## Creating Wealth in St Louis with STLREIA Your Gateway to St Louis Real Estate Investing Today

John Lee





## **Creating Wealth in St Louis** Your Gateway to St. Louis Real Estate Investing Today

By: STLREIA Members, Real Estate Investors, and other world class contributors.

Compiled by: John Lee

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## STLREIA ~ Our Purpose

#### **Creating Wealth in St. Louis**



St. Louis Real Estate Investors Association, Inc.™ STLREIA™ is a non-profit organization dedicated to serving our members. We are the longest active real estate investors association in the St. Louis area. STLREIA is organized to provide education in the area of real estate investments, to enhance the opportunity for seminar graduates and other members to achieve their individual and financial goals, to promote a spirit of understanding and cooperation between beginning and more experienced investors and to encourage the exchange of ideas between investors.

#### **STLREIA Community**

St. Louis Real Estate Investors Association<sup>™</sup> meets On<sup>,</sup>'Line and On<sup>,</sup>'Location to bring you the highest value in real estate investing education.

Numerous topics including world class advice on repairs, marketing, property management and many other topics.

STLREIA features local and nationally known speakers and trainers. We meet live virtually each week, to promote your real estate investing skills. Being not-forprofit, we strive and focus on what works for you, today.

Our STLREIA community meets & networks live in person, on location, as well as online to converse with fellow investors on techniques, strategies, discuss investment strategies, to share their successes and ways to avoid mistakes. Register for our emails and stay up-to-date with times and locations.

#### Visit www.STLREIA.com

STLREIA host many special events regularly, including:

Catered Meals – Special Guests – Unbelievable Bonuses

STLREIA meets the third Tuesday each month for the main event. The exception is no on-location meeting in December.

You are also welcomed to join us Every Friday at 11:00am CT. to Buy Sell and look for solutions to current and potential projects.

The 1<sup>st</sup> Friday each month, and having become very popular, is Ask 'the 'Attorney with Katharyn Davis and the premier area attorneys at Davis, Travaglini LLC.

You are encouraged to attend live, in person, virtually, and on location. Although the replays of the STLREIA events are recorded and available, you can always benefit tremendously when attending.

Go to STLREIA.com for the latest replays, meeting, and membership information.

The STLREIA board members are volunteers and bring to the membership a level of caring that is second to none. There are prerequisites for board members that encourage commitment as well as good intentions for the betterment of us all.

When you attend STLREIAs live events, look for the board members. They will usually be the ones that are easy to spot and willing to help. There are also many long-term and newer members that are very gracious with their knowledge.

We can all learn a lot and save ourselves years off the learning curve, when hearing what others have already done. Because together we can all grow our community.

Coming up we have shared a some of the stories board members and members. A few have given their contact information in case you would like to know more.

Disclaimer: The St. Louis Real Estate Investors Association does not officially endorse or promote any methods of investing or statements made by persons or organizations that come before the Association to speak. It does not assume any liability for investments or statements of any kind for its members. Association Officers urge all persons to seek advice from qualified and competent professionals.

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#### Preface

If you're like most of us, you were not born with everything you need to be a savvy real estate investor. And for those who were, you are unique.

Our traditional education system is outdated and teaches us how to get a job.

There's nothing wrong with a job. In fact, many of us like our jobs and want to invest in real estate for long term and generational wealth.

Some of us don't like our jobs, and others, don't have a job. Some of us start investing parttime and some fulltime. We all start somewhere.

Whatever your personal circumstance is, you're here because you want a better life for you and your loved ones. You are here at the right time because there's always good opportunities to make money in real estate.

The market does not matter. When real estate values are low, there are tremendous opportunities. When values are higher, there are opportunities for us to cash in and scale our business.

What does matter is you knowing and implementing the right strategy at the right time in the right situation. How do you know these things?

Through specialized education and being connected to the right group of those that are investing today, you can eliminate much of the guesswork. Many wing it and go alone.

You can learn much these days with online videos and trainings. There are also a lot of scams and things to beware of on the internet. So, what do you do?

We must have a reliable, trusted source of ways to learn from those that have done what we want to do. That source is the St. Louis Real Estate Investors Association.

This book was compiled with the same level of dedication that STLREIA brings to you on a daily basis. Our group originally started as a local St. Louis group decades ago and now has members and attendees from all over the globe.

The stories, tips, and lessons that are shared here are all *real*. They are not based on theories and are from *experience*.

Whether you choose to get your real estate investing education online or in person live on location, know your source. Get educated. Continuing education will serve you well, also. Keep learning. Be sure to visit STLREIA.com every week to network, pick up some tips, sell your deals, look for deals, and to share what you have with others. Because together we can all get what we really want!

### **Invest in Yourself First**

Wealth starts with you! It's an inside job. You're here because you want a better life for yourself and your loved ones. Where do we start?

We all must have a little bit of money to get started. If you have nothing to start with you can be creative. I still get properties very little money and free, but that's another story.

You must turn as little money as possible into wealth if you want to survive long term. Real estate has made more millionaires than anything else in history. Be historic!

So, you and I have chosen the best possible vehicle to create wealth in, historically. We are savvy and want the very best. Working together we can all get what we really want.

When getting started in real estate investing, like anything, it's of the highest priority to invest in yourself first. You do not go from kindergarten to a PHD without going through the other grades.

Just like traditional education, your very first real estate deal should probably not be going from a YouTube video on flipping to managing a 400-unit apartment complex. You may be the exception. Doubtful. There are many free videos that you can find on the internet. There are also many low-cost trainings and workshops. Many lead to high ticket and detailed training. That's okay. If it's right for you.

Many of us start learning from reading books, too. There are several good books for the beginners as well as the veterans when it comes to real estate investing. Most of us have a book or two that has helped and inspired us to keep going.

Today it's not hard to find an online course or training that all but promises in writing, that you can get rich in real estate and by simply sitting in from of the computer and consuming Skittles<sup>™</sup>.

Most of us real estate investors do not have a personal jet or helicopter. At least, not around here. I've seen a lot of high rolling investors come up quick and go down quick. Sometimes quicker.

A lot is due to your education. There's really nothing new in real estate investing. There are just different ways of doing the same things. What we might call Air BNBs could have been called boarding houses as long as two thousand years ago.

