

**ALLIANCE RELOCATION**  
60 STATE STREET #700  
BOSTON, MA 02109  
www.alliancerelo.com  
#617-424-1988

## **The Relocation Survival Guide**

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## **What to Expect.....**

*Are you considering a relocation and want to get a jump start on what you think may be a daunting prospect? Are you unsure about the process and looking for a burst of inspiration? If so, look no further the primary goal at AR is to help eliminate unnecessary inconveniences, expenses and lower your stress meter.*

*AR one of Boston's foremost Relocation companies will provide you with personalized step-by-step guidance. This Relocation Survival Guide will help you get started and serve as your guide throughout the process. First things first, start shopping for a mortgage and get pre-approved. This will help you to determine how much house you can buy which has a lot to do with where you will live.*

*If you are already in touch with AR we will have discussed real estate brokerage relationships and how we will represent you as your "buyer agent". Additionally, you will receive our expert advice on each step of the relocation process. Take a look at the community selection questionnaire, rental housing and/or the new home questionnaire(s) which will help you get focused on the details of your new home search. Once you have completed these questionnaires we will customize your on-line search and you will start receiving home listings from the local MLS (multiple listing service). There are numerous housing search websites, however, the local MLS will provide you with the most accurate and up-to-date information. Don't waste too much of your precious time looking at outdated real estate information available on other non MLS websites.*

*AR can provide you with details about communities, schools, a list of vetted professionals to include; lenders, real estate attorneys, home inspectors, moving companies and the other resources you need to ensure your smooth transition. Along with the excitement of accepting a new position and/or the prospect of a new home there will be numerous decisions to make. You can be assured Karen Dempsey Carney; AR's owner/broker will be your indispensable guide. Call, text (617) 424-1988 or email Karen at [kdempsey@alliancerelo.com](mailto:kdempsey@alliancerelo.com)*

## What We Do

Alliance Relocation is an independent residential real estate company. We specialize in relocation and we offer traditional real estate services. We partner with companies that may or may not offer relocation assistance to their employees and we work with individuals and families who are moving up, downsizing, and/or investing in real estate.

## How We Do It

AR conducts a complimentary consultation to determine client needs. Together we determine the services and resources required to ensure a smooth transition. We help sort out all the options and tradeoffs that are part of the process when choosing a new location and a new home and selling your current home. Our services are available bundled or unbundled based on your needs. We are flexible and creative when it comes to helping you with your unique circumstances.

## Why We Do It

As a small business AR is not held back by corporate rules or processes. We implemented what I call “white-glove service”, which is a high level of customized representation at no additional cost. This means taking the time to really understand what is important to you and being available and committed to making sure your real estate objectives are met. In addition to our exceptional service what sets AR apart from other real estate companies is our *one point of contact* offering expert counsel and market knowledge without geographic limits. We have been helping companies, families and individuals with their real estate needs in the Boston area for a long time. Our ongoing relationships and referrals speak to the level of care, service and trust you can expect when working with AR. (References available upon request)

## Services and Resources

The scope of services and resources available include but are not limited to the following: Area Tours, Public and Private School Evaluations, Personalized Home Buying/Selling, Rental Assistance (both short and long term), Settling In Services, Referrals to; Mortgage Services, Legal/Financial/Tax Resources, Moving Companies, Career Counseling, Child/Elder Care Providers and a host of other vetted resources. We custom tailor our services to meet specific client needs.

## AR as your “Buyer Agent”

You as a buyer will engage the services of a real estate agent to purchase property and the real estate agent is then the agent for the buyer who becomes the agent’s client. This means that the real estate agent represents you and your interests as a buyer. See pages 4 and 5 of the guide for more detailed information about agency representation.

## Your Mortgage

Purchasing your home will be the largest financial investment you make. Additional new mortgage regulations kicked in as of January 2014 and the process of getting a mortgage can be a challenge. Sorting through the cross section of lenders is well worth the effort. Having your relationship established and your “pre-approval” in hand can make all the difference in the successful outcome of your new home purchase.

The mortgage “pre-approval” is a commitment from a lender stating that your credit and employment have been verified and how much of a mortgage you qualify for. You will find traditional banks, investment companies, credit unions and mortgage brokers offering similar mortgage options and interest rates. It is important that you find one that you trust and would like to do business with. The better prepared you are the smoother the mortgage process will be. In addition to helping you determine your comfort level regarding monthly payments and guidance about your down payment the lender you ultimately choose may be able to “match” another lenders lower interest rate – it never hurts to ask.

