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Thank you for talking with me today. I look forward to working with you in your home-buying adventure. I have created this Buyer Orientation Guide to make the home-buying process as smooth and enjoyable as possible. Inside, you will find information on the buying process, loan application, buyer representation, etc. Additionally, I have included a sample copy of the Regional Sales Contract and Buyer Broker Contract.

Let me take a moment to introduce a complimentary service I provide for all my clients. I call it my Client Appreciation Program. Every month I will be sending you something you may find valuable—i.e. an article of current affairs, or other information that I believe you will find useful. This program is part of my commitment to run my business **exclusively by referral**. I make a constant effort to improve the level of service I provide to you because, in my business, the most profound assets I possess are my clients' respect and trust.

**By the way, have you ever heard of your Reticular Activator?**

Did you ever know you had one? It's part of your brain that heightens your awareness of certain things. For example, do you remember the time when you last bought a new car? All of a sudden, you start seeing cars just like yours all over the road. Pregnant women notice other pregnant women everywhere. And so on... Turn on your Reticular Activator and you'll immediately start noticing tons of people talking about real estate. So, when you get into conversations with people who are thinking about buying or selling real estate and you are delighted with the exceptional service you are receiving, then I ask you to please pass on my name. By doing this, you are allowing me to spend all of my time and energy devoted to you and other current clients, instead of prospecting for my next lead. I believe you will be pleased with the results.

If you would like to see what is currently active on the market, please feel free to log on to my website at <http://www.ShelleyGold.com>. Click on the "Search for a Home" icon, then click the "Homes Prospector" tab. This will lead you into the SAME search engine I use. You can enter your search criteria (don't forget to click "save this search"), and each morning, when the system updates itself, you will be emailed new properties that fall into your parameters.

At any time, should you have any questions or concerns, please contact me. Remember, I'm here to help!

*~ Shelley*

## Seven Reasons to Buy a Home

**Tax Deductibility of Mortgage Interest**—Qualified mortgage interest on the first mortgage and home equity loans are deductible on Schedule A as a personal deduction.

**Tax Deductibility of Property Taxes**—Property taxes on a first or second home are deductible on Schedule A as a personal deduction.

**Appreciation Potential**—Real estate is considered a good long-term investment because it usually continues to appreciate. The effects of leverage can multiply this increase when borrowed funds are used to purchase the home.

**Capital Gains Exclusion**—A homeowner can exclude up to \$500,000 of capital gain if married and filing jointly, or up to \$250,000 if single or filing separately for homes that have been the taxpayer's principal residence for the previous two years.

**Capital Gain Treatment**—Congress allows preferential tax treatment on gains from capital assets held for more than one year. This would be important for a homeowner who has gains in excess of the allowable exclusion.

**Principal Accumulation**—Mortgages are designed to pay the interest for the time that the money has been used, as well as to retire the principal debt over a period of time. This means part of the payment each month is for principal accumulation.

**You can enjoy it**—Pride of ownership is a valid reason for wanting to own a home. You can decorate it to your own taste and enjoy all of the benefits while making a great investment.

## The Two Main Reasons People Buy Homes:

### Tax Benefits

A homeowner can exclude up to \$500,000 of capital gain if married and filing jointly, or up to \$250,000 if single or filing separately. The home must have been the taxpayer's principal residence for the previous two years.

There is no longer an age requirement for taking the capital gains exclusion.

Beginning May 7, 1997, there is no requirement to purchase another home more expensive than the one sold. Homeowners are free to buy up or down with no tax consequences, assuming their gain is less than the allowable amounts.

Property taxes and qualified home interest are deductible on Schedule A.

### Investment Potential

The largest investment for most people is their home. In the long run, investments in homes far outpace inflation. Homeowners build equity and, in most states, can borrow against it.

## MLS Member

As a member of the Multiple Listing Service, I can show you any property.

If you should see an ad in the paper or a sign in a yard, call me to find out the information. If you want to see it, I'll show it to you.

