Owner's Title Insurance - Protecting your Equity

Title insurance is an insured statement of the condition of your ownership rights, or "title," to a certain piece of property. The policy describes your property in detail as well as any limitations there may be to your use and ownership. Most importantly, an owner's title policy guarantees that the property you are purchasing is free of undisclosed liens, confusion in the rights of ownership and other "clouds on the title."

Here are a few of the risks against which an owner's title policy protects you:

- Clerical errors in public records
- Mistakes in recording legal documents
- Wills not probated
- Confusion from similarity of names
- Forged documents
- Undisclosed or missing heirs
- Unpaid taxes
- Fraud
- Invalid divorces or misrepresentation of marital status
- Attorney's fees for handling specific title defects in or out of court

Title Search

Before a policy is issued, the title insurance company conducts an extensive search for "matters of public record" that affect title to the property. Upon completion of this investigation, the title insurance company issues a preliminary commitment for Title Insurance. This includes information regarding matters which affect the title to the property. Final insurance is provided at closing to protect both the owner and the lender (provided a mortgage loan is involved).

What Does Owner'sTitle Insurance Cover?

If, after you purchase your home, a "flaw" or problem that could affect your right to own the property in title is discovered, the title insurance company generally agrees to: 1) Defend your title in the courts, as insured, at its own expense. 2) Correct or clear the title when possible. 3) Promptly pay you for your loss in the event of an unsuccessful defense of your title. You should also consider the following:

The cost of an Owner's Policy is often times less than the cost of a single office visit to an attorney to discuss a title problem.

10 Ways to Stop Identity Theft

There's no ironclad protection that guarantees that you'll never fall victim to some form of identity theft. But there are steps you can take to protect yourself, many of which are rather simple:

Destroy private records and statements. Tear up - or, if you prefer, shred - credit card statements, solicitations and other documents that contain private financial information.

Secure your mail. Empty your mailbox quickly, lock it or get a P.O. box so criminals don't have a chance to snatch credit card pitches. Never mail outgoing bill payments and checks from home. They can be stolen from your mailbox and the payee's name erased with solvents. Mail them from the post office or another secure location.

Safeguard your Social Security number. Never carry your card with you, or any other card that may have your number, like a health insurance card. And don't put your number on your checks. It's the primary target for identity thieves because it gives them access to your credit report and bank accounts.

Don't leave a paper trail. Never leave ATM, credit card or gas station receipts behind.

Take your name off marketers' hit lists.

Never let your credit card out of your sight. Worried about credit card skimming? Always keep an eye on your card or, when that's not possible, pay with cash.

Know who you're dealing with. Whenever anyone contacts you asking for private identity or financial information, make no response other than to find out who they are, what company they represent and the reason for the call. If you think the request is legitimate, contact the company yourself and confirm what you were told before revealing any of your personal data.

Be more defensive with personal information. Ask salespeople and others if information such as a Social Security or driver's license number is absolutely necessary. Ask anyone who does require your Social Security number - for instance, your insurance company - what their privacy policy is and whether you can arrange for the organization not to share your information with anyone else.

Monitor your credit report. Obtain and thoroughly review your credit report (now available for free at Annualcreditreport.com or by calling 877-322-8228) at least once a year to look for suspicious activity. If you spot something, alert your card company or the creditor immediately. You may also want to subscribe to a credit protection service, like Experian's CreditCheck, which alerts you any time a change takes place with your credit report.

Review your credit card statements carefully. Make sure you recognize the merchants, locations and purchases listed before paying the bill. If you don't need or use department-store or bank-issued credit cards, consider closing the accounts.

The Importance of a Survey

How else do you know what you own?

Until several years ago, a property purchaser always obtained a new land survey when they bought a home. Nowadays, practically no lender requires a survey and it's up to the purchaser whether or not to have one . . . The cost of which is typically $350 to $500. Most homebuyers assume that the property has been surveyed in the past and that everything must still be okay. Sometimes the buyer has a copy of an old survey or has even been shown some markers on the property and believes that all is well.