AR will help facilitate the mortgage process. Meanwhile, in this low housing inventory market you want to be prepared in the event of multiple offers. Having your pre-approval in hand along with your lenders cell phone number will provide you with the confidence, peace of mind and the ability to act quickly when you find your new home. We will discuss contingencies that accompany an offer to include a “mortgage contingency” in detail prior to making an offer.

AR used to own and operate Alliance Home Loan but made the decision in 2012 to get out of the mortgage business. I have no doubt that members of Congress, the administration and regulators had every intention of protecting the financial system. However, the continued piling-on of over-burdensome regulatory requirements have in effect increased the cost for you to secure a mortgage and also increased the amount of documentation required. Hence, you will be well served to establish a connection with the mortgage professional of your choice in advance of your home search.

A few vetted mortgage professionals:

- Boston Private Bank & Trust Company – Carrie Carrizosa #617-912-4213
- Guaranteed Rate – Sammy Iliopoulos #617- 532-3965
- Prospect Mortgage – Christina Longo #978-886-9359

## **What You Can Expect From AR as Your “Buyer Agent”**

The relationship you had with your last real estate agent is not necessarily the same relationship you will have with your buyer agent in Massachusetts. The Commonwealth has a very specific law of *agency* - when purchasing a home you can engage the services of a real estate agent who will assist you with your purchase and that real estate agent is then the agent for you – the buyer.

AR’s duty to you as your buyer agent may encompass but is not limited to the following:

### **Prior to Viewing Properties**

- Complete the Massachusetts Mandatory Licensee Consumer Relationship Disclosure
  - Review pre-approval process
  - Provide an overview of current market conditions and projections
  - Discuss the steps involved when buying a home
  - Determine home preferences and timeline
- Discuss issues in buying property
- The MLS system
  - Mandatory Property Disclosures – Lead Paint Disclosure
  - Making an offer
  - Contingencies
  - Multiple offers guidelines
  - Inspections; home inspection, radon, chimney, pest, septic, appraisal, etc.

### **Determine Communication Method and Schedule**

What is the best method of communication (email, text, phone, fax, docusign, personal contact) and schedule (anytime after 8:00am and before 9:00pm – at home, office, weekends, etc?)

### **Locating Suitable Properties**

- Identify properties that match above established criteria
- Determine if desired properties are still available
- Set-up showings
- Write up schedule in advance of showing to confirm all homes are included

### **After The Showing**

If interested in making an offer create a list of questions and concerns to be discussed with the seller’s agent. Research to confirm findings and research recent similar sales/prices and competitive on market listings to determine and/or confirm the fair market value.

## Making an Offer

- Discuss how to structure an appropriate offer (see below)
- Review the process from writing up the offer to negotiating the offer to having it accepted
- Contact lender to confirm financing terms and contingencies
- Confirm with seller's agent any preferred requirements or needs of the seller such as closing date, repairs and any special arrangements for moving out or in
- Discuss multiple offers plan and the intentions of the seller should there be multiple offers
- Provide choice of home inspectors

Once you have determined an initial offer price, the **terms** in the offer may be equally as important as follows:

- The amount of **down payment** (sometimes called “earnest money” or “deposit”) typically \$1,000 with the initial offer.
- The **total down payment/deposit** due at the time of purchase and sale typically will range from 5% -20% of the purchase price.
- **How long the offer will be open.** It's best to limit the seller to not more than 24 hours to respond to your offer, to keep the seller from waiting for better bids from other buyers.
- The **dates of the purchase and sale agreement (P&S) and the date the sale will be finalized (“closed”)** and the **date you'll move in.** These terms like the price are negotiable; however, you or your seller may or may not have much flexibility on these dates for various reasons.
- **Who will hold the deposit money (an escrow agent)** this is typically the listing broker, however, it can be an attorney.
- **Items to be included in the sale,** such as carpeting, lighting fixtures, appliances and so forth. **Items not included in the sale.** What is and is not included in the sale should be part of the initial offer. Please note – have a conversation with your lender in advance about what items can be part of the contract and which cannot (as an example - flat screen T.V.'s)