One of the most important things when it comes to real estate investing education are Real Estate Investing Associations or REIAs. There are many good local, regional, and national REIAs. It important to know what the mission is of the REIA. Their motivation for being in existence. We'll talk more about that in a bit.

Most of us do the best in the long run when we focus on one or two strategies. When we are more focused and specialized, we tend to do better. There's always room for excellence.

We'll take a look at a few of the different real estate investing strategies later. There are so many different investing strategies for you to choose from. You may want to try a few different ones.

You also want to set some goals that are specific to you. There are strategies and techniques that will work better for you than others. You have talents that others may need and vice versa.

## **Choosing Your Investing Strategy**

If you're just starting out investing in real estate, you need to choose a strategy. For you that have already been investing for a while, you'll be better off by focusing on one specific strategy.

Many of us when starting out try to do too many things at the same time. Others that have been around awhile try to do too much at once. The more focused we are, the smoother our business will run.

We will mention a few of the more common strategies here. There are many more. Several things need to be considered on your own personal situation with each strategy. The only recommendation here is to educate yourself until you are satisfied before you invest.

Wholesaling. Flipping. Bird dogs. Buy and Hold. Property Management. Notes. Passive Investing. Short term rentals. Air BnBs. This is a very small list of strategies. There are many more strategies are out there. It is recommended you learn as much as you can before making any investment.

### **REAL ESTATE INVESTING STRATEGIES**



#### BRRRR

Buy, Rehab, Rent, Refinance, Repeat. The objective behind a BRRRR strategy is to pull all of the money you put into a property out when you refinance it so that you effectively bought a property for nothing, or close to it. This strategy assumes you still have 25 percent or so builtin equity to reduce future risk.

#### Buy and Hold / Rentals

Holding rental property for a period of time, during which the property pays for itself through rental income, producing cash to pay all expenses while also producing an annual profit for the owners.

These properties can be sold for a profit as equity builds or held long-term to generate passive

income. Most common are single family or 2-4 unit multifamily rental property.

Others invest in mobile homes or self-storage units. Rental investors either manage properties themselves or hire a property manager.

#### Crowdfunding

Relatively new, investors are found online. **The** SEC allows only accredited investors to invest in individual assets that are crowdfunded.

#### Flipping

Buy a property, make improvements yourself or with contractors, and sell. Flippers take advantage of inefficiencies in the market, bringing a lot of experience to plan and oversee a project, then selling for (hopefully) a profit.

#### Notes

The origination of new, or the purchase of existing real estate secured mortgages and/or trust deeds. The terms of a mortgage are detailed in the promissory "note." The real estate is not owned by the note holder: the note holder has a lien position against the real estate. If the borrower breaches the terms of the loan agreement, the lien holder can foreclose upon their interest and acquire title to the property.

#### **Private Lending or Partnering**

Instead of being actively involved in house flipping or buying a rental property, you can be a private lender or equity partner. Let other people do all the work involved with finding deals, lining up projects, and filling apartments, but you get to earn some of the profits. All you have to do is vet the investor and underwrite the deals to make sure it makes sense.

#### **Short-Term Rentals**

Often abbreviated to STR, describes furnished selfcontained apartments or houses that are rented for short periods of time.<sup>[1]</sup> They are usually seen as an alternative to hotels. "Short stay" rentals are an offshoot of the corporate housing market and are also offered by private owners and investors via online platforms such as Airbnb. Popular uses include vacation rental and relocation.<sup>[3]</sup>

#### Wholesaling

Wholesalers try to find and negotiate really good deals, then sell that contract to a house flipper or landlord. Wholesaling requires an investor to land a deal for cheap and sell that deal for a quick profit. Wholesale property prices are below retail price. If you want access to wholesale deals, you need to get on buyers lists.

#### **Real Estate Investment Strategies**

This is a very brief list and description of some of the various types of real estate investing strategies. You will be well off by getting your education *before* you begin your investing. You will also succeed by continuing your education.

#### Your RE Investment Goals

"If you don't like where you are, move. You are not a tree." -Jim Rohn



You should have some goals of what you want to do before you begin. Sometimes we become real estate owners by default and are forced to be motivated sellers by a death, divorce, or some other factor. You can have more control by having some simple and clear goals.

High net worth investors and achievers have one thing in common. They plan their success and set goals. The majority also writes down their goals and follow them daily. You should, too. Start here:

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### G.O.L.D. SETTING



Scan with your phone for a YouTube video Or go to

https://youtu.be/d0uxQvEC038

By making just a little progress each day, you will grow exponentially by the end of the year.

Planning and implementation are two of the most important traits of high-net-worth individuals.

Here are two essential keys for your continued growth and success.

Keep your eye on the prize! (Your G.O.L.D.)



#### Request your FREE personal G.O.L.D Setting Blueprint: Link2john.com

## STLREIA Board Members<sup>,</sup>'Club Members<sup>,</sup>'Supporters

Why would anyone in their right mind volunteer to be on the board of a not-for-profit organization?

It's because of what we get from being associated with such a growth-oriented successful community.

You will meet some of the most well-versed real estate investors in the region. Many very graciously share their time, experience, and knowledge so we can all grow together.

Here's just a few golden nuggets and tips to add to your own personal educational library.



# ✤<sup>ℕ</sup> Amber Gray In·'the·'Moment·'Mom



Scan with your phone for a YouTube video Or go to https://youtu.be/kFvxoz28lhc

In "the "Moment" Mom Camber Gray sheds light on her definition of the F.I.R.E. method.

Amber shares strategies on how she juggles being a real estate investor, working a 9 to 5, and also being an In<sup>,</sup>'the<sup>,</sup>'Moment<sup>,</sup>'Mom.

You're in for a treat with these golden nuggets of wisdom from a pro!

"I've gotten a lot from being a member of STLREIA. I've been a member for around 4 years and have enjoyed every moment. I've learned a lot about real estate including house hacking, wholesaling, short term, or longer-term rentals and even companies such as peer space.

At this juncture I am involved with short term and longer rentals through multifamily and singlefamily properties. As a board member I offer a different perspective on real estate than other members.

Many members are into short term or long-term rentals. The world of real estate is so much more than that and I look forward to educating myself and the members of STLREIA in new opportunities to get involved in real estate." ~**Amber Gray** 



## Alex Wheatley Single Family Resident Investor



Scan with your phone for a YouTube video Or go to

https://youtu.be/MWNZkPAnOXA

Single Family Resident Investor Alex Wheatley shares strategies for long-term wealth.