There are many instances where fences, retaining walls, driveways, outbuildings and trees encroach a few feet, and sometimes 20 to 40 feet into a neighbor's property. Relying on the seller to tell you that the fence is right on the line or that your property includes those trees might be fine until your neighbor decides to cut down those trees, which really belong to her.

There are other instances that over the years, a pin or other marker mysteriously grows feet and moves! One of the things a registered land surveyor does is to make sure that the property lines "close". In other words, the markers in the field must match the master plat of the subdivision or the other legal records.

This is even more the case with new construction, where people sometimes assume that since it's "new", everything must be okay. In these days of bigger houses on smaller lots, you can't rely on a builder's or their subcontractor's skill as an ersatz surveyor. If you have any questions about that sort of thing, you might talk to my next door neighbor, who has a few feet of his other neighbor's driveway on his property (and be sure to thank him for the nice trees his builder planted in my yard).

These types of things aren't a problem until there is a problem. There may be a few cases where the property has been recently surveyed and the corners are relatively apparent, and there's really no need to spend a few hundred dollars for a new survey.

Even though ordering a new survey is an elective, it may be a wise decision to consider having one. Having great peace of mind is far better than having potential problems.

Mortgage Rates . . .

What Makes Them Rise or Fall?

Is it the Fed . . . The economy . . . Inflation . . . The banks . . . Fannie Mae or Freddie Mac? The answer is that rates are moved by a number of related factors, and believe it or not, **you** are one of those factors.

Mortgage money comes mostly from investors through what is collectively known as the "capital markets." This is where investors interested in purchasing certain kinds of debt instruments - bonds, in this case, come to buy these items.

In order to attract investors, sellers of bonds must compete with one another to get their money. They do this by offering a variety of products with differing structures of risk and return over given periods of time. These offerings compete with other investments which are reasonably similar in performance, such as US Treasuries, corporate bonds, foreign bonds and others.

Mortgages are priced for sale to attract investors who seek fixed income investments. There are many kinds of bonds available, and mortgage rates (yields) rise and fall with those competing investments to a greater or lesser degree. Fixed mortgage rates, like other bonds, track US Treasury bonds quite well. And, since Treasury obligations are backed by the "full faith and credit" of the United States, they are the benchmark for many other bonds.

Unlike many other investment opportunities, no one really knows how many mortgages will be originated, then made available for sale (as bonds) in a given period of time. Not too long ago, a quick drop in interest rates produced a large buildup of loans to be sold to investors as homeowners rushed to refinance. This made way too much bond supply available in too short a time, and investors simply couldn't absorb it all at once. Too much supply, not enough demand; prices had to go down and yield had to go up to attract investors.

The Fed's Role

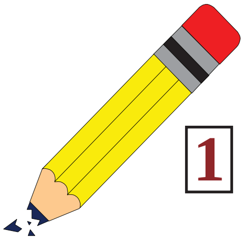
Contrary to popular belief, the Federal Reserve doesn't control mortgage rates. Their most well known policy tool, the Federal Funds rate, is the overnight interest rate which banks charge each other when needing to borrow money to meet end-of-the day reserve requirements.

In some ways, expectations of what the Fed might do can be more important than what the Fed actually does, as their actions or inactions can help to confirm or deny what investors believe.

You may also have noticed that sometimes the Fed cuts interest rates and fixed mortgage rates actually rise as a result. Why? If the Fed is taking steps to address economic weakness by lowering rates, that likely means that a return to faster growth - and possible higher inflation as well, is coming sooner, rather than later.

So what moves mortgage rates? Supply, demand, competition for money, inflation, the economy and expectations. And, it's mainly the 10-year Treasury bond (yield) that has the direct correlation.

Discrediting Four Credit-Scoring Myths



There's a lot of misinformation being propagated about what does, and doesn't, hurt your credit score. Following are four of the most widely circulated myths to watch for:

1 Closing accounts can help your credit score. No, no, no. Closing accounts, in fact, could hurt your credit rating. Credit scoring looks at the difference between your available credit and the amount you use. Shut down accounts, and your total available credit shrinks. That makes your actual balances loom larger in comparison, which could hurt your score.

Credit scoring also tracks the age of the credit accounts. Shutting older accounts can make your credit history appear more "immature" than it actually is. Instead of closing accounts, it's generally better to pay down the debt you have.