## From Accepted Offer to Purchase and Sale

- Your offer has been accepted and the offer paper work is signed
- Set up appointments for inspections
- Ask seller's agent to provide all manuals/warrantees
- Review options if inspections are unsatisfactory
- Discuss making the loan application
- Provide attorney with all pertinent documents
- Discuss with attorney the signing of the Purchase & Sale (P&S) document
- Prepare for making additional earnest money deposit upon P&S signing
- Follow-up with lender for final mortgage approval

## **Preparing for Closing**

The **closing** is the date; time and place the sale will be finalized and recorded. The date will have already been determined in the initial offer and/or the P&S. The time and place of the closing will be scheduled by the real estate attorneys taking into consideration both your schedule and the sellers' schedule.

- Have new homeowner's insurance policy in place
- Notify utility companies and other about impending ownership
- Confirm the date and time of closing
- Discuss how the balance of funds due will be handled (wire – cashier's check)
- Schedule final "walk thru" immediately before the closing
- Attend the closing
- Have the locks changed and/or confirm all keys have been accounted for

The **closing costs** have been outlined by your lender in the initial Good Faith Estimate and will be confirmed by your attorney prior to closing.

## **When do you Hire an Attorney?**

In Massachusetts we use real estate attorneys to handle the P&S contract. In other states it may be customary to only have one real estate contract which is handled by your real estate agent with the help of a title company. In MA after the "road side" contract/offer negotiated by your buyer agent is accepted a real estate attorney handles the P&S. It's a good idea to discuss the selection and hiring of your attorney at the onset of the home buying process. AR can share a list of vetted attorneys and you will want to discuss attorney selection with your lender to determine the cost savings of using one attorney or if you are better served to have your own legal representation separate from your lenders. Let's discuss.

## **It's Time to Get Organized**

Be patient in your efforts to get it all together in such a short time frame. AR is an understanding partner and we are sensitive to the numerous decisions and changes you are facing. A professional organizer has offered the following tips:

- Set up a calendar exclusively for your move and write down all due dates
- Take an inventory of your household items - decide what will be moved, sold or given away before you call the moving company for an estimate
- Create a mortgage file – this will be the most paper intensive part of your transition and when your lender says they want "every page" they mean every page even the blank pages on the back of statements
- Create a file folder for important information and contacts pertaining to your new home – better to have their information before you move vs. scrambling for their contact information when you realize you need them

## Do You Love The Neighborhood You Are In Now?

There are many factors that go into selecting a community. Some of the practical considerations are the length of your commute to work, public transportation, schools, affordability, and the list of considerations goes on.

Prior to looking for a new home AR can provide you with an overview of what each community has to offer and try to narrow down your choices. With limited time and a targeted relocation budget to work with you want your house hunting trip(s) to be as productive as possible.

With our help and guidance you should be able to select communities prior to your house hunting trip(s). If this process seems too daunting Alliance Relocation will provide an area tour to help you get a feel for various communities and answer your questions.

## Community Selection Questionnaire

Alliance Relocation recommends you go through the following lifestyle questions to get clear about your priorities. Please rate the questions on a scale of 1 - 5 with 1 being of utmost importance and 5 of least importance.

Time Spent Commuting	_____
Public Transportation	_____
Good Public School System	_____
Private/Religious Schools	_____
Town Center	_____
Medical and Personal Services	_____
Child Care Facilities	_____
Youth Recreation Groups/Athletic Programs	_____
Parks and Open Space	_____
Hobby and Special Interest Groups	_____
Public Library	_____
Good Shopping	_____
Local Theater and Entertainment	_____
Restaurants	_____
Religious Groups (specify which)	_____
Care Options for Pets	_____
Other:	_____

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Once you have focused in on the community(s) where you would like to live you will want to think about your housing wish list. A list of the rooms, features and amenities you would like to have in your home. Of course, you most likely will not find everything in one house so we recommend that you prioritize your wish list.

You may know what type of home you are considering i.e., a condominium, townhouse, single family or multi family? Do you know styles of homes and can you identify which you prefer, for example; Colonial, Arts and Crafts or Contemporary? If you need help we can provide you with a list of house styles that are typical in New England.

On a scale of 1-5 rate your needs with 1 being most important and 5 being least important.