Alex says, "During my 30+ years living in the St. Louis area, I have visited and became a member of 6-8 different real estate investment groups, all offering some relevant information relating to real estate investing.

But none have the reliable and consistent message that STLREIA has offered to all member and the community.

STLREIA continually presents objective advice and information for accomplishing a successful real estate investment education and guidance for the individual.

I have maintained a buy and hold investment portfolio consisting of single-family homes in two different states. Also, I have bought and sold properties offered at tax sales and what is termed "wholesale" single family homes, all of which have been for a profit.

I always attempt to greet visitors and discuss the value that our group has as a resource and advisory association of experienced successful investors." ~Alex wheatley



## Jim Heisserer STLREIA Guru ~ Past President



Scan with your phone for a YouTube video Or go to

https://youtu.be/OFtWHhXYyzw

Past President STLREIA - Jim Heisserer sheds some light on what has worked well and still works well for him in Long-Term real estate investing. "My wife, Pat, and I began real estate investing in 1984 and we are still very active in real estate. We have bought, sold, flipped, exchanged, and lease optioned properties over the years.

We mainly deal in single family homes. We manage our own portfolio of properties, and I have done quite a bit of the rehabbing myself.

Pat does the paperwork side: dealing with leases, mortgages, and the books in general. Historically, I have held numerous positions on the Board along with being President for a number of years.

Being on the Board has given me the opportunity to learn from seasoned mentors. Pat and I would not be where we are in this business without the advice and expertise given to us by the other Board members.

I bring my years of experience to assist the newer Board members as well as the general membership in developing the knowledge of how to do things correctly for the betterment of all those involved." الشار



## Jim Choyke STLREIA Board member Local Investor



#### Scan with your phone for a YouTube video Or go to

https://youtu.be/GC2QCeQJWH8

Professional Premier Series  $\checkmark^{\circ}$  spotlighting Jim Choyke local investor – STLREIA board member, sharing valuable nuggets and insights to add to your personal education.





### Longtime STLREIA Board member and Supporter

"Membership in STLREIA has been, and still is, a great experience. I've gained strength & support from being a member of this like-minded, entrepreneurial community; folks who see a different vision for their lives and are willing to work hard and take <u>educated</u> risks to better their lives.

The advice gleaned from other members as they willingly share their experience, both good and bad has been worth its weight in gold.

Unlike almost all other real estate groups, STLREIA is a not-for-profit organization. As such, the opportunity to work closely with other board members who share a passion for real estate coupled with a sincere desire to help others achieve their goal of financial freedom has been incredibly rewarding.

My husband and I have been real estate investors for over 20 years. We primarily invest in single family homes. We've fixed & flipped, lease optioned, seller financed and owned rental properties.

As a long-time board member, I was the membership chair for many years, and I now continue to serve the group by providing your email communications." ~Díana M.



## Cristen Luehmann St. Louis Rentals & Renovations

"My husband and I checked out a STLREIA meeting when we first started getting interested in real-estate investing. The members we met at those first meetings were so helpful and welcoming!

We were impressed by all the wisdom (and white hair) in the room...everyday people who had a passion for investing in real estate and had been doing it long before the flipping shows made it "cool".

We also loved that this group is a not-forprofit, the people who started this group and run it today just want to give back! We have enjoyed the speakers but have benefited most from the support and encouragement we have gotten from some of the long-time members.

These long-time investors truly have seen it all and are eager to share their wisdom with new investors like us. After attending a few other local investor groups, we found the experience, honesty, and integrity of the people in this group refreshing.

We immediately became members and have been ever since!

Our focus is on rentals and renovation projects. While the real-estate makes the profit, the investment in people is fulfilling.

It has been fun to meet people in different parts of STL.

My husband is a people-person, he is really good at investing in relationships...neighbours on the street where are renovating a home, the tenants we rent to, the vendors and contractors we work with or make a point of eating at local restaurants in the areas we have projects.

I am excited to have the opportunity to give back to this group! My husband and I love to network with other investors, share resources and our experience (the good, the bad, and the ugly).

We have been told by some people that we started investing at "the wrong time" and there have been a lot of people who seriously questioned our judgement when we first decided to get into real-estate. But we hung-in and never looked back.

We love to be a source of encouragement to other members!" ~Cristen Luehmann



# James Zeng Single Family Home Investor IT Professional

James Zeng has gotten lots of education and wisdom, many great referrals, and love in general from the STLREIA family.

He invests mainly Single-family homes and is interested in learning how to invest in multi-family units, apartments, and other type of investments such as warehouse and etc. James said," I'm a part-time real estate investor and have done a lot of different types of investments, made some bad mistakes, and finally I'm glad I came back to real estate.

I own a couple single-family rental properties and currently learning how to get in multi-unit properties. Loving the security and on-going cashflow real estate can provide, I've certainly learned a lot from the STLREIA over the years, and especially love the community and education aspects of it.

For my other job, I'm a management consultant in Supply Chain and IT field, I've worked for a dozen Fortune 500 company clients. And I have a family of 4 with a high-schooler and middle-schooler.

In my spare time, I train and compete in different Marathon/Triathlon events, and travel.

IT and supply chain is my background, I can help with website building, social media, and any other IT related work. It's an honor to serve the community in any way possible." James Zeng



## Lloyd Alinder Longtime STLREIA President/Board member/Member

The way Lloyd tells it is, "I've gotten so much value from being a member of STLREIA that I doubt I would still be investing in real estate today if it had not been the positive feedback, advise, and encouragement from other members I've received over the years. I am a buy, renovate and hold for rental investor. I started investing in two- and four-unit buildings for the cash flow but have now transitioned to single family residential homes that have better appreciation.

As a board member for nearly 10 years, I feel I have added value to the group by helping redesign and maintain our website, keeping STLREIA's presence updated on MEETUP, and passing along advise from my 40+ years of land lording to members on our Friday networking sessions and at in-person events." ~Loyd Alinder





## Laura Jimerson Rehabber, Flipper, Creative Muti-tasker

STLREIA has provided Laura Jimerson with a wealth of real estate knowledge, camaraderie with other board members, and networking opportunities.