2 The three major credit bureaus - Experian, Equifax and TransUnion all use identical data and scoring systems. Not true. Because they use slightly different formulas, you probably have a different score with each credit bureau, which most lenders "average" when making financing decisions. Before applying for a mortgage, it makes sense to check all three credit reports and fix any errors you find.

3 Checking your credit score can damage your credit rating. Applying for new credit or spending to your available credit limit is what hurts a credit score. Ordering a copy of your credit report doesn't count.

4 Credit counseling will hurt your score as much as a bankruptcy. This is false. The widley used FICO scoring system (created by the Fair, Isaac Company) ignores any reference to credit counseling in your file because history proved that consumers who get credit counseling have the same default rate as those who don't.

Refinancing from an ARM to a Fixed Rate

As interest rates rise, many homeowners are jumping ship and abandoning their storm-tossed adjustable rate mortgages for stately fixed-rate loans.

What makes this a little unusual is that these borrowers are opting for higher rates - for now, at least. It's more common for people to refinance into lower rates. Borrowers give three reasons for tacking against the wind:

- Deciding to keep a home longer than they originally intended.
- It's easier to make firm plans for the future if their mortgage rates can't fluctuate.
- Some think mortgage rates are headed higher for a long time.

For many, it's a question of, "Do I want to sleep at night or why take the chance - particularly when the LIBOR has risen 1.8% in the past year"?

Unfortunately, there is no crystal ball that will help you predict if rates will continue climbing higher and if they do, how long they will likely remain there.

If you currently own an adjustable rate mortgage and decide to make the switch to a fixed rate for any one of these stated reasons, you may want to consider an "interest-only" option. This feature will allow you to make interest-only payments for the first 10 years . . . providing some payment flexibility during lean times.

And, if you have a home equity line of credit, you may want to consider financing this into your new fixed-rate mortgage. This type of loan is generally tied to prime - which has also risen dramatically within the past year. In either case, it's always a good idea to talk with your personal loan consultant first.

Tax Planning - What Loan Fees are Tax Deductible?

- Home acquisition mortgage fees to purchase a primary or secondary residence, including origination fees and discount points. Also applies to home equity lines of credit and second mortgages.

- Fees paid to refinance a home loan.

- Mortgage prepayment penalty, if you paid off a mortgage and were charged an early payment penalty.

- Interest on a home construction loan as long as the construction period is less than 24 months.

- Land rent for homes on leased land qualify as interest deductions under specific conditions.

Using Money that Pays You Back

Did you know that renovating your home could provide a tax break?

Deciding to make home improvements is a win-win situation for both the value of your home and the amount you're taxed when you decide to sell. Whether you receive a tax write-off for home repairs depends on the type of repairs you need.

Permanent repairs, such as replacing old windows and doors with storm versions - are approved by the IRS for tax savings. Cosmetic changes or temporary repairs are not.

When and if you do decide to sell your home, these permanent repairs are added onto the adjusted basis money spent improving and buying the property of your home.

Here's a chart from the IRS that shows improvements that may provide tax benefits.

HVAC	Plumbing	Interior Work
Furnace	Filtration, soft water system	Updating kitchen
Duct Work	Water heater	Wall-to-wall carpeting/flooring
Central humidifier	Septic system	Built-in appliances
Insulation	**Outdoor**	**Additional**
Attic	In-ground swimming pool	Wiring upgrades, security system
Floors, walls	New roof	Central vacuum
Pipes	Heating, central air	Satellite dish

Source: msn Money article by Betsy Schiffman, October 7, 2005

Understanding Appraisals

Q: Is there a difference in an appraisal value that was ordered for a refinance and one ordered for a purchase?

A: Both purposes should be based on market value, and should be the same whether ordered for a refinance or for a purchase.

Q: Explain why my refinance appraisal - 12 months ago came in at $200,000, and now that I am planning to sell, the new appraisal comes in at $175,000?

A: Appraisals are based on current market conditions and recent sales comparisons of other homes in your immediate neighborhood.

Q: I am thinking about finishing my basement. How much will it increase my value?

