permanent lender for whom the mortgage banker services the loan. Any person or institution that invests in mortgages.

LEASE PURCHASE AGREEMENT: Buyer makes a deposit for future purchases of a property with the right to lease the property for the interim.

LOAN TO VALUE RATION (LTV): The ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price). Example – on a \$100,000 home, with a mortgage loan principal of \$80,000 the loan to value ratio is 80%.

MORTGAGE: A legal document that pledges a property to the lender as security for payment of a debt.

MORTGAGE INSURANCE PREMIUM (MIP): The amount paid by a mortgagor for mortgage insurance. This insurance protects the investor from possible loss in the event of a borrower's default on a loan.

MORTGAGOR: The borrower of money or the giver of the mortgage document.

NOTE: A written promise to pay a certain amount of money.

ORIGINATION FEE: A fee paid to the mortgagee for paying the mortgage before it becomes due. Also known as prepayment fee or reinvestment fee.

PRIVATE MORTGAGE INSURANCE (PMI): See Mortgage Insurance Premium.

PROMISSORY NOTE: A written contract containing a promise to pay a definite amount of money at a definite future time.

REALTOR: A member of local and state real estate boards, which are affiliated with the National Association of Realtors (NAR).

RENT WITH OPTION: A contract, which gives one the right to lease property at a certain sum with the option to purchase at a future date.

SECOND MORTGAGE/SECOND DEED OF TRUST/JUNIOR MORTGAGE OR JUNIOR LIEN: An additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a "first" mortgage.

GLOSSARY *continued*

SEVERALTY OWNERSHIP: Ownership by one person only. Sole ownership.

SURVEY: The process by which a parcel of land is measured and its area ascertained.

TENANCY IN COMMON: Ownership by two or more persons who hold an undivided interest without right of survivorship. (In event of the death of one owner, his/her share will pass to his/her heirs.)

TITLE INSURANCE: An insurance policy which protects the insured (purchaser or lender against loss arising from defects in the title).