Laura's real estate experience started in 1998 after she flipped a former residence with multiple offers and later a childhood home in 2006. She's rehabbed and flipped, owner financed, lease-optioned, helped homeowners face foreclosure (loan modifications and short sales), and she and her husband (Herman) are buy and hold investors.

Currently, Laura is serving as the club's interim secretary. As a board member for the past 4 years, she's also helped out at various STLREIA special events and assisted on the membership team.

"You'll recognize me by the converse sneakers I'm so fond of wearing and my signature baseball caps." ~Laura jimerson



## ✓<sup>∞</sup> Grace Waitman STLREIA Member, Supporter, Contributor

"As a member of the STLREIA Board, I've had the opportunity to learn so much from my fellow Board members! I really gain a great deal from being able to see the inner workings of the club.

However, more importantly, I'm able to benefit from the knowledge, expertise, and experience of my fellow club members, with their varied specialties, areas of focus, and just general friendliness and helpfulness. I've learned a great deal about new investing techniques and strategies, and I've branched out into other areas of investing with the guidance from my fellow Board members.

I have primarily been involved with buy and hold rentals; I've dabbled slightly in smaller rehab projects, and most recently, I have been focused more on buying and selling land and lots.

I like to see the world and investing from a creative perspective, and I also have an extensive background in writing, research, and marketing, so I bring those areas of focus and expertise to bear on my contributions to the club." ~Grace Waitman





## DeWayne Stiers Master Multi-facet Investor

Do you invest in the stock market? Do you remember Black Monday? DeWayne Stiers sure does! It shifted his investment strategies to real estate.

DeWayne has a philosophy when it comes to real estate that just might make all the difference in the way you think about your strategies.



Scan with your phone for a YouTube video Or go to

https://youtu.be/zlks9YZFsoo



# Demetris Outlaw Contractor/Real Estate Investor

Behind the Scenes with Contractor Demetris Outlaw. Are you planning a project? Do you know who to call? Do you know what questions to ask? Hear from a 'real contractor doing real contracting today! Demetris sheds some light behind the scenes.



Scan with your phone for a YouTube video Or go to

https://youtu.be/vHErjSueAGk



# Patricia Heisserer Buy & Hold Authority

Buy & Hold Authority " Patricia Heisserer continues our Professional Premier Series. Pat shares a couple of very valuable nuggets that might just save you some big dollar\$.

One little thing she now knows to look for, could have saved have her \$40,000.00! You can learn from Pat!



Scan with your phone for a YouTube video Or go to

https://youtu.be/5S0iOEAyJGI



# Laura Lee STLREIA Glue Behind the Scenes

There are so many moving parts and day to day task that must be done to keep an organization like STLREIA surviving and thriving.

On the surface, it may look smooth and easy. But a lot goes on behind the scenes.

Only a few donate their time, effort, and energy to bring you the best experience possible. We mentioned a handful of these extraordinary volunteers above. There have only been a few since STLREIA first came into existence in 1977.

Laura Lee is one that goes beyond the call of duty just for you. She puts in countless hours of her personal time, to make our community the best it can be.

Whether she's updating the membership, uploading the newsletter, checking attendees into meetings, or presenting the disclaimer at our Every Friday at 11:00 networking sessions, Laura graciously gives 100% and ask nothing in return.

This is why STLREIA is one of the longest running real estate investment and not-for-profit communities. So much is required behind the scenes. Because none of this would be possible without those who *really* care about you.

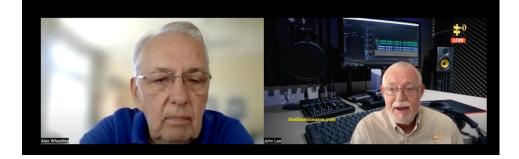




Amber Gray



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# Jim Heisserer STLREIA Guru ~ Past President



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# Jim Choyke Professional Premier Series



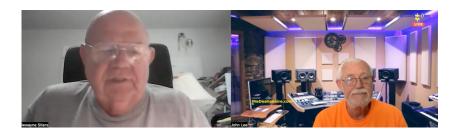
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Patricia Heisserer
Buy and Hold Authority



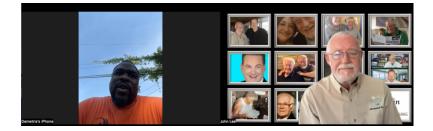
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# Demetris Outlaw Contractor/Real Estate Investor



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## Three Reasons WHY Those Other Real Estate Investors Fail



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## Three Secrets to Finding Off Market Properties Today



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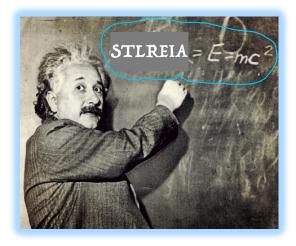


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## **REAL ESTATE MATH**



### **ARV Calculation:**

Price/Sq. Foot Avg. for the area **X Subject** Property sq. ft. = Anticipated ARV

### Net operating income (NOI)

NOI= annual income - operating expenses

(Operating Expenses: taxes, insurance, management, maintenance/repairs, utilities) NOT MORTGAGE

### **Return on Investment (ROI)**

ROI = NOI ÷ Cash Investment

#### **Cash Flow**

NOI - Mortgage

### Cash on Cash Return (COC)

(for the 1st year of the investment) COC = Cash Flow ÷ Cash In (down payment and closing costs)

### Capitalization Rate (Cap Rate) %

Cap Rate = NOI ÷ Purchase Price

### **Debt Service Coverage Ratio (DSCR)**

DCSR = (NOI) ÷ annual mortgage debt (principal + interest)

### Maximum Allowable Offer (MAO)

ARV (after repair value)X .7 or .65 (This multiplier changes based on your market)