A: In most neighborhoods, finishing the basement may not increase the value as much as the cost to do the improvements. For instance, if it will cost $20,000, it might only increase your value $12,000. It is a good idea to hire an appraiser and obtain a “subject to” the improvements appraisal, if you are concerned about the investment. If you plan to live in your home for several years, then the value may be in your enjoyment of the finished basement.

Q: I have a lovely sunroom and the appraiser did not consider it in my square footage. Why?

A: I am guessing that the room does not have A/C and heating. To be considered in the gross living area (GLA) a room must be heated and cooled. The appraiser should have given you credit for the room in a different area of the appraisal.

Q: There have been several low sales in my subdivision recently. I need an appraisal to be the highest number for my refinance. Can sales be used in the subdivision next to me? It is within a mile of my subdivision.

A: An appraiser cannot ignore sales within your <u>own</u> subdivision as that is the best indication of your value. Basic rule of real estate . . . location, location, location.

Q: Does being in a swim/tennis neighborhood increase my value?

A: Swim/tennis communities are very popular in the market. Typically a home in a subdivision with amenities will sell for more.

Q: How would installing a lovely swimming pool costing $30,000 effect my home’s value? It is worth about $250,000 presently.

A: A swimming pool is almost never a good investment. There would be little or no increase in the value of your home. In reality when you are ready to sell, it could make it more difficult to sell. Most buyers do not want the cost, liability and upkeep that comes with a swimming pool.

Q: You said almost never. When would it be a better investment?

A: Many luxury home buyers ($1,000,000-plus) expect a private swimming pool.

Which backyard improvements pay off?

Creating an outdoor retreat can be a worthwhile but costly venture. So make sure your money is well-spent on features that add the most value to your property. When it comes to backyards, a couple of lawn chairs and a portable grill just don't cut it these days. But if you decide to make a significant investment in landscape, it won't look as good if you don't have a proper irrigation system and your investment will erode. Best to install the irrigation system before the landscaping. So, which features add value and which ones don't?

Covered patio - adds value. There's no reason to have a great outdoors without an area to sit and enjoy it. For a patio to add value, though, it's got to be more than a concrete slab. Pavers that come in a variety of styles and colors are a good choice and patios should be covered to provide shade or protection from rain - otherwise, you might be wasting your money.

Kitchens - add value. Somewhat pricey, but you can have a refrigerator, grill and sink installed to cook and dine al fresco. Why not have it all outside where cooking is part of the process of entertaining?

Fireplaces - luxury item only. The outdoor fireplace, as well as the firepit, is a relatively new trend and is growing in popularity. Portable firepits are a cheap way to create a cozy outdoor setting while actual built-in fireplaces can cost $8K to $35K. Although beautiful to look at, aren't that functional.

Swimming pools - questionable value. Pools are one of those features that can be both functional and aesthetic and add value - or detract, depending on the type of pool and type of home buyer or owner. Custom made/in-ground concrete always adds the better value.

Water features (such as a pond or waterfall) also are somewhat questionable as to whether they add value. They are popular and initially have a high level of value but are expensive to maintain. They usually aren't worth the money you have to put into them because 50% are abandoned or ignored after the first four years.

Bottom line: If two similar neighboring houses were for sale and one had a great landscape design, that house would sell faster! However, you won't get a return on your investment if your property is the only one in the neighborhood with the outdoor fireplace and kitchen, waterfall, custom-made pool and spa.

Source: Jacon Cupp, co-founder of design/build, landscape company Highland Outdoor of Olathe, KS.

SAVE YOUR RECORDS

Organize all the documents you need for tax, insurance, refinancing, and eventually resale purposes and add them to a comprehensive home file. You may want to invest in an accordion folder, a file box, fire safe or other container to keep files together. Consider renting a safe deposit box to safe-guard vital records, such as your deed, your mortgage note, title insurance and homeowners policies, and your will. Your permanent house file should include:

Purchase Data - original listing, comp market analysis.
Closing Data - deed, mortgage note, settlement statement, title insurance policy, appraisal, disclosures and other forms.
Loan Data - record of payments, list of documents required by the lender (you may need these if you refinance)
House Data - Blueprints, floor plans, architectural records, historical information.
Home Inspection Report
HO Insurance - and a list of your home's contents and estimated value with photographs or videotape.
Improvements - Keep an on-going record and receipts (for possible tax use when you sell the house).
Property Taxes - tax bills and record of payment(s).