## For Sale by Owner

A homeowner trying to sell his own home usually does so to save the commission. Coincidentally, this is the reason a buyer wants to deal directly with a homeowner.

Many times a homeowner will work with an agent, even though his home is not listed, if the agent introduces the buyer to the property.

If you should see a FSBO and want the advantages of my services, please let me contact the owner and set the appointment.

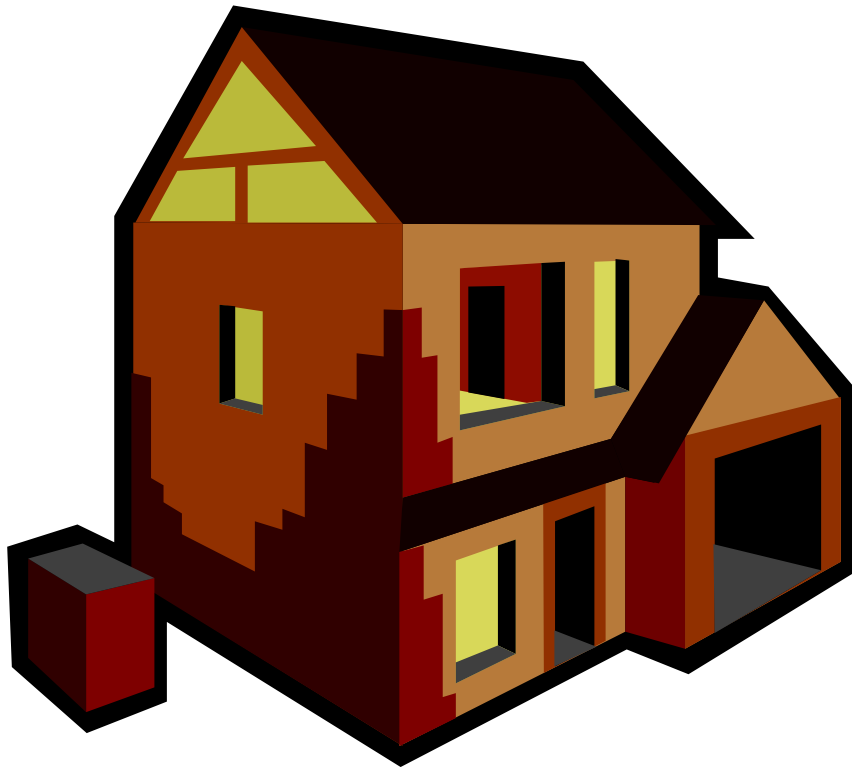


## New Homes

I can work with most builders and can get all the information you need to make any decisions, but I will need to accompany you to the property on the initial visit.

By letting me help you with builders, you get all the services offered in this presentation and those offered by the builder as well.

You'll get more, but you won't pay more for it.



## Home Search Information

What things are most important to you in a home?

Are schools important? Yes ( ) no ( )

If yes, which ones and why:

Where do you want to live?

What style home do you prefer?

When do you want to move in?

How many bedrooms?

How many baths?

How many living areas?

What size garage?

Where do you work?

When is the best time to look at homes?

If we found the right home for you today, would there be anything that could keep you from buying?

Does anyone else have to approve of your purchase?

Summary:

## Financial Proposals

You'll be able to make better decisions when you have good financial information on which to base them. These reports are simple to read and easy to understand. By investigating alternatives, you'll make the right choices.

**Buyer Qualification**—Using the same guidelines that a mortgage company uses, you'll discover how much mortgage you can qualify for on both fixed rate and an adjustable rate loan.

**Buyer's Closing Costs**—It is important to know how much you'll need to buy a home, not only for the down-payment but for all fees the associated with closing.

**Alternate Financing Plans**—Choices will help you to make a better decision as to how to finance your new home. You deserve to know what options are available.

**ARM vs. FRM**—This report will show you the savings and costs between these mortgages based on current rates over a period of time. You'll be able to see where the break-even point is and where the costs of the adjustable could exceed that of the fixed rate.