### **Housing Wish List - Style(s):**

#### **Square Footage:**

Air-Conditioning\_\_\_\_\_

Carpeted Floors\_\_\_\_\_

Eat-In Kitchen\_\_\_\_\_

Deck\_\_\_\_\_

Dining Room\_\_\_\_\_

#### **Number of Bedrooms:**

Family Room\_\_\_\_\_

Fireplace(s) \_\_\_\_\_

Garage\_\_\_\_\_

Newer Home\_\_\_\_\_

Older Home\_\_\_\_\_

#### **Number of Bathrooms:**

Parking\_\_\_\_\_

Patio\_\_\_\_\_

Porch\_\_\_\_\_

Land/Lot size\_\_\_\_\_

Other

Please note if you have not already signed a Consumer Broker Relationship Disclosure with AR acting as your buyer agent that prior to discussing a specific property it is required by the state of Massachusetts.

## **Are You Thinking About Renting?**

Alliance Relocation can represent you if you choose to rent a house or apartment. You should be prepared to pay a "brokers fee". This broker fee is paid by the prospective tenant in Massachusetts and you will be asked to sign the RHA Rental Brokerage Fee Disclosure. The fee can be anywhere from a half month's rent to one and a half month's rent. The fee's purpose, the amount and the date due should be disclosed prior to visiting any rental properties with AR or another designated rental agent

In addition to identifying available rental listings on MLS there are various landlords/large property owners who offer rental housing. Which type of property you choose to rent will depend on your needs, taste and budget. When you find a property you are interested in renting you will be asked to complete a rental application. Your application should be accompanied by an earnest money check for one month's rent and a copy of your credit report will be required.

A landlord is limited to collecting first and last month's rent, one month of security and a key deposit. As you can see, getting into a rental property can add up. A standard fixed term lease typically runs for a 12 month period, however, the term of your lease may depend on the time of year and the landlord.

The rental market is as competitive as the sale market in the Greater Boston Area and the inventory of nice rentals is limited and competitive. Please note along with the sample rental forms is a Lead Paint Disclosure Form. You want to become familiar with the Lead Paint Law in MA ....

“The Lead Law requires the removal or covering of lead paint hazards in homes built before 1978 where any children under six live. Lead paint hazards include loose lead paint and paint on windows and other surfaces accessible to children. Owners are responsible with complying with the law. This includes owners of rental property as well as owners living in their own single family home”.

Under Massachusetts and Federal Law a Property Transfer Lead Paint Notification is required (Form available on line and included in your initial package from AR)

<http://www.mass.gov/eohhs/gov/departments/dph/programs/environmental-health/exposure-topics/lead/lead/massachusetts-lead-law-requirement.html>

## Next Steps

**The Move and Your Personal Belongings** - Once you have determined where you will be moving to or even before you have selected your new home you can contact movers for bids.

The following is a list of do's and don'ts for selecting a moving company:

- 1) Do consider one of the top four national van lines.
- 2) Do meet with the "move manager" as this is the individual that you will have to contact should there be any pricing issues or complications down the road.
- 3) Don't select a company based solely on "pricing and rates". There are numerous other factors that will affect the overall cost.
- 4) Don't go to the yellow pages; ask your new employer or your relocation consultant for a list of preferred movers and make sure you check references.

## Will You Require a Power Of Attorney

If you, the buyer/borrower or the co-borrower cannot attend the scheduled closing a "power of attorney" can be drawn up. However, should be done well in advance as the lender will need to review it.

## You're "To Do" List

- Touch base with your accountant to discuss your move and tax benefits
- Arrange to have your children's school records forwarded
- Notify doctors/dentist that you will be moving and ask for referrals
- Shop for your new homeowners insurance – notify current insurer about your move
- Take measurements at your soon to be new home
- Notify utility companies at your current home and new home with dates of service
- Complete a change of address form for the Post Office (can do well ahead of move date)
- Notify creditors and credit card companies of your change of address

## Notes

## Fun Facts and Getting Settled

### General Information about the State of Massachusetts

<b>State Tree</b>	Elm
<b>State Animal</b>	Morgan Horse
<b>State Flower</b>	Mayflower
<b>State Bird</b>	Chickadee
<b>State Insect</b>	Ladybug
<b>State Cookie</b>	Toll House