SMART FIX-UPS

The 2004 tax laws allow home owners to add home improvement expenses (but not repairs) to the "cost basis" of their home, which helps reduce capital gains tax liability when they sell.

Qualified improvements are those that:

- Add materially to the value of a home, such as building a new room.
- Appreciably prolong the useful life of a home, e.g., a roof replacement.
- Adapt the home to a new use, e.g., turning a porch into a family room or perhaps an office - if it serves a more practical purpose.
- Upgrade existing home components by replacing with components of better quality, utility or duration.

The extra expense for upgrading, instead of replacing with similar quality, may be added to the adjusted cost basis.

Be sure to check with your accountant first!

Market Conditions . . . They've definitely changed - so what should you do:

Whether you're a home seller, owner or buyer, by this point the bad news about the housing market seems never ending. Nationwide, foreclosures have more than doubled over the past year, lenders have tightened their borrowing standards, and non-conforming rates have jumped up. **Ready for some good news?** Remember that all real estate is local, and the Atlanta market is still doing relatively superb compared to the rest of the nation. Furthermore, hundreds of thousands of people are expected to flock to our region in the next several years, keeping the market strong. However, in a down market, how should you respond?

Home Seller: Take these steps to ensure the swiftest possible sale at the best possible price: **1) Make it look like a bargain.** Your best shot at a sale is when you first put your home on the market. If the initial listing price is too high, buyers leave and may not come back even if you subsequently cut the price. In this market they've got plenty of other choices. **2) Offer carrots.** To clinch a deal, consider buying down the mortgage rate. Your picking up an origination fee of 1 percent at closing could reduce your buyer's interest rate by about .25% depending on the type of mortgage.

Owners: Sit Tight

1) Fix that Rate! If you have an adjustable rate mortgage (ARM) that has 3 years or less remaining before it adjusts, seriously consider fixing that rate now. Rates are still extremely low and may not remain that way. **2) Downsize your expectations.** Just as stock investors in the late 1990s came to regard 20 percent-plus annual returns as normal, so homeowners over the past few years have started incorporating double-digit annual price gains into their financial planning. Don't bet the house on it. Literally. Your home isn't a replacement for saving in a 401(k) or 529 plan and shouldn't be used as a piggy bank.

Buyers: Hunt for Bargains

1) Think longer term. If you expect to stay in a home for less than five years, don't buy. Rent. You could easily end up getting less than you paid if you have to sell within a few years, especially once you figure in closing costs. Flipping may have worked in 2002. Not anymore. **2) Make your deal.** Remember, prices may continue to fall for another year or two, so once you have a handle on the market, bid low. If the seller won't budge, walk away. There's no shortage of homes for sale. **3) Push for more.** Don't be afraid to press for non-cash concessions as well. Sellers may be willing to pay a portion of your closing costs or provide a home warranty covering repairs for the first year. If you're buying a new home, your builder may give you a cash rebate, plus free upgrades such as granite countertops, a Sub-Zero refrigerator, hardwood flooring or a big-screen TV.