- Repairs
- Profit
- =Max Offer

### **Property Checklist**

Address	
OUTSIDE:	
Type of Exterior Need Paint YES NO	
Rotted Wood YES NO Where Need Failt FES NO	
Roof Repair YES NO Where Layers	-
Lawn / Tree Service YESNO Where	
Windows Replace YES NO Where	_
Gutters YES NO Any Other Outside Repairs Needed YES NO	-
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FOUNDATION:	
Type of Foundation Need Work YES NO Clearance" inches or more YES NO Type of Piers	
Clearance inches or more YES NO Type of Piers	
Drainage Good YES NO Need Fill YES NO Where	
Piers on PADS YES NO Are They Capped YES NO	
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ELECTRIC:	
ELECTRIC: Breaker Box to CODE YES NO Hooked Up YES NO	
All Outlets Within 6FT. Of Water Equipped With GFCI YES NO	
How Old is Electrical System Is Any Electrical Missing YES NO	
Wire Aluminum of Copper & What Shape Is It	
NOTES	
PLUMBING / GAS:	
Water Hooked Up YES NO Any Leaks YES NO	
If SO Where	
Any Sewer Backing Up YES NO If so where	
Is GAS Hooked Up YES NO Water Heater Electric of Gas	
Water Heater Properly Vented YES NO Water Heater Work YES NO	
Is The INLET hose to Water Heater Correct Type YES	
INSIDE:	
Need Painting YES NO Where	-
Need Sheet Rock YES NO Where	_
All Sinks Work Yes NO If Not What	_
Tubs work YES NO Notes Toilets YES NO Notes	
Carpet's Good YES NO Vinyl Good YES NO	
Should We Replace Any YES NO Where	
NOTES	
GARAGE:	
Need Painting YES NO Need Roof YES NO Layers	
Electricity YES NO Condition Foundation Condition 1 2 3 Cars	
Sheet Rock YES NO Plumbing YES NO Water Supply YES NO	
NOTES	

#### **Move In Checklist**

#### Condition of Rental Property Checklist

Instructions: Tenant(s) complete(s) this checklist within three days of moving in and tenant(s) and landlord or manager review property and completed checklist together and mutually agree on the condition of the property upon move-in by signing this form. Each party keeps a copy of signed checklist. Tenant(s) and landlord or manager uses the move-in checklist during the pre-move out inspection and again when determining if any of the tenant's deposit will be retained for cleaning or repairs after move-out. BE SPECIFIC and DETAILED when filling out the checklist.

> Tenant Name (Print) Tenant Name (Print)

Property Address

Tenant Name (Print)

Landlord/Manager Name (Print)

Tenant Name (Print)

Tenant Name (Print)

Floor & Floor CoveringImage: CoveringWalle & CeilingImage: CoveringDoor Lock(s) & HardwareImage: CoveringLighting Fixture(s)Image: CoveringWindow (s) & Screen(s)Image: CoveringWindow Covering(s)Image: CoveringSmoke AlarmImage: CoveringCarbon Monoxide AlarmImage: CoveringFireplaceImage: CoveringKTCHENImage: CoveringBala & CeilingImage: CoveringDoor (s)Image: CoveringWalle & Covering(s)Image: CoveringWindow (s) & Screen(s)Image: CoveringWindow Covering(s)Image: CoveringLight Fixture(s)Image: CoveringCarbersImage: CoveringStow(Over/Range HoodImage: CoveringCarbersImage: CoveringStow(Over/Range HoodImage: CoveringSink(s) & PlumbingImage: CoveringGrabago DisposelImage: Covering	ITEM	CONDITION ON ARRIVAL	CONDITION ON DEPARTURE
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Window(s) & Screen(s)     Image: Screen(s)       Window Covering(s)     Image: Screen(s)       Smoke Alarm     Image: Screen(s)       Carbon Monoxide Alarm     Image: Screen(s)       Fireplace     Image: Screen(s)       KITCHEN     Image: Screen(s)       Walls & Ceiling     Image: Screen(s)       Dor(s)     Image: Screen(s)       Window(s) & Screen(s)     Image: Screen(s)       Window(s) & Screen(s)     Image: Screen(s)       Window Covering(s)     Image: Screen(s)       Uindow Covering(s)     Image: Screen(s)       Window Covering(s)     Image: Screen(s)       Stow(Over/Range Hood     Image: Screen(s)       Stow(Scren(s)     Imag	Door Lock(s) & Hardware		
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Smoke Alarm     Image: Carbon Monoxide Alarm       Carbon Monoxide Alarm     Image: Carbon Monoxide Alarm       Fireplace     Image: Carbon Monoxide Alarm       Fireplace     Image: Carbon Monoxide Alarm       KITCHEN     Image: Carbon Monoxide Alarm       KITCHEN     Image: Carbon Monoxide Alarm       Maile & Ceiling     Image: Carbon Monoxide Alarm       Door & Floor Coverings     Image: Carbon Monoxide Alarm       Maile & Ceiling     Image: Carbon Monoxide Alarm       Door (abox Alarman Monoxide Alarm	Window(s) & Screen(s)		
Carbon Monoxide Alarm     Image: Carbon Konoxide Alarm       Fireplace     Image: Carbon Konoxide Alarm       Fireplace     Image: Carbon Konoxide Alarm       KITCHEN     Image: Carbon Konoxide Alarm       Floor & Floor Coverings     Image: Carbon Konoxide Alarm       Walls & Ceiling     Image: Carbon Konoxide Alarm       Door(a)     Image: Carbon Konoxide Alarm       Door(a)     Image: Carbon Konoxide Alarm       Door(a)     Image: Carbon Konoxide Alarm       Window (a) & Screen(a)     Image: Carbon Konoxide Alarm       Window Covering(a)     Image: Carbon Konoxide Alarm       Ught Fixture(s)     Image: Carbon Konoxide Alarm       Cabinets     Image: Carbon Konoxide Alarm       Counters     Image: Carbon Konoxide Alarm       Stowy/Over/Range Hood     Image: Carbon Konoxide Alarm       Refrigerator     Image: Carbon Konoxide Alarm       Dishwasher     Image: Carbon Konoxide Alarm       Sink(a) & Plumbing     Image: Carbon Konoxide Alarm       Garbag Disposal     Image: Carbon Konoxide Alarm       Fire Englisher     Image: Carbon Konoxide Alarm       Chitch     Image: Carbon Konoxide Alarm	Window Covering(s)		
Fireplace     Image: Constraint of the second	Smoke Alarm		
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Window(a) & Screen(a)     Intervention       Window Covering(a)     Intervention       Light Foture(a)     Intervention       Cabinets     Intervention       Counters     Intervention       Stowy/Oven/Range Hood     Intervention       Refrigerator     Intervention       Dishwasher     Intervention       Sink(a) & Plumbing     Intervention       Garbago Disposal     Intervention       Fire Extinguisher     Intervention			
Window Covering(6)         Image: Covering(6)           Light Fixture(s)         Image: Covering(6)           Cabinets         Image: Covering(6)           Counters         Image: Covering(6)           Counters         Image: Covering(6)           Stove/Overin/Range Hood         Image: Covering(6)           Refrigerator         Image: Covering(6)           Dishwasher         Image: Covering(6)           Sink(e) & Plumbing         Image: Covering(6)           Garbage Disposal         Image: Covering(6)           Fire Extinglisher         Image: Covering(6)           Chitting         Image: Covering(6)			
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Store/Over/Range Hood     Image: Comparison of the compari	Cabinets		
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Fire Extinguisher	Sink(s) & Plumbing		
Other	Garbage Disposal		
Other and a second seco	Fire Extinguisher		1
	Other		-46

