

Getting Your Mortgage Loan

Next We'll Discuss Different Types of Mortgage Loans, and

How You Go About Getting *Your* Mortgage Loan



Loan Application Process

Common Types of Home Mortgage Loans:

- **Fixed Rate Mortgages**
- **Adjustable-Rate Mortgages (ARMs)**

**First, let's talk about how
Fixed-Rate Mortgages work:**



Fixed-Rate Mortgage Loans:

- A Fixed-Rate Mortgage loan has a fixed interest rate;
- It has a fixed monthly principal and interest payment;

- The payment is fully amortizing, meaning the loan is completely paid off over a given number of years (for example, 15 or 30 years).
- Part of each monthly payment covers the interest due and another part is applied towards principal reduction.



Adjustable-Rate Mortgage Loans:

- Adjustable-Rate Mortgages (ARMs) have fluctuating interest rates and changing payments.
- The lender and the borrower share the risk of rate changes.
- In exchange for sharing this risk, lenders generally offer an initial interest rate noticeably lower than the rate for fixed-rate loans.
- Generally, if the borrower puts less than 20% down, the borrower must qualify based on the maximum *first-adjustment-period* rate.
- There are 1, 3, and 5 year ARMs.
- The interest rate charged on a 1-year ARM adjusts every year, typically up to 2% (periodic “cap”).
- The maximum amount the rate can change over the life of the loan (lifetime “cap”) is usually around 6% above the initial interest rate.

Adjustable-Rate Mortgages (continued)

There are also 3 and 5 year ARMs.

3 & 5 year ARMs adjust every 3 or 5 years, respectively.

3 & 5 year ARMs also usually have 2% *periodic* and 6% *lifetime* interest rate change “caps”.

ARM interest rates are based on an **Index**, usually independent of the lender’s control.

A “cap” is a limit on how much the rate can increase *or* decrease.

To arrive at your *current* rate, a **Margin** is added to the **Index** and the sum of them is usually rounded to the nearest 1/8%.

If the result of this calculation is higher or lower than the rate you have been paying, then your rate will adjust upwards or downwards.

The amount of the adjustment is limited usually to 2% at each adjustment period, with a lifetime “cap” of 6%.

Fixed-Rate or ARM-Rate?

Shop around for the type rate that fits you.

Consider the following:

- **Your payment security;**
- **Your ability to qualify for the loan amount;**
- **How long you plan to live in this home;**
- **Whether your income is stable or rising;**
- **Possibility of rate increases;**
- **Amount of up-front costs (closing costs);**
- **Your lender will gladly explain the differences between *Fixed Rates* and *ARM Rate* mortgages.**



Avoid Certain Loan Types!

- Avoid *Interest Only* mortgage loan types.
- With those, none of the principal balance of your loan is paid down.
- Even though the payment is lower, after a year or two you will **still owe** as much as the day you got your loan!
- Avoid any loan with the potential for *Negative Amortization*.
- *Negative Amortization* happens when you make a payment that is less than the amount calculated to cover both the **principal** and the **Interest** due each month.
- Avoid loans that have an *early* payoff penalty that is not restricted to only the early part of your loan.

Avoid Non-Traditional Mortgages!

“Non-Traditional” mortgages, also sometimes referred to as “Alternative”, or “Exotic” mortgage loans, include:

- “Interest-Only” Mortgages, and
- “Payment Option” Adjustable Rate Mortgages (ARM)

Both of these types allow borrowers to exchange lower payments during an *initial* period for higher payments during a later repayment period.

An Interest-Only mortgage is where you pay NO loan principal for the first few years of the loan (only the interest that accrues on the principal owed), and a Payment Option ARM is where you have flexible payment options with the potential for negative amortization (meaning that your loan balance will go UP instead of down, even after making a substantial number of payments).