Boosting Your Home's Value

Has your home been sitting on the market longer than you thought it would? Have you had to lower the price more than you wanted? If so, you might want to consider working on some low-cost ways to improve its value. Even if you aren't trying to sell, it can't hurt — especially considering the median value for single-family homes barely rose at all in 2007. On average, a home takes a lot longer to sell these days than in the past. You can maintain the value in your home without breaking the bank. Here are some tips on what you can do: You can have your garage organized and updated with new cabinets, shelves and baskets. **Don't overdo it**: Focus on the basics first, advises Jim Amorin, president-elect of the Appraisal Institute. If shingles are falling off, paint is chipping or siding is rotting, focus on that. Once those are out of the way, you can think about improvements. But even improvements should be tempered to keep in line with the neighbors. If every house in the neighborhood is 2-bedroom, 3-bath, you don't want to add another bedroom, a sauna and a swimming pool. "You have to make sure the home is appealing to the broader market out there,'' Amorin said. **Go green**: Updating old appliances with energy-efficient ones will not only save you money in the long run, it will make the house more appealing to potential buyers. "Across the country you're seeing home builders and homeowners interested in features that are saving energy or are friendly to the environment,'' Armorin said. Buyers are smarter and savvier than ever, and they're better educated and doing more tours, so they'll notice if you've just slapped fresh paint on the walls but failed to pay attention to the details. Mismatched switchplates and loose floorboards are relatively inexpensive things to fix and can give the home a fresh look. It gives the impression that it's been maintained. **Hire experts** unless you're skilled at do-it-yourself projects, for major repairs and remodeling work. Future buyers will recognize shoddy craftsmanship, and then question the integrity of other parts of the house. Consulting with a home inspector could help you find problems before they get too big. If you decide to sell, you can show it to prospective buyers and say, 'These were the problems but we took care of them and here are the receipts to prove it.' **Curb appeal**: First impressions count. And exterior changes bring the most bang for your buck, according to the National Association of Realtors. The most profitable remodeling projects include upscale siding replacement, which recovered 88 percent of costs, according to the Remodeling magazine's 2007 *Cost vs.Value Report*. But a less expensive way to bolster value is to keep your lawn well manicured. Flowers and mulch can also help those on a budget. Color grabs your eye. Fresh mulch with its dark color against yellows or whites will really grab people's attention.

Renovation & Design Trends for 2008 - and Beyond

Many people ask me about the type of renovations they should do on their homes so I have put together a list of some of the hottest designs and renovation trends from many different media sources:

1) Going Green - Eco friendly materials continue to be huge and are here to stay in the future. A focus on organic, natural, and recycled products.

2) Reduced Square Footage - The McMansions are out. Smaller homes with more attention to detail, organization and design are in.

3) Outdoor Living Spaces - Outdoor grills, massive fireplaces, and outdoor kitchens are growing in popularity and make a house extremely sellable.

4) Pet Showers and Mudrooms - A place to throw all of your junk as you walk through the door as opposed to laying it on a table or a counter is another growing trend. Lockers and bins to hide all of our glutter is great for future resale and helps with organization in the home.

5) Freestanding Bathtubs - Bringing the old style bathtubs with new technology of the whirlpool garden tubs brings these tubs to a center focus in the bathroom.

6) Other Popular Bathroom Trends - Flat-screened TV's and mini refrigerators

7) Home Offices and Media Rooms

8) Kitchens with Hidden Appliances White Cabinets

9) 2008 Color Trends - Blue and bold with plenty of rich colors such as saffrons, iris blues, lavenders and vibrant greens. These colors celebrate the earth and give our home a multicultural feel.

10) Texture and Metals - Natural texture in fabrics, accessories and wall treatments giving our homes a warm and comfortable feel. Moving away from modern simplicity. Metals that are growing in popularity are brushed cooper, brass and gold accents.

What's not in:

1) Huge living rooms. These are shrinking or becoming non-existant.

2) Soaring ceiling heights are wasted space and consume high energy costs.

Deferring Taxes . . .

On Gain from the Sale of Real Estate

The question arises, "How can I postpone paying taxes on the profit realized from selling real estate?" The answers to that question are found in IRS Code section 1031 which is commonly known as a **1031 Tax Deferred Exchange**. Ronald L. Raitz of REES (Real Estate Exchange Services), one of the foremost experts as an intermediary for 1031 Tax Exchanges defines them as "a method by which one qualified property can be sold and another property acquired without having to pay any tax." Raitz goes on to explain that:

"Exchanges are executed either simultaneously or on a delayed basis... The vast majority of exchanges today are done on a 'delayed' basis with the assistance of a qualified intermediary. The use of a qualified intermediary is known as a safe harbor technique that when used correctly can make exchanging appear as easy as selling one property and buying another property."

How does a 1031 Tax Exchange work? A basic example would be a Taxpayer owns land in Fulton County, and is offered a price he/she cannot refuse on this land.