### State Motto

*Ense Petit Placidam Sub Liberante Quietam*

By the Sword We Seek Peace but Peace Only Under Liberty

#### Phone Service

**Verizon** 1 800-837-4966  
[www22.verizon.com/residential](http://www22.verizon.com/residential)

*\*Fact: In 1875, Alexander Graham Bell invented the telephone in Boston.*

#### Utilities – providers will vary depending on community – check your community website

**NStar** (electric) 1 800-592-2000  
[www.nstaronline.com](http://www.nstaronline.com)

**Keyspan** (gas) 800-231-5325  
[www.keyspanenergy.com](http://www.keyspanenergy.com)

**Boston Water & Sewer** 617-989-7000  
[www.bwsc.org](http://www.bwsc.org)

*\*Fact: In 1882, The Hotel Vendome in Boston became the first commercial building with electric lights.*

#### Cable TV/Internet Service Provider

**Comcast** 800-266-2278  
[www.comcast.com](http://www.comcast.com)

#### Department of Motor Vehicles

[www.state.ma.us/rmv](http://www.state.ma.us/rmv)

## Getting Around

Public Transportation – The Boston public transportation system, known as the “T” is run by the Massachusetts Bay Transportation Authority (MBTA). The “T’s” hours of operation; Monday – Saturday from 5:15 am 12:30 am and Sunday from 6:00 am -12:30 am. Call #617-222-3200 for exact times and schedules as they change. This vast system of subway trains/trolley, commuter trains, commuter boats, and buses serve Boston and surrounding communities.

Frequent riders can purchase reusable CharlieCards and Tickets for savings and quicker access to buses and trains. Information can be found at [www.mbta.com](http://www.mbta.com).

*\*Fact: Boston is the home of America’s first subway which opened to the public September 1, 1897.*

### ***Subways***

Boston has multiple subway lines, distinguished by colors; blue, orange, green, red and silver. Tokens are purchased and collected before boarding. 617-222-5218

### ***Buses***

There are over 100 bus routes in Metro Boston. Fares are collect in exact change when boarding. 617-222-3200

### ***Commuter Rail***

The commuter rail is comprised of 11 lines and over 100 T stations and is an excellent way to get to work or visit Boston. Commuter trains originate from North, South and Back Bay Stations. A fare of \$1.70 - \$7.75 is based on the route/zone that is traveled. 617-222-5218

### ***Commuter Boats***

The T boat system is comprised of two types of boat service: Inner Harbor Ferries and Commuter Boats. Inner Harbor Ferry serves Charlestown navy Yard to Long Wharf. Commuter Boats serve Hingham, Rowes Wharf, Quincy, Long Wharf, Hull and Logan Airport.

Hingham Commuter Boat 781-749-8009

Charlestown Commuter Boat 617-227-4321

*\*Fact: In June of 1827, the first dry dock in America opened in the Charlestown Navy Yard.*

### ***Airport***

**Logan International Airport:** 1-800-23-LOGAN

### ***Railways***

**Amtrak:** 1-800-872-7245

*\*Fact: On October 7, 1826, America’s first railroad car (horse drawn) traveled over the granite railway from Bunker Hill Quarry to the Neponset River. On May 23, 1870, the first transcontinental train left Boston for San Francisco. The ride lasted 39 days.*

## **A Few More Things To Think About** (please confirm with your accountant)

- The “American Taxpayer Relief Act of 2012” passed by Congress extends current tax rates for all households earning less than \$450,000, and individual filers earning less than \$400,000. Households earning above these limits will see tax rates revert to where they were in 2003, meaning taxpayers in the highest bracket would pay taxes on ordinary income at a rate of 39.6%, up from 35%. The tax rate on capital gains would also remain the same, at 15%, for most households, but for those earning above the \$400,000-\$450,000 threshold, the rate would rise to 20%.
- The Taxpayer Relief Act of 1997 allows capital gains exclusion up to \$500,000 for joint filers and \$250,000 for singles on the sale of a primary residence. The property must be owned and occupied as a primary residence for at least 2 of the 5 years preceding the sale.
- As part of the Massachusetts General Laws on personal property there is an excise tax on cars and works as follows: the tax rate is \$25.00/\$1,000 value of your auto and if the car is a current year model it will be taxed at 90% of the value this year...in the 2nd year at 60%.... in the 3rd year at 40% ....in the 4th year at 25% and then at 10% in year 5 and thereafter. (please go to [www.mass.gov/dor](http://www.mass.gov/dor))
- If you moved due to a change in your job or business location, or because you started a new job or business, you may be able to deduct your reasonable moving expenses but not any expenses for meals. You can deduct your moving expenses if you meet all three of the following requirements:
  - ✓ Your move is closely related to the start of work
  - ✓ You meet the distance test
  - ✓ You meet the time test