Mortgage Loan Application Checklist

- After choosing the home you want to buy, you'll need to see about a loan.
- To get a loan, you'll need to complete a Real Estate Loan Application.
- To help you get ready for the Application process, we are providing you a *checklist* handout.
- The checklist lists the main documents and information usually required of both the borrower and any co-borrowers to complete an Application.
- If you have the information on the checklist when you start your application with the lender, you'll save lots of time and running back and forth.



Mortgage Loan Application Checklist (continued)

Please refer to the --

Mortgage Loan Application Checklist

Take a checklist with you today so you will have it handy when you start assembling the items listed to take with you to the application interview.

A sample appears on the next 2 screens.

MORTGAGE LOAN APPLICATION CHECKLIST

Documents needed to complete loan application:

- Copy of signed/dated Purchase Sales Contract or Offer to Purchase and all attachments
- Realtor Listing of the property or a property Information Listing
- Copy of earnest money deposit check you gave to the realtor or seller
- Social Security Number(s) – For both borrower and any co-borrower(s).
- Driver's License number, state issued from, date issued and expiration date

Income Sources:

- Copy of W -2s – most recent 2 years.

- Tax Returns** – Previous 2 years' *singed and dated* personal federal income tax returns and all schedules **if your are:**

- ? Self-employed* ? Employed in a family business
- ? A tradesman ? Receive all or part of your income from bonuses, commissions, partnership or trust income

Or if you: ? Own rental property
? Have income from an otherwise non-verifiable source, like corporate ownership, installment sales and tips.

*Also, if **Self-Employed bring:** Last two (2) years *Business* Tax Returns and a year-to-date Profit/Loss Statement & Balance Sheet.

* Self-Employed is: Anyone with ownership interest in a company of 25% or more, from which they receive income.

Additional Income Sources - Alimony/Child Support (*only if you want us to consider it for qualifying*). Bring a copy of the divorce decree and **evidence of 12 months receipt of payments**, at a minimum.

Other information generally required to complete a loan application

- Your current residence address for last two (2) years** - for both Borrower & any Co-Borrower **AND for renters**, provide us with the last 12 months' rental payment history (cancelled checks are acceptable).

- Employment History** - Provide address, contact person, phone number, working dates, & income range for any/all current/previous employers for the past two (2) years for both Borrower and Co-Borrower. Also provide the following:

- ? Written explanation for any job gap of more than one month during the last two years
- ? Relocation letter from employer for transferees-giving date, salary, and relocation benefits
- ? Present Salary - Year-to-Date pay stub & last two (2) years W -2s and/or 1099s.
- ? Diploma or transcript if a student in the last two (2) years.

- Checking and Savings Accounts** - Copy of last three (3) monthly statements from your Bank, Savings & Loan or Credit Union. These statements must include the depository name, address, account numbers and balances.

- Stocks, bonds, Investment accounts** – Name and address of broker and three (3) most recent statements or copies of the stock certificates. A list of serial numbers and issue dates may be acceptable for bonds.

MORTGAGE LOAN APPLICATION CHECKLIST (continued)

- Retirement plan** – Copy of most recent statement showing your vested interest.
- Autos/Vehicles owned** – Make, model, year, and current market value. Also the balance owed, if any.
- Life insurance policies** – Name of insurance company, policy number, coverage amount, and approximate *cash surrender value* of each policy.

- Other assets** – Estimate of the market value of personal property assets (Collectables, household goods, etc.)

- Credit information** - For each loan/credit account, including credit cards with a zero balance, provide:
 - ? Creditor name ? Payment amount
 - ? Address ? Current balance
 - ? Account # ? Date paid in full and copy of statement showing a zero balance (if paid off).

Tell us if you have applied for credit anywhere else within the last 90 days.

- If you must pay alimony or child support** – Bring a copy of the Divorce Decree and/or Separation Agreement.

- Gift letters** – If part of the source of your *Down Payment or Closing Costs* is from a gift, bring a signed letter from the donor that states you are not required to repay the funds.