The Taxpayer purchased this property for $1 million dollars. The current value of the Fulton county land is five million dollars. To delay the taxes on the $4 million dollars gain, which is the difference between the acquired price ($1 million) and the contract price ($5 million), the Taxpayer at closing has the proceeds from the sale of the Fulton county land transferred directly from the closing attorney to a Qualified Intermediary (QI).

At this point our Taxpayer has 45 days to notify the QI in writing of a "like kind" or similar property to purchase with the gain from the sell of the Fulton county land. After a replacement property is determined, the Taxpayer has no longer then the earlier of "180 days from the date on which the taxpayer transfers the relinquished property (the Fulton county land) or the due date for the taxpayer's tax return for the tax year in which transfer of the relinquished property occurs" to purchase a replacement property. Time lines and definitions within the IRS code can be very tricky and subject to interpretation; therefore, it always advisable to contact an authority like REES or Old Republic Exchange Facilitator Company before you even begin the process of a 1031 Tax Deferred Exchange. However, if conducted correctly a 1031 can be a great way to defer taxable gain realized from the sale of real estate.

Source: Neel & Robinson Attorneys at Law, LLC - 404.459.9600 - www.neelandrobinson.com

"Where do you want to be in 5 years?"

With home loan rates continuing to stay moderately low, now could be the time to Build Equity!

Conforming 30 Year Fixed
Loan amount $200,000 - Interest rate of 6.00%

Year	Avg. Monthly Payment	Annual Principal	Annual Interest	**Remaining Balance**
1	1,199.10	2,456.01	11,933.19	197,543.99
2	1,199.10	2,607.49	11,781.71	194,936.50
3	1,199.10	2,768.30	11,620.90	192,168.20
4	1,199.10	2,939.07	11,450.13	189,229.13
5	**1,199.10**	**3,120.33**	**11,268.87**	**186,108.80**

Conforming 15 Year Fixed
Loan Amount $200,000 - Interest rate of 5.5%

Year	Avg. Monthly Payment	Annual Principal	Annual Interest	**Remaining Balance**
1	1,634.17	8,830.44	10,779.60	191,169.56
2	1,634.17	9,328.55	10,281.49	181,841.01
3	1,634.17	9,854.74	9,755.30	171,986.27
4	1,634.17	10,410.62	9,199.42	161,575.65
5	**1,634.17**	**10,997.86**	**8,612.18**	**150,577.79**

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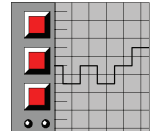
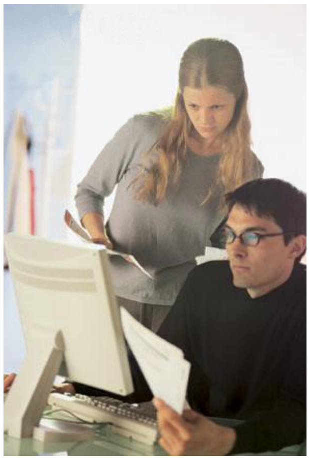
Improving your . . . Credit Score



Here are some helpful suggestions you may consider in the coming months as you prepare to buy a new home or refinance your current one:



1) Do not take on any new debt. New accounts typically have a negative affect on your credit score.

2) Make all your credit payments on time since credit bureaus weigh most heavily on your recent credit payment activity.

3) If you have credit cards or accounts you do not use, then close those accounts. You can contact them via phone or mail. Too much “available credit is viewed negatively. If choosing between two credit cards, close the newest account and keep the longer established account open.

4) If you have a credit card with a low balance but a high available balance, request that the creditor reduce your maximum available balance. i.e.: If you have a credit card you normally carry a balance on of $1,000, yet you are allowed to charge as high as $8,000, it is better for you to have the creditor drop the maximum available credit to $3,000.

**Note: It is important NOT to carry a balance close to or equal to your available limit.

5) Do not let anyone pull your credit report in the coming months. i.e.: Multiple mortgage companies, automobile dealerships, or other creditors. Multiple inquiries on your credit report could reduce your credit score.

Doing the above items should improve your credit score, making you a better credit risk and allowing us to get you approved easier and will entitle you to get the best interest rates available on the market.