**Mortgage Comparison**—This report can show you the actual cost of different mortgages so you can choose the one that is best for you. It is especially helpful when terms, points, and rates are all different.

**Mortgage Accelerator**—Learn the benefits of prepaying your fixed rate mortgage on a regular basis to shorten the term by years. You'll save tens of thousands of dollars in interest.

## Financial Information

Including taxes and insurance, what monthly payments do you want? \$ \_\_\_\_\_  
What approximate price range do you want to look in? \$ \_\_\_\_\_  
How much cash do you have available for a down payment? \$ \_\_\_\_\_  
Does this include closing costs? yes • no •  
Are you currently renting? yes • no •  
If yes, how much rent? \$ \_\_\_\_\_  
Do you currently own? yes • no •  
Do you need to sell before buying? yes • no •  
How much do you think your home is worth? \$ \_\_\_\_\_  
What is the unpaid balance? \$ \_\_\_\_\_  
Interest rate \_\_\_\_\_ % Term \_\_\_\_\_ yr. Dated \_\_\_/\_\_\_/\_\_\_  
Type of loan \_\_\_\_\_ Monthly payment \$ \_\_\_\_\_

List your regular monthly payments (installment debt, revolving charges, student loan, etc.)

Description	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Are you current on all debts? yes • no •  
Is there any problem with your credit? yes • no •  
What is your monthly income: \$ \_\_\_\_\_  
Employed • Self-employed •  
Your spouse's monthly income? \$ \_\_\_\_\_  
Other monthly income? yes • no •  
If yes, how much? \$ \_\_\_\_\_  
How long have you been employed with this employer? \_\_\_\_\_  
Where? \_\_\_\_\_  
Have you or your spouse ever taken bankruptcy? yes • no •  
If yes, explain: \_\_\_\_\_  
Have you or your spouse had a home foreclosure? yes • no •  
If yes, explain: \_\_\_\_\_

## Pre-Approval Program

Many buyers apply for a loan and obtain approval before they find the home they want to buy. Unless a person is going to pay cash for the home, a loan application will have to be made sooner or later.

Pre-qualification by a mortgage officer is a simple procedure by which you get an opinion as to how much you qualify for and can discover any obvious obstacles that might cause problems. It is a good idea, but it is not as thorough as pre-approval.

Pre-approval entails making a complete application, ordering the credit reports, verifications and everything for the borrower. The Mortgage Company will issue a commitment subject to a specific interest rate and points and the satisfactory appraisal when a property is located.

There is usually a time limit placed on pre-approval commitments. You'll want to be ready to look at homes and make a decision after you receive your pre-approval commitment.

There are several distinct advantages to using the pre-approval program:

**You look at the "right" homes** that you can afford. You won't be disappointed by choosing a home that you may not be able to afford.

**You save money dealing with a seller who is comfortable** about "tying up" their home with a party who has a definite loan commitment. This is one less contingency for the seller to be concerned with.

**You close more quickly** because in most cases, the thing that takes the most time is getting a mortgage. The credit reports and all of the verifications take time to be mailed out and returned.

**You minimize trauma** of not knowing whether or not you qualify.

## Items Needed For A Credit Application

### Employment

- Addresses for two full years
- Gross monthly income
- W-2s, if available
- Proof of retirement, disability or Social Security
- Proof of income from rentals, investments, etc.
- Proof of child support or alimony paid/received
- Year-to-date pay stub
- If self-employed:
  - Two years 1040 Tax Returns
  - Current year profit and loss statement

### Creditors

- Each creditor's name, addresses and type of account
- Account numbers
- Monthly payments and approximate balances
- Amounts of child care expenses

### Banking

- Names and addresses of saving institutions
- Account numbers for all accounts
- Type of accounts and present balances

### Miscellaneous

- List of assets in stocks, bonds, and property
- Life insurance cash value (documented if used as cash down payment)
- If applicant is selling a home, a copy of sales contracts
- Social Security numbers for all parties
- Veterans - Certificate of Eligibility and DD-214
- Cash or check to pay for application fee

### REALTORS®

- Copy of sales agreement
- Copy of listing on property
- Instructions on how appraiser is to gain entrance

## Home Protection Plan

As an additional benefit, some sellers provide a Home Protection Plan for the buyer. This coverage is usually good for one year on selected items:

- Central Heating System
- Electric Central Air System
- Interior Plumbing
- Built-in Appliances
- Electric Pool Equipment

If the home you choose does not have a Home Protection Plan, you can acquire the coverage yourself. Programs can vary in price and coverage.