## Website Directory

### Transportation, Tax and License

Amtrak Passenger Rail – [www.amtrak.com](http://www.amtrak.com)

Boats/Recreation Vehicles – [www.mass.gov/dfwele/dle/boatrv.safe.htm](http://www.mass.gov/dfwele/dle/boatrv.safe.htm)

Commuter Ferries – [www.massbaylines.com](http://www.massbaylines.com)

Commuter Services – [www.massturnpike.com](http://www.massturnpike.com)

Commuter Services/Park & Ride – [www.commute.com](http://www.commute.com)

Department of Motor Vehicles – [www.state.ma.us/rmv](http://www.state.ma.us/rmv)

Department of Revenue – [www.dor.state.ma.us](http://www.dor.state.ma.us)

Department of Taxation – [www.dor.state.ma.us](http://www.dor.state.ma.us)

Logan International Airport – [www.massport.com](http://www.massport.com)

Massachusetts Bay Transportation Authority (MBTA) – [www.mbta.com](http://www.mbta.com)

Park & Ride Lots – [www.ctps.org/bostonmpo](http://www.ctps.org/bostonmpo)

### Education

Board of Regents of Higher Education – [www.mass.edu](http://www.mass.edu)

Massachusetts State Department of Education – [www.doe.mass.edu](http://www.doe.mass.edu)

National Association of Independent Schools – [www.aisne.org](http://www.aisne.org)

New England Association of Schools and Colleges – [www.neasc.org](http://www.neasc.org)

## Glossary

**Adjustable Rate Mortgage (ARM) - a mortgage that permits the lender to adjust the rate of interest periodically based on an index**

**Agent – one who represents another from whom he/she has derived authority**

**Agreement of sale – a written agreement or contract between seller and purchaser in which they reach a meeting of the minds on the terms and conditions of the sale**

**Amenity – something other than the construction materials, which increases the enjoyment, derived from a property such as good design, superior view, etc.**

**Amortize – to reduce debt by regular payments of both principal and interest, as opposed to interest only payments**

**Annual Percentage Rate (APR) - the total cost of a mortgage stated at a yearly rate (includes costs above interest rate)**

**Application – a request for extension of credit evidenced by supplying written personal and financial information and agreement to and assistance with verification**

**Appraisal - a professional opinion of the market value of the property done by an appraiser**

**Appreciation – an increase in the property value of a house due to changes in market conditions or other causes**

**Assets – anything owned by a company or individual, which can be used to repay debt**

**Binder - a preliminary agreement (offer) between a buyer and seller that includes price and terms**

**Cap- a term used in adjustable rate mortgages – caps will limit the increase or decrease in your interest rate or monthly payments and also may limit the interest rate over the life of the loan**

**Cash reserve – cash remaining after closing, a requirement of some lenders that buyers have sufficient money to make the first two mortgage payments**

**Clear title – a title that is free of liens and legal questions as to ownership of the property**

**Closing statement (Settlement statement or HUD –1) a final, detailed account prepared by a closing agent of all cash received, charges and credits involved in closing a real estate transaction which lists the final settlement between buyer and seller**

**Collateral – real property accompanying a mortgage as its security**

**Commitment - a formal offer by a lender stating the terms under which it agrees to lend money**

**Comparable sale – sales which have similar characteristics as the subject property and are used for analysis in the appraisal process**

**Condominium - a form of property ownership to include an individual dwelling and undivided interest in common areas**

**Contingency - a condition that must be met before a contract is legally binding**

**Contract – an agreement, either written or oral, to do or not do certain things**

**Conventional mortgage – any mortgage that is not insured or guaranteed by the federal government**

**Credit report – a report of an individual’s credit history prepared by a credit bureau and used by a lender in determining a loan applicant’s credit worthiness**