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#### CONDITION OF RENTAL PROPERTY CHECKLIST

ITEM	CONDITION ON ARRIVAL	CONDITION ON DEPARTURE
DINING ROOM		
Floor & Floor Covering(s)		
Walls & Celing		
Light Fixture(s)		
Window(s) & Screen(s)		
Window Covering(s)		
Other		
BATHROOM #1		
Floors & Floor Covering(s)		
Walls & Ceilings		
Counters & Surfaces		
Window(s) & Screen(s)		c.
Window Covering(s)		
Sink & Plumbing		
Bathtub/Shower		
Toilet		
Light Fixture(s)		-
Door(s)		
Door Lock(s) & Hardware(s)		
Other		
BATHROOM #2		
Floor & Floor Covering(s)		
Walls & Ceiling		
Counters & Surfaces		
Window(s) & Screen(s)		
Window Covering(s)		
Sink & Plumbing		
Bathtub/Shower		
Toilet		
Light Fixture(s)		
Door(s)		
Door Lock(s) & Hardware(s)		
Other		

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#### CONDITION OF RENTAL PROPERTY CHECKLIST

ITEM	CONDITION ON ARRIVAL	CONDITION ON DEPARTURE
BEDROOM #1		
Floor & Floor Covering(s)		
Walls & Ceiling		
Window(s) & Screen(s)		
Window Covering(s)		
Closet(s), including Doors & Tracks		
Lighting Fixture(s)		
Smoke Alarm		
Carbon Monoxide Alarm		
Door(s)		
Door Lock(s) & Hardware		
BEDROOM #2		
Floor & Floor Covering(s)		
Walls & Ceiling		
Window(s) & Screen(s)		
Window Covering(s)		
Closet, including Doors & Tracks		
Lighting Fixtures		
Smoke Alarm		
Carbon Monoxide Alarm		
Door(s)		
Door Lock(s) & Hardware		
BEDROOM #3		
Floor & Floor Covering(s)		
Walls & Ceiling		
Window(s) & Screen(s)		
Window Covering(s)		
Closet, including Doors & Tracks		
Lighting Fixtures		
Smoke Alarm		
Carbon Monoxide Alarm		
Door(s)		
Door Lock(s) & Hardware		
HALL		
Smoke Alarm		
Carbon Monoxide Alarm		, 8

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ITEM	CONDITION ON ARRIVAL	CONDITION ON DEPARTURE
OTHER		
Heating System		
Air Conditioning		
Stair(s)		
Hallway(s)		
Lawn(s) & Garden(s)		
Patio, Terrace, Deck, etc		
Parking Area(s)		
Other		
# of Keys Received:		
Tenants agree to test all dete writing.	sinove alarins, carbon monovade alarins e in working order, and that the testing j ctors at least once a month and to repor	procedure was explained to them.
their presence and found to I Tenants agree to test all dete	be in working order, and that the testing	procedure was explained to them.
their presence and found to I Tenants agree to test all dete writing.	be in working order, and that the testing	procedure was explained to them.
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Revised 2/14









September 2013



United States Environmental Protection Agency



United States Consumer Product Safety Commission



United States Department of Housing and Urban Development

# Are You Planning to Buy or Rent a Home Built Before 1978?

Did you know that many homes built before 1978 have **lead-based paint**? Lead from paint, chips, and dust can pose serious health hazards.

#### Read this entire brochure to learn:

- · How lead gets into the body
- About health effects of lead
- What you can do to protect your family
- Where to go for more information

# Before renting or buying a pre-1978 home or apartment, federal law requires:

- Sellers must disclose known information on lead-based paint or leadbased paint hazards before selling a house.
- Real estate sales contracts must include a specific warning statement about lead-based paint. Buyers have up to 10 days to check for lead.
- Landlords must disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a specific warning statement about lead-based paint.

# If undertaking renovations, repairs, or painting (RRP) projects in your pre-1978 home or apartment:

• Read EPA's pamphlet, *The Lead-Safe Certified Guide to Renovate Right*, to learn about the lead-safe work practices that contractors are required to follow when working in your home (see page 12).



## Simple Steps to Protect Your Family from Lead Hazards

If you think your home has lead-based paint:	
Don't try to remove lead-based paint yourself.	
<ul> <li>Always keep painted surfaces in good condition to minimize deterioration.</li> </ul>	
<ul> <li>Get your home checked for lead hazards. Find a certified inspector or risk assessor at epa.gov/lead.</li> </ul>	
<ul> <li>Talk to your landlord about fixing surfaces with peeling or chipping paint.</li> </ul>	
Regularly clean floors, window sills, and other surfaces.	
<ul> <li>Take precautions to avoid exposure to lead dust when remodeling.</li> </ul>	
When renovating, repairing, or painting, hire only EPA- or state- approved Lead-Safe certified renovation firms.	
<ul> <li>Before buying, renting, or renovating your home, have it checked for lead-based paint.</li> </ul>	
<ul> <li>Consult your health care provider about testing your children for lead. Your pediatrician can check for lead with a simple blood test.</li> </ul>	
Wash children's hands, bottles, pacifiers, and toys often.	
<ul> <li>Make sure children avoid fatty (or high fat) foods and eat nutritious meals high in iron and calcium.</li> </ul>	
<ul> <li>Remove shoes or wipe soil off shoes before entering your house.</li> </ul>	

## Lead Gets into the Body in Many Ways

#### Adults and children can get lead into their bodies if they:

- Breathe in lead dust (especially during activities such as renovations, repairs, or painting that disturb painted surfaces).
- Swallow lead dust that has settled on food, food preparation surfaces, and other places.
- Eat paint chips or soil that contains lead.