Sale of Present Home

If you have sold your present home and are waiting for it to close, provide us the following:

1. Realtor Listing
2. Signed & dated Sales Contract
3. HUD-1 Uniform Settlement Statement (if the sale closing has already occurred)

- Real Estate you own** – Provide us the name and address of your mortgage lender and account number. Also, **if the real estate owned is:**
 - ? **Rented out** – a copy of the lease/rental agreement for each unit.
 - ? **Listed for sale** – a copy of the realtor listing agreement
 - ? **Sold, but not yet closed** – a copy of the signed & dated sales contract
 - ? **Sold closed and money you got from the sale will be used for the down payment of your new home** – a copy of the HUD-1 Uniform Settlement Statement.

- Affordable Housing / Welcome Home Programs** – To qualify for assistance from these programs, it is required that you have taken and passed a Homebuyers' Education course. If you have done so, please bring a copy of your certificate evidencing satisfactory completion of the course. If you need to take this course ask us to schedule you; a fee is charged.

Mortgage Loan Process

- To complete the whole mortgage loan process usually takes about 45 days.
- Once you've completed a loan application, the lender will need time to verify, or confirm, all the information you provide (refer to the checklist).
- This process can take 2-3 weeks.
- Within 3 business days from when the lender receives your completed application you'll will be given a document called a "Good Faith Estimate" (GFE).
- The GFE is the lender's best estimate of your closing costs--fees covering all kinds of things, like credit reports, appraisals, recording fees, attorney's legal fees, etc.

On the next 2 screens you'll see a sample *Good Faith Estimate*.



GOOD FAITH ESTIMATE

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
12-14-2005	7774444	100,963.00	0	201		

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Applicant: John Doey (SSN: 123-45-6789)
123 Somewhere Lane
Anywhere, OH 43000

Lender: First National Bank of McConnellsville
86 N. Kennebec Avenue, PO Box 208
McConnellsville, OH 43756-0208
(800) 441-3811

The information provided below reflects estimates of the charges which you are likely to incur at the settlement of your loan. The fees listed are estimates – the actual charges may be more or less. Your transaction may not involve a fee for every item listed.

The numbers listed beside the estimates generally correspond to the numbered lines contained in the HUD-1 or HUD-1A settlement statement that you will be receiving at settlement. The HUD-1 or HUD-1A settlement statement will show you the actual cost for items paid at settlement.

ESTIMATED LOAN COSTS:

801. Loan Origination Fee 1.000 %	1,000.00	
803. Appraisal Fee to Ready Appraisers	200.00	
804. Credit Report to Equifax	48.00	
809. Tax Service	76.00	
810. Underwriting Fee	250.00	
811. Life of Loan Flood Zone Determination	14.00	
903. Hazard Insurance Premium for 1 months to 01-12-06	50.00	

COSTS **\$1,638.00**

Title Charges:

1103. Title Examination to ABC Title Co.	100.00	
1105. Document Preparation to Sunnyvale Bank	200.00	
1107. Attorney's fees to Legal Guys Attorneys	350.00	
1108. Title insurance to ABC Title Co.	175.00	
1109. Lender's coverage (\$ 102,000.00 amount)	102,000.00	
1110. Owner's coverage (\$ 100,000.00 amount)	100,000.00	

COSTS **\$825.00**

Government Recording & Transfer Charges:

1201. Recording fees	65.00	
Deed: \$65.00		
1204. County Conveyance Fee	75.00	
1205. Parcel Transfer Fee	0.50	

COSTS **\$140.50**

Additional Settlement Charges:

1301. Survey to John Smith Surveyor	125.00	
1302. Pest inspection to Stamp them out!	35.00	

COSTS **\$160.00**

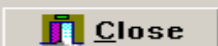
ESTIMATED RESERVES AND ADJUSTMENTS:

901. INTEREST from 01-12-2006 to 02-01-2006 @ \$19.63/day	392.63	
1008. Aggregate Accounting Adjustment	0.00	

\$392.63

TOTAL ESTIMATED COSTS **\$3,156.13**

ESTIMATED FUNDS REQUIRED TO CLOSE



25%

1105. Document Preparation to Sunnyvale Bank	200.00	
1107. Attorney's fees to Legal Guys Attorneys	350.00	
1108. Title insurance to ABC Title Co.	175.00	
1109. Lender's coverage (\$ 102,000.00 amount)	102,000.00	
1110. Owner's coverage (\$ 100,000.00 amount)	100,000.00	
	COSTS	\$825.00
Government Recording & Transfer Charges:		
1201. Recording fees	65.00	
Deed: \$65.00		
1204. County Conveyance Fee	75.00	
1205. Parcel Transfer Fee	0.50	
	COSTS	\$140.50
Additional Settlement Charges:		
1301. Survey to John Smith Surveyor	125.00	
1302. Pest inspection to Stamp them out!	35.00	
	COSTS	\$160.00
ESTIMATED RESERVES AND ADJUSTMENTS:		
901. INTEREST from 01-12-2006 to 02-01-2006 @ \$19.63/day	392.63	
1008. Aggregate Accounting Adjustment	0.00	
		\$392.63
	TOTAL ESTIMATED COSTS	\$3,156.13

ESTIMATED FUNDS REQUIRED TO CLOSE

Purchase Price / Refinance Amount:	\$	100,000.00
Estimated Loan Costs:	\$	2,763.50
Estimated Reserves and Adjustments:	\$	392.63
Total Estimated Costs:	\$	103,156.13
Loan Amount:	\$	100,963.00
Less Earnest Money:	\$	100.00
Less Application Deposit:	\$	
Less Other Financing:	\$	
Less Other Equity:	\$	
Less Closing Costs to Seller:	\$	
Total Estimated Funds Required to Close:	\$	2,093.13

Points & Fees

- The “Good Faith Estimate” shows an *estimate* of the amount you may pay for points on your loan, as well as other fees.
- Points are a *one-time* fee that covers the lender’s costs of doing business. One point = 1% of the loan amount.
- Other estimated charges may include Private Mortgage Insurance (PMI), Title Insurance and Recording Fees charged by the County Recorder.

Escrow Accounts

- Your lender may require that you establish an **Escrow** account when you obtain your loan.
- The **Escrow** is used by the lender to collect and distribute tax and insurance payments as they come due on your property.
- This covers the “T” & “I” of the “**PITI**” we talked about. (Principal, Interest, Taxes & Insurance).
- When you make your monthly house payment it consists of “**PITI**”.
- Your payment goes into the Escrow account and the lender subtracts the amount to be paid against your loan (**Principal & Interest**).
- The rest of your payment is set aside to cover **Taxes & Insurance** payments when they are billed to your lender.

Truth-In-Lending Disclosure

- **The *Preliminary* Truth-in-Lending Disclosure is another document you'll receive from your lender within 3 business days.**
- **It provides a summary of how your loan will be paid and itemizes the approximate costs of a loan.**
- **This disclosure shows:**
 - **Finance Charge**
 - **Annual Percentage Rate**
 - **Number of loan payments**
 - **Amount of each payment**
 - **When payments are due**
 - **Late charges that will apply**
 - **Total amount you will pay in principal and finance charges over the life of your loan.**

Preliminary “TIL” Disclosure

A sample “TIL” (Truth-in-Lending) Disclosure appears on the following screen.





PRELIMINARY DISCLOSURE STATEMENT

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
12-14-2005	7774444	100,963.00	0	201		

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Anywhere, OH 43000

Lender: First National Bank of McConnellsville
86 N. Kennebec Avenue, PO Box 208
McConnellsville, OH 43756-0208
(800) 441-3811

ANNUAL PERCENTAGE RATE <small>The cost of my credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost me.</small>	Amount Financed <small>The amount of credit provided to me or on my behalf.</small>	Total of Payments <small>The amount I will have paid after I have made all payments as scheduled.</small>
7.133%	\$142,584.05	\$99,230.37	\$241,814.42

PAYMENT SCHEDULE. My payment schedule will be 359 monthly payments of \$671.71 each, beginning March 1, 2006; and one payment of \$670.53 on February 1, 2036.

PROPERTY INSURANCE. I may obtain property insurance from anyone I want that is acceptable to Lender.

SECURITY. I am giving a security interest in My 1-4 unit residential dwelling or second home.. In addition, Lender has also reserved a contractual right of setoff in my deposit accounts.

LATE CHARGE. If a payment is 15 days or more late, I will be charged **5.000% of the unpaid portion of the regularly scheduled payment.**

ASSUMPTION. Someone buying my home cannot assume the remainder of the obligation on the original terms.

PREPAYMENT. If I pay off early, I will not be entitled to a refund of the prepaid finance charges, and I will not have to pay a penalty.

I will look at my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds.

All numerical disclosures except any late payment disclosures are estimates.

I read and was given a completed copy of this Preliminary Disclosure Statement on December 14, 2005.

APPLICANT:

X _____
John Doey

Mortgage Loan Process (Continued)

- The lender will order an **Appraisal** to estimate the property's market value.
- The maximum loan amount the lender will provide is based on the lower of the sales price or appraised value.
- To examine your credit history, your lender will order a **Credit Report**; it lists your debts and payment history.
- The lender will send your employer a **Verification of Employment** to verify your past, and the probability of, continued employment.
- The lender will do a **Verification of your Deposit** accounts to confirm you have enough money to cover down payment, closing costs and 1 to 2 months of mortgage payments.
- You also may need to have 2 months' reserves for PITI (principal, interest, taxes & insurance).

These things happen during the first several days after you submit a complete application.

Loan Application Processing

During the next several days these things occur:

- The loan processor reviews your credit report and verifies your debt and payment histories.
- If there are any late payments, collections or judgments on the credit bureau report, you will need to provide the lender with a written explanation.
- The loan processor also reviews the Appraisal.
- The loan processor orders a **title search** of the property from an attorney to uncover any existing liens, encroachments, or other legal issues that may affect the transferability or value of the property.

Loan Underwriting

- After receipt of the information from you, receipt of inspections, the appraisal, and the title search, etc., the lender reviews the loan package to determine whether to grant a conditional approval.
- If the lender needs more information to make a decision, you may need to provide additional information.
- If you have less than 20% down payment, the lender may require you to have **PMI (Private Mortgage Insurance)**.
- **“PMI”** protects the *lender* until you have paid the loan balance down to 80% of the original loan amount.
- To qualify for PMI you must meet the qualifications of the PMI company, which are very similar to the requirements discussed in this training program.



Pre-Closing

Once the loan is conditionally approved:

- Title Insurance is ordered (if required)
- Approval *Contingencies* are satisfied;
- The loan closing is scheduled.
- The borrower orders homeowner's insurance.

Summary Time --You now know:

- Two common types of mortgage loans; Fixed & Adjustable;
- What a “Point” is;
- What a “GFE” is, and some things about closing costs.

Closing Process *(Getting Closer!)*

- What to bring to closing:
 - A Binder for Homeowners Insurance and a Paid Receipt for the first full-year's premium.
A Binder is a document that proves you have *adequate* homeowners insurance for the house you are buying.
- Another item you must bring to closing is: a *certified or cashier's check* for your down payment and closing costs.
- You can find out the exact amount you'll need by asking your lender a few days before the scheduled closing date.



Closing Documents

Before or During Closing Review These Documents:

- **MORTGAGE**

- The Mortgage is a separate document you will sign, on which you pledge your home as security for the loan.

- **MORTGAGE NOTE**

- This is your promise to repay your loan. It shows the terms & conditions of your loan and how it will be repaid.

- **SETTLEMENT STATEMENT**

- This document is the form required by the Department of Housing & Urban Development (HUD).

The Settlement Statement is a summary of all the numbers relating to both the buyer (YOU), and the seller.



Settlement Statement

The Back of the Settlement Statement Shows:

- ✓ **Buyers'** and **Sellers'** closing costs;
- ✓ How funds were transferred among the **buyer, seller, lender** and any **other parties** to the sale;
- ✓ Net amount due from the **buyers** and net amount to be paid to the **sellers**;
- ✓ Sales commissions to **Real Estate Agents**;
- ✓ Lender's charges in connection with the loan;
- ✓ Items required to be paid in advance, such as interest due from the date of closing until the 1st mortgage payment;
- ✓ Initial deposits to Escrow for insurance and property taxes;
- ✓ Title charges and Title Insurance Policy premiums;
- ✓ Recording fees;
- ✓ Other possible charges.

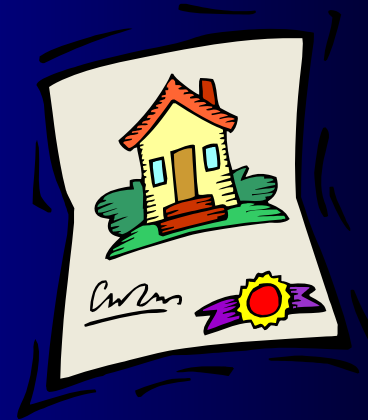
Settlement Statement *(continued)*

Front of the Settlement Statement:

- ✓ The left column summarizes the **buyers'** transaction;
- ✓ The right side summarizes the **sellers'**.
- ✓ The sales price of the home is listed at the top of both columns.
- ✓ Amounts are added or subtracted in both columns to arrive at the *net* amounts *due from* the **buyer** and *due to* the **seller**.



The DEED



- The **Deed** is the *legal document* that transfers ownership from the **seller** to the **buyer** (you).
- The **Deed** is prepared by an attorney and you should review it before closing.
- The Title Insurance Company will also want to review the **Deed**.
- Any *mistakes* on the **Deed** could affect your ownership so they must be corrected before you close the sale.
- After closing, the lender will take care of recording the **Deed** with the County Recorder in the county where the property is located.

Commitment for Title Insurance

- In many cases you will be required to buy **Title Insurance**.
- Title Insurance protects your legal ownership of the property.
- The **Title Company** will perform a search of public records to determine any *exceptions to coverage*, like liens or restrictions that affect the property.
- For example, if the **seller** failed to pay property taxes when due, the government would have a lien against the property.
- The property could be *seized & sold* to pay back taxes. **If you were to buy the property without knowing, you could have to pay the back taxes yourself, or risk losing the property.**



Title Insurance (continued)

- Prior to closing, the title company will issue a **commitment** for title insurance. The **commitment** will indicate:
 - ❑ Parties to be insured and amounts of coverage;
 - ❑ Current owners of the property;
 - ❑ Legal description of the property;
 - ❑ Any requirements that must be met for the insurance to be issued;
 - ❑ All exceptions to coverage, including items that need recorded, that affect title to the property such as:
 - Mortgages
 - Easements
 - Building & use restrictions, and
 - Liens

By Now You Should Know:

- **Who is at closing**
- **What happens at closing**
- **Important things on a Settlement Statement:**
 - Sales Price;
 - Amount of closing costs;
 - Amount of your mortgage;
 - Amount of Points to pay;
 - Charges to be paid in advance;
 - Amount you will pay at closing for advance interest;
 - Amount sellers will pay for your title insurance policy;
 - Amount you paid in earnest money;
 - Amount the sellers will pay for *pro-rated* property taxes (from the first of the year to the date of closing);
- **Purpose of the Deed**
- **Why Title Insurance**
- **Who Title Insurance protects**

Insuring Your Home

- You will need to obtain and maintain homeowners insurance.
- Your property is the security for the mortgage loan, so the lender will want to be sure the value of the home is protected in case it is damaged or destroyed.
- If the cost of insuring your home is not included as part of your escrow payment, then **you** will need to budget and set aside enough to pay the premiums when due.

Typically, homeowners policies cover things like theft, fire, vandalism or wind. But, to be covered for other catastrophes, like **FLOODS** or Earthquakes, you will have to purchase extended coverage and maintain the coverage so long as you have a mortgage loan.

Homeowners Insurance

- You might be thinking, “Should I buy **Replacement** coverage or **Actual Cash Value** coverage for my **home & contents**?”

Replacement Coverage:

- This costs more, but if you have a loss, you will be reimbursed enough to *replace* whatever is damaged or destroyed.
- For example, if your TV is struck by lightning and destroyed, you can replace it with a new one costing what you paid for the original.

Actual Cash Value Coverage:

- With “**ACV**” coverage the insurance company will take into consideration the age and condition of the damaged item and only pay you its *fair market value*.
- This means, if your 5-year-old TV is stolen or destroyed, you will only receive its *depreciated* value, not what it costs to replace it.

Building A Reserve

- No one wants to think about losing their home.
- But recessions, layoffs, sickness, injuries, or deaths might drastically affect your finances with no warning.
- You have an investment to protect!
- The best way to protect it is to budget & save.
- Some experts say you should build a reserve of 3-6 months' of living expenses.
- This money should be deposited in your Bank.
- You should only use this money for emergencies.



Maintaining Your Home

- You will eventually be faced with expenses for *unexpected* repairs and maintenance.
- You will need to learn about your home's mechanical, electrical & construction – and what it costs to maintain them – so you can budget for upkeep.
- You may have some *new* bills to pay, like sewer and water, trash, or special assessments for things like sidewalks.
- There are likely projects you want to do to improve the home.
- These require saving and budgeting to reach these goals.



Prioritizing

- Part of your responsibility of owning a home is prioritizing projects and thinking about the improvements that will likely add to your home's value – or decrease your expenses.
- It may be better to replace an old furnace with an energy efficient one, *before* you buy new carpet.
- Its important to anticipate problems, like a leaky roof or old washing machine.
- The best way to head-off problems is to inspect your home regularly and perform routine maintenance.
- If you have the tools and know-how, decide if you can do the job, or whether you should contact a professional, which is sometimes cheap in the long-run.

On the next 2 screens you will see a Maintenance Checklist.

Home Maintenance suggestions from the American Society of Home Inspectors



AMERICAN SOCIETY OF HOME INSPECTORS



	Periodically	Spring	Fall	Annually
I FOUNDATION & MASONRY: Basement. Exterior Walls To prevent seepage and condensation problems.				
a. Check basement for dampness and leakage after wet weather.	√			
b. Check foundation walls, steps, retaining walls, walks, patios, driveways, garage floors, etc., for cracks, heaving, crumbling.		√		
c. Check chimneys, deteriorated chimney caps, loose and missing mortar.		√	√	
d. Maintain grading sloped away from foundations walls.				√
II ROOFS & GUTTERS: To prevent leaks, condensation, seepage and decay.				
a. Check for damaged, loose or missing shingles, blisters.		√	√	
b. Check for leaking, misaligned or damaged gutters, downspouts (leaders), hangers (straps), gutter guards and strainers.		√	√	
c. Clean gutters, leaders, strainers, window wells, drains. Be sure downspouts direct water away from foundation.	√			
d. Cut back tree limbs growing on or over roof.			√	
e. Check antenna supports for sturdiness and possible source of leakage.'				√
f. Check flashings around roof stacks, vents, skylights, chimneys. for leakage.		√	√	
g. Check vents, louvers and chimneys for birds' nests, squirrels, and insects.		√	√	
h. Check fascias and soffits for paint flaking, leakage and decay.		√		
III EXTERIOR WALLS: To prevent paint failure, decay and moisture penetration.				
a. Check painted surface for paint flaking or paint failure.		√		
b. Check siding. shingles and trim for damage. looseness, warping and decay.	√			
c. Check exterior masonry walls for cracks, looseness, missing or broken mortar.		√		
d. Cut back and trim shrubbery against sidewalls.		√	√	
IV DOORS AND WINDOWS: To prevent air and weather penetration problems				
a. Check caulking and check for decay around doors, windows, corner boards, joints: recaulk as needed.			√	
b. Check glazing putty around windows.			√	
c. Check weather-stripping.			√	



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	Periodically	Spring	Fall	Annually
V ELECTRICAL: For safe electrical performance.				
a. Learn location of electrical panel box for breakers or fuses. Never overfuse.		Always ✓		
b. Trip circuit breakers every 6 months; ground fault interruptors (GFI), monthly.	✓			
c. Mark and label each circuit.	✓			
d. Check condition of lamp cords, extension cords and plugs. Replace at first sign of wear and damage.	✓			
e. Check exposed wiring and cable for wear or damage.				✓
f. If fuses blow or breakers trip frequently, call a licensed electrician.	✓			
g. If you experience slight tingling shock from handling or touching an appliance, disconnect the appliance & have it repaired. If lights flicker or dim, or if appliances go on and off unnecessarily, call a licensed electrician.	✓			
VI PLUMBING: For preventive maintenance.				
a. Check faucets, hose bibbs and valves for leakage.	✓			
b. Drain exterior water lines, hose bibbs, sprinklers, pool equipment in the fall.			✓	
c. Check for leaks at sink and house traps and sewer cleanouts.	✓			
d. Draw off sediment in water heaters monthly or per manufacturer's instructions.	✓			
e. Have septic tank cleaned every 2 years.				
VII HEATING & COOLING: For comfort, efficiency, energy conservation and safety.				
a. Change/clean furnace filters, air conditioner filters, electronic filters as needed.	✓			
b. Clean and service humidifier. Check periodically and annually.	✓			
c. Have oil burning equipment serviced annually.				✓
d. Clean around heating and cooling equipment, removing leaves, dust, overgrown shrubbery, debris. Be sure power is off!	✓			
e. On steam systems, "blow off" or drain low water cutoff per manufacturer's instructions or instruction tag.	✓			
VIII INTERIOR: General house maintenance.				
a. Check bathroom tile joints, tub grouting & caulking. Be sure all tile joints in bathrooms are kept well sealed with tile grout to prevent damage to walls, floors and ceilings below.	✓			
b. To prevent freezing, keep garage doors closed in winter; exposed water lines & drains should be wrapped with insulation.			✓	
c. Close crawl vents in winter and open in summer.		✓	✓	
d. Check underside of roof for water stains, leaks, dampness and condensation, particularly in attics and around chimneys.				✓
e. Keep attic louvers & vents open all year round. Check louver screening.				✓
IX Know the location of:				
a. The main water shutoff valve.		Always ✓		
b. The main electrical disconnect or breaker.		Always ✓		
c. The main emergency shutoff for the heating system.		Always ✓		

Get Help!

- Don't be afraid to ask for help.
- The worst thing to do is wait until you are far behind on all your payments.
- By contacting your creditors early, you may be able to temporarily make smaller payments, until you get back on your feet.
- You can contact a professional counselor if you need help.
- If you can't make your monthly mortgage payment, the best thing to do is contact your lender!
- Lenders will work with borrowers who have a good payment history.
- But, in order to help you, the lender needs contacted early, to discuss different options.



I hope you have learned some things today that will help you purchase a home.

I built this presentation just for you!

Dan Brown



Working to
be your
First
Choice.

Information in this presentation was accurate when it was created, and was still accurate as of 4-14-2008; however, due to ever-changing laws and regulations, it may not be accurate when you view it. Therefore, you should consult your own legal counsel, or a professional loan officer, or other financial expert for advise before buying a home or entering into any legal contracts.