**Deed – the legal document conveying title to a property**

**Delinquency – a loan in which a payment is overdue but not yet in default**

**Deposit - a deposit to show seriousness about buying a property**

**Donee – a person to whom a gift is given**

**Donor – a person who makes a gift**

**Down payment - the part of the purchase price which the buyer pays in cash and does not finance with a mortgage**

**Duplex – a building having two dwelling units either side by side, with a common wall and roof, or one above the other**

**E.C.O.A. – equal credit opportunity act**

**Earnest money – money deposited with the offer to purchase as a partial down payment on real property to demonstrate an earnest desire to purchase**

**Escrow - the holding of money by a neutral third party**

**Escrow payment – each month, a portion of your payment is set aside by the lender in an escrow account to pay the real estate taxes and insurance(s)**

**Easement – a liberty, privilege, or right one has to use land for a specific purpose distinct from ownership of the soil, such as the right to cross “X” to get to “Y”**

**Equity – the difference between the market value of a property and the homeowner’s outstanding mortgage balance**

**Equal Credit Opportunity Act (ECOA) – a federal law that prohibits lenders from denying mortgages on the basis of the borrower’s race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance**

**Equity Loan – a loan based on the borrower’s equity in his or her home**

**Escrow – the holding of documents and money by a neutral third party prior to closing; also an account held by the lender into which a homeowner pays money for taxes and insurance**

**Escrow – the deposit instruments and funds with instructions to a third neutral party to carry out the provisions of an agreement or contract**

**F.I.C.O. – fair Issac and company (pertaining to credit scores)**

**Fair credit reporting act – a consumer protection law that sets up a procedure for correcting mistakes on one’s credit record**

**Fee simple – real estate, which can be bought, sold, and transferred without restrictions**

**Federal home loan mortgage corporation (FHLMC or Freddie Mac) – the buyer of first and second mortgages from conventionally or federally insured financial institutions**

**Federal national mortgage association (FNMA or Fannie Mae) buys first and second mortgages from conventionally or federally insured financial institutions as well as FHA insured and VA guarantee mortgages**

**First mortgage – a mortgage on a property whose rights are superior to all others**

**Fixed Rate Mortgage - a mortgage whereby the interest rate does not change during the entire term of the loan**

**Float - an interest rate that is floating with the market conditions vs. being locked in**

**Flood insurance – insurance required for properties in federally designated flood areas**

**Grant deed – a general type of deed, containing warranties, used to transfer real property**

**Gross income – total income before any expenses are deducted**

**Gross living area** – a system of measuring the size of a house that is widely used by appraisers – it calls for measuring around the outside of the house above the foundation – areas that are classified as garages, porches, basements or attics are excluded from the calculations unless otherwise disclosed

**Hazard insurance** – insurance to protect the homeowner and the lender against physical damage to a property from fire, wind, vandalism or other hazards

**Homeowner's insurance** - an insurance policy that combines personal liability and hazard insurance coverage

**Housing debt ratio** – the proportion of total housing costs to total gross monthly income expressed as a percentage

**Interest** – the fee charged for borrowing money

**Interest rate** – the percentage of a sum of money charged for its use

**Joint note** – a note signed by two or more persons who have equal liability for payment

**Joint tenancy** – joint ownership by two or more persons with right of survivorship; all joint tenants own equal interest and have equal rights in the property

**Legal description** – a legally accepted method of identifying property, such as lot, block, page and subdivision or a metes and bounds description

**Loan to Value Percentage (LTV)** - the relationship between the unpaid principal balance of the mortgage and the appraised value or sales price

**Liability** – debt or obligation

**Lien** – a form of encumbrance, which usually makes property security for the payment of a debt or discharge of an obligation

**Listing** – an employment contract between principal and agent authorizing the agent to perform services for the principal involving the latter's property; listing contracts are entered into for the purpose of securing persons to buy, lease or rent property

**Loan application** – the loan application is a source of information on which the lender bases his or her decision to make the loan, defines the terms of the loan contract; gives the name of the borrower and all other pertinent information to the transaction

**Loan closing** – and/or settlement – when all conditions have been met, the lender/funder authorizes the recording of the trust deed or mortgage

**Loan servicing – the collection of mortgage payments from borrowers and related responsibilities of a loan servicer**

**Loan to value ratio (“LTV”) – the relationship between the amount of a mortgage and the total value of the property**

**Lock-in - an agreement guaranteeing a specific interest rate**

**Margin – used with ARM loans – the amount the lender adds to the index**

**Market price – the price paid regardless of pressures, motives or intelligence**

**Market value – 1) the price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure; 2) as defined by the courts, is the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser with knowledge of property’s use and capabilities for use**

**Mortgage banker – an individual or company which funds loans and then sells them**

**Mortgage broker – an individual or company, which originates a loan**

**Mortgage differential – employer who subsidizes an employee’s mortgage payments by paying all or part of the differential between the present and proposed housing payment**

**Multiple Listing Service (“MLS”) – a system where a group of brokers agree to work together and cooperate to sell each other’s listings**

**Origination fee – lender fee to buyer for handling the loan transaction**

**Personal property – any property, which is not real property**

**PITI - principal, interest, taxes and insurance**

**PITI ratio – also called an “income to debt” ratio – it compares the monthly income to the amount due each month in principal, interest, real estate taxes and insurance**

**Points - a one-time charge by the lender to increase the yield of the loan - a point is 1 percent of the amount of the mortgage**

**Prepays - fees collected at closing to cover escrow accounts for property taxes, insurance and perhaps private mortgage insurance**

**Pre-approval – the process of documenting how much money a prospective homebuyer will be eligible to borrow**

**Pre-qualification - before a loan is applied for determining how much money a homebuyer will be eligible to borrow**

**Preliminary title search – a title search conducted by a title insurance company before it commits itself to insure the rights in property ownership**

**Private Mortgage Insurance (PMI) - insurance required when the loan to value is greater than 80%**

**Purchase agreement/sale contract – a contract to sell and buy real property according to terms set forth within**

**Purchase and sale agreement – a written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold**

**Qualifying ratios - guidelines applied by lenders to determine how large a loan to grant a home buyer**

**R.E.S.P.A. – real estate settlement procedures act of 1974**

**Radon - an invisible, odorless gas found in some homes that in sufficient concentrations might cause health problems**

**Rate lock - a guarantee of a specified interest rate**

**Real estate broker – state licensed individual who, after passing an examination, is charged with the responsibility of overseeing the actions of licensed real estate associates, within his/her business, who helps clients find real estate to buy**

**Reserve (escrow) account – an amount of money set aside to pay future expenses**

**Revolving debt – a debt on which monthly payments are made, usually as a minimum or a percentage of the current balance**

**Sales contract – a contract whereby buyer and seller agree to terms of sale**

**Second mortgage – a mortgage, which has rights which are subordinate to the rights of the first mortgage holder**

**Secondary market – the investor market which provides for the purchase of mortgages from other lending institutions, enabling them to restock their money supply and loan more money (i.e. FNMA or FHLMC)**

**Settlement Statement - the computation of costs payable at closing (referred to as a HUD 1)**

**Survey - a drawing or map showing the legal boundaries of a property**

**Tenancy in common – ownership by two or more persons who hold undivided interest, without right of survivorship, and interests need not be equal**

**Title - a legal document evidencing a person’s right to ownership of a property**

**Title Insurance - insurance to protect both the lender and homeowner against loss arising from disputes over ownership of property**

**Total debt ratio – housing, revolving and installment debt as a portion of total gross monthly income**

**Truth-In-Lending – a federal law that requires lenders to fully disclose, in writing the terms and conditions of a mortgage, including the APR and other charges**

**Underwriting - The process of evaluating a loan application to determine the risk involved for the lender**

**Verification – sworn statement before a duly qualified officer to correctness of contents of an instrument**

**Warranty – a clause in a deed which states that a grantor guarantees a grantee the right of quiet enjoyment and possession of the subject property, free of hindrances which may be created by other parties of interest**

**Zoning – the division and separation of a community into separate areas (zones) how the property in each zone may be developed and used is specified in the zoning regulations**

Please contact AR [info@alliancere.com](mailto:info@alliancere.com) or (617) 424-1988 if you have any questions or would like sample forms for the following:

Consumer Broker Relationship Disclosure  
Lead Paint Property Transfer Notification Certification  
Offer to Purchase  
Offer to Purchase Contingency Addendum(s)  
Rental Broker Fee Disclosure  
Rental Application  
Standard Lease Agreement