## Agency

It is commonplace for both the broker who lists the property for sale and the broker who works with a buyer (sometimes called the co-broker) to be paid by the owner and be the owner's agents.

Their duties, loyalties and faithfulness are owed to the owner, and they must tell the owner all of the important information they know which might affect the owner's decision concerning the sale of the property.

While neither broker is your agent, the brokers can provide you with:

- information about available properties
- sources of financing
- help in analyzing and comparing the physical and economic features of different properties
- an opportunity to preview the property
- assistance in making an offer to purchase

Both brokers are obligated by law to treat you honestly and fairly. They must:

- present all written offers to the owner promptly
- disclose material facts about the property known to the broker
- offer the property without regard to race, creed, sex, religion, national origin, handicap, or familial status

If you choose to have a real estate broker represent you as your agent, you should enter into a written contract that:

- clearly establishes the obligations of both parties
- sets out how your agent will be paid and by whom

I certify that I have provided the prospective buyer with a copy of this information.

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## Benefits Of Buyer Representation

As part of a mutual agreement, you can elect to create a buyer agency relationship between us that will entitle you to the fiduciary client level services that include but are not limited to:

**Loyalty**—The real estate agent must act in the best interest of the buyer.

**Obedience**—The agent must follow the lawful instructions.

**Disclosure**—All material facts such as relationships between agent and other parties, existence of other offers, status of earnest money, seller's financial condition, property's true worth, commission split with other brokers, and legal effect of important contract provisions.

**Confidentiality**—Any discussions, facts, or information that should not be revealed to others but does not include responsibility of fairness and honesty in dealings with all parties.

**Accounting in dealings**—Reporting of where any money placed in the hands of the broker is kept.

**Reasonable Skill and Care**—Arriving at a reasonable purchase price and advising buyer of such, affirmatively discovering material facts and disclosing them to the buyer, investigating the material facts related to the sale.

With buyer agency, your interests will be represented in the purchase of your home. This is different from a typical sub-agency transaction where the buyer is not technically represented.

**Agency is a legal relationship, and a written agreement should be completed to explain all the duties and responsibilities.**

## Who Pays the Commission?

**The Seller does**—The seller has generally signed a listing agreement with his agent specifying a certain fee to be paid. Often, the agreement has provisions for splitting that fee with the agent who sells the property, regardless of subagency or buyer agency.

**The Buyer does**—The buyer can pay his agent a commission as set out in their written agreement. If this were the case, it would be inappropriate for the buyer's agent to accept any portion of the fee paid by the seller.

**Indirectly, The Buyer does**—Even though the seller pays the commission out of his proceeds, it has been argued that the buyer paid the commission as part of the overall purchase price. This assumes the buyer could have bought the home for less had it not been listed.

**Each Party Pays Their Agent**—Each party pays their agent as specified in their written agreement.



Prepared for Potential Buyer

## Advantages of Working with Shelley Gold

- You become familiar with how I work.
- You can have confidence in my ability.
- We develop rapport necessary to communicate easily.
- I come to understand your particular needs.
- I can afford to make a commitment in time and effort because I feel assured of making a sale.
- 1% of all my commissions will be donated to the Montgomery County Humane Society.



## Mutual Agreement

### If I will:

Make my best effort to find the home to meet your needs,

Commit my time, car, computer, and experience to find exactly what you want,

Incur all my car, phone, and administrative expenses,

Continue the home search until you either find a home or tell me to stop looking,

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### Will you:

Let me know if your plans change?