#### Lead is especially dangerous to children under the age of 6.

- At this age, children's brains and nervous systems are more sensitive to the damaging effects of lead.
- Children's growing bodies absorb more lead.
- Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.



# Women of childbearing age should know that lead is dangerous to a developing fetus.

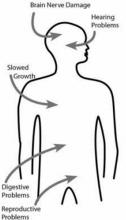
• Women with a high lead level in their system before or during pregnancy risk exposing the fetus to lead through the placenta during fetal development.

## **Health Effects of Lead**

**Lead affects the body in many ways.** It is important to know that even exposure to low levels of lead can severely harm children.

#### In children, exposure to lead can cause:

- Nervous system and kidney damage
- Learning disabilities, attention deficit disorder, and decreased intelligence
- Speech, language, and behavior problems
- Poor muscle coordination
- Decreased muscle and bone growth
- Hearing damage



While low-lead exposure is most common, exposure to high amounts of lead can have devastating effects on children, including seizures, unconsciousness, and, in some cases, death.

Although children are especially susceptible to lead exposure, lead can be dangerous for adults, too.

#### In adults, exposure to lead can cause:

- · Harm to a developing fetus
- Increased chance of high blood pressure during pregnancy
- Fertility problems (in men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain

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## **Check Your Family for Lead**

# Get your children and home tested if you think your home has lead.

Children's blood lead levels tend to increase rapidly from 6 to 12 months of age, and tend to peak at 18 to 24 months of age.

Consult your doctor for advice on testing your children. A simple blood test can detect lead. Blood lead tests are usually recommended for:

- Children at ages 1 and 2
- Children or other family members who have been exposed to high levels of lead
- Children who should be tested under your state or local health screening plan

Your doctor can explain what the test results mean and if more testing will be needed.

## Where Lead-Based Paint Is Found

In general, the older your home or childcare facility, the more likely it has lead-based paint.<sup>1</sup>

Many homes, including private, federally-assisted, federallyowned housing, and childcare facilities built before 1978 have lead-based paint. In 1978, the federal government banned consumer uses of lead-containing paint.<sup>2</sup>

Learn how to determine if paint is lead-based paint on page 7.

#### Lead can be found:

- In homes and childcare facilities in the city, country, or suburbs,
- · In private and public single-family homes and apartments,
- · On surfaces inside and outside of the house, and
- In soil around a home. (Soil can pick up lead from exterior paint or other sources, such as past use of leaded gas in cars.)

Learn more about where lead is found at epa.gov/lead.

<sup>&</sup>lt;sup>1</sup> "Lead-based paint" is currently defined by the federal government as paint with lead levels greater than or equal to 1.0 milligram per square centimeter (mg/cm), or more than 0.5% by weight.

<sup>&</sup>lt;sup>2</sup> "Lead-containing paint" is currently defined by the federal government as lead in new dried paint in excess of 90 parts per million (ppm) by weight.

## Identifying Lead-Based Paint and Lead-Based Paint Hazards

Deteriorating lead-based paint (peeling, chipping, chalking, cracking, or damaged paint) is a hazard and needs immediate attention. Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear and tear, such as:

- · On windows and window sills
- Doors and door frames
- Stairs, railings, banisters, and porches

**Lead-based paint is usually not a hazard if it is in good condition** and if it is not on an impact or friction surface like a window.

Lead dust can form when lead-based paint is scraped, sanded, or heated. Lead dust also forms when painted surfaces containing lead bump or rub together. Lead paint chips and dust can get on surfaces and objects that people touch. Settled lead dust can reenter the air when the home is vacuumed or swept, or when people walk through it. EPA currently defines the following levels of lead in dust as hazardous:

- 40 micrograms per square foot (µg/ft<sup>2</sup>) and higher for floors, including carpeted floors
- 250 µg/ft<sup>2</sup> and higher for interior window sills

**Lead in soil** can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. EPA currently defines the following levels of lead in soil as hazardous:

- 400 parts per million (ppm) and higher in play areas of bare soil
- 1,200 ppm (average) and higher in bare soil in the remainder of the yard

# Remember, lead from paint chips—which you can see—and lead dust—which you may not be able to see—both can be hazards.

The only way to find out if paint, dust, or soil lead hazards exist is to test for them. The next page describes how to do this.

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## **Checking Your Home for Lead**

You can get your home tested for lead in several different ways:

- A lead-based paint inspection tells you if your home has leadbased paint and where it is located. It won't tell you whether your home currently has lead hazards. A trained and certified testing professional, called a lead-based paint inspector, will conduct a paint inspection using methods, such as:
  - Portable x-ray fluorescence (XRF) machine
  - · Lab tests of paint samples
- A **risk assessment** tells you if your home currently has any lead hazards from lead in paint, dust, or soil. It also tells you what actions to take to address any hazards. A trained and certified testing professional, called a risk assessor, will:



- Sample paint that is deteriorated on doors, windows, floors, stairs, and walls
- Sample dust near painted surfaces and sample bare soil in the yard
- Get lab tests of paint, dust, and soil samples
- A combination inspection and risk assessment tells you if your home has any lead-based paint and if your home has any lead hazards, and where both are located.

Be sure to read the report provided to you after your inspection or risk assessment is completed, and ask questions about anything you do not understand.

### **Checking Your Home for Lead, continued**

In preparing for renovation, repair, or painting work in a pre-1978 home, Lead-Safe Certified renovators (see page 12) may:

- Take paint chip samples to determine if lead-based paint is present in the area planned for renovation and send them to an EPA-recognized lead lab for analysis. In housing receiving federal assistance, the person collecting these samples must be a certified lead-based paint inspector or risk assessor
- Use EPA-recognized tests kits to determine if lead-based paint is absent (but not in housing receiving federal assistance)
- Presume that lead-based paint is present and use lead-safe work practices

There are state and federal programs in place to ensure that testing is done safely, reliably, and effectively. Contact your state or local agency for more information, visit epa.gov/lead, or call **1-800-424-LEAD** (5323) for a list of contacts in your area.<sup>3</sup>

<sup>&</sup>lt;sup>3</sup> Hearing- or speech-challenged individuals may access this number through TTY by calling the Federal Relay Service at 1-800-877-8399.

### What You Can Do Now to Protect Your Family

# If you suspect that your house has lead-based paint hazards, you can take some immediate steps to reduce your family's risk:

- If you rent, notify your landlord of peeling or chipping paint.
- Keep painted surfaces clean and free of dust. Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner. (Remember: never mix ammonia and bleach products together because they can form a dangerous gas.)
- Carefully clean up paint chips immediately without creating dust.
- Thoroughly rinse sponges and mop heads often during cleaning of dirty or dusty areas, and again afterward.
- Wash your hands and your children's hands often, especially before they eat and before nap time and bed time.
- Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- Keep children from chewing window sills or other painted surfaces, or eating soil.
- When renovating, repairing, or painting, hire only EPA- or stateapproved Lead-Safe Certified renovation firms (see page 12).
- Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- Make sure children avoid fatty (or high fat) foods and eat nutritious meals high in iron and calcium. Children with good diets absorb less lead.

## **Reducing Lead Hazards**

Disturbing lead-based paint or removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

 In addition to day-to-day cleaning and good nutrition, you can temporarily reduce lead-based paint hazards by taking actions, such as repairing damaged painted surfaces and planting grass to cover leadcontaminated soil. These actions are not permanent solutions and will need ongoing attention.



- You can minimize exposure to lead when renovating, repairing, or painting by hiring an EPA- or statecertified renovator who is trained in the use of lead-safe work practices. If you are a do-it-yourselfer, learn how to use lead-safe work practices in your home.
- To remove lead hazards permanently, you should hire a certified lead abatement contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not permanent control.

# Always use a certified contractor who is trained to address lead hazards safely.

- Hire a Lead-Safe Certified firm (see page 12) to perform renovation, repair, or painting (RRP) projects that disturb painted surfaces.
- To correct lead hazards permanently, hire a certified lead abatement professional. This will ensure your contractor knows how to work safely and has the proper equipment to clean up thoroughly.

Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

## **Reducing Lead Hazards, continued**

**If your home has had lead abatement work done** or if the housing is receiving federal assistance, once the work is completed, dust cleanup activities must be conducted until clearance testing indicates that lead dust levels are below the following levels:

- 40 micrograms per square foot  $(\mu g/ft^2)$  for floors, including carpeted floors
- 250 µg/ft<sup>2</sup> for interior windows sills
- 400 µg/ft<sup>2</sup> for window troughs

For help in locating certified lead abatement professionals in your area, call your state or local agency (see pages 14 and 15), or visit epa.gov/lead, or call 1-800-424-LEAD.

# Renovating, Remodeling, or Repairing (RRP) a Home with Lead-Based Paint

#### If you hire a contractor to conduct renovation, repair, or painting (RRP) projects in your pre-1978 home or childcare facility (such as pre-school and kindergarten), your contractor must:

- Be a Lead-Safe Certified firm approved by EPA or an EPA-authorized state program
- Use qualified trained individuals (Lead-Safe Certified renovators) who follow specific lead-safe work practices to prevent lead contamination
- Provide a copy of EPA's lead hazard information document, *The Lead-Safe Certified Guide to Renovate Right*



# RRP contractors working in pre-1978 homes and childcare facilities must follow lead-safe work practices that:

- **Contain the work area.** The area must be contained so that dust and debris do not escape from the work area. Warning signs must be put up, and plastic or other impermeable material and tape must be used.
- Avoid renovation methods that generate large amounts of lead-contaminated dust. Some methods generate so much lead-contaminated dust that their use is prohibited. They are:
  - Open-flame burning or torching
  - Sanding, grinding, planing, needle gunning, or blasting with power tools and equipment not equipped with a shroud and HEPA vacuum attachment and
  - Using a heat gun at temperatures greater than 1100°F
- Clean up thoroughly. The work area should be cleaned up daily. When all the work is done, the area must be cleaned up using special cleaning methods.
- **Dispose of waste properly.** Collect and seal waste in a heavy duty bag or sheeting. When transported, ensure that waste is contained to prevent release of dust and debris.

To learn more about EPA's requirements for RRP projects visit epa.gov/getleadsafe, or read *The Lead-Safe Certified Guide to Renovate Right*.

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### **Other Sources of Lead**

# While paint, dust, and soil are the most common sources of lead, other lead sources also exist:

- **Drinking water.** Your home might have plumbing with lead or lead solder. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might contain lead:
  - Use only cold water for drinking and cooking.
  - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.

Call your local health department or water supplier to find out about testing your water, or visit epa.gov/lead for EPA's lead in drinking water information.

- Lead smelters or other industries that release lead into the air.
- Your job. If you work with lead, you could bring it home on your body or clothes. Shower and change clothes before coming home. Launder your work clothes separately from the rest of your family's clothes.
- Hobbies that use lead, such as making pottery or stained glass, or refinishing furniture. Call your local health department for information about hobbies that may use lead.
- Old toys and furniture may have been painted with lead-containing paint. Older toys and other children's products may have parts that contain lead.<sup>4</sup>
- Food and liquids cooked or stored in **lead crystal** or **lead-glazed pottery or porcelain** may contain lead.
- Folk remedies, such as "greta" and "azarcon," used to treat an upset stomach.

<sup>&</sup>lt;sup>4</sup> In 1978, the federal government banned toys, other children's products, and furniture with lead-containing paint (16 CFR 1303). In 2008, the federal government banned lead in most children's products. The federal government currently bans lead in excess of 100 ppm by weight in most children's products (76 FR 44463).

### **For More Information**

#### The National Lead Information Center

Learn how to protect children from lead poisoning and get other information about lead hazards on the Web at epa.gov/lead and hud.gov/lead, or call **1-800-424-LEAD (5323).** 

#### **EPA's Safe Drinking Water Hotline**

For information about lead in drinking water, call **1-800-426-4791**, or visit epa.gov/lead for information about lead in drinking water.

#### **Consumer Product Safety Commission (CPSC) Hotline**

For information on lead in toys and other consumer products, or to report an unsafe consumer product or a product-related injury, call **1-800-638-2772**, or visit CPSC's website