Tell me if you want to look at a home listed with another broker, builder, or for sale by owner?

Tell me what you like and dislike about the homes we look at?

Tell me if you feel the need to talk to another agent?

Work with me until we find you the right home?

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## Process of Buying a Home

**Orientation**—In the initial interview, you'll meet with a real estate professional to share your expectations and learn about the entire process of buying a home. You'll gain valuable market knowledge about different areas, home prices, available financing, what you can qualify for, and normal procedures.

Based on your wants, abilities, and needs, you establish priorities in price, size, style, and area. Using this information, your real estate professional will begin the search to find your new home.

**Financing**—Putting all the things you need to make a loan application can take some time so take the list that is included in this report to avoid any delays. Many times, people wait until they find a home and negotiate a contract to make a loan application for a specific type of mortgage.

Another strategy is to actually apply for pre-approval prior to finding a home. This will give you a firm commitment and can be helpful in negotiating the contract.

**Formulating an Offer**—When you find the right home, you will want to make an offer to purchase it. This is done in writing specifying every detail that is part of the agreement. There are standard forms used.

**Settlement**—The last step is to assemble all of the loan papers at the settlement. You will need to pay the balance of your down payment and your closing costs at this time. Usually, a cashier's check is required for these funds.

## Property Inspection

In many cases, the seller will have a property disclosure available for interested buyers. This will reveal the material facts about the physical condition of the property.

This does not take the place of a buyer's inspection that is usually made after a contract is agreed upon. The purpose of the inspection is to find major defects in the home. It is advisable to hire a professional inspector to do this.

You can include a provision in the sales contract that gives you the right to inspect the mechanical, electrical, plumbing and structural portions of the property.

The inspection will be focused but not limited to some of the examples in the following four areas:

**Mechanical – heating, air-conditioning, appliances**

**Plumbing – fixtures, lines, water heaters, sewers**

**Electrical – wiring, out of date systems**

**Structural – doors, windows, roof, foundation, drainage, ventilation, environmental hazards**

There are inspection companies that provide services of this type. You can accompany the inspector to ask questions and receive a written report itemizing any areas of concern.

If repairs are needed, you can request the seller to make them in accordance with the provisions of the sales contract.

## Which Inspector to Choose

The National Association of REALTORS® has recommended the following when choosing an inspector:

Ask exactly what the inspector does or does not inspect.

Ask what scientific instruments are used – such as moisture detectors, combustible gas detectors, and electromagnetic detectors.

Ask about the inspector's professional organization affiliations of memberships, education level, and licensing.

Ask how many inspections the inspector has conducted and whether the inspector works full time.

Ask what type of insurance the inspector has – including liability, errors and omissions.

Ask whether the inspector is involved in any other businesses, such as home repair, that represent a conflict of interest.



## Exclusive Services Provided

**Comparative Market Analysis**—A written report of the transactions in your neighborhood to identify similar properties that have sold recently or are currently on the market in an effort to determine a realistic price for the subject property.

**Financing Proposals**—Written proposals, such as Buyer Qualifications, Financing Plans, 15-year vs. 30-year Mortgages, Adjustable vs. Fixed Rate Mortgages, Rent vs. Buy, Repurchase Analysis, and Amortization Schedules, will help buyers and sellers in the decision-making process.

**Homeowner's Tax Worksheet**—A detailed and organized method of tracing the basis in a personal residence in order to keep the gain as low as possible. This is especially important to help the homeowner to maximize the allowable capital gain exclusion.

**Market Preparation Guide**—A report designed to help the homeowner maximize the marketing efforts by improving the condition of the home, "setting the stage" before showings, and knowing what to do when the property is being shown.

**Homeowner's Analysis**—A simple and easy-to-understand form that illustrates the tax advantages and the investment potential of home ownership.

**Relocation Package**—A complete portfolio of information about the city you are moving to. This can be very helpful in orienting you to the local housing market as well as schools, shopping, transportation, entertainment, and many other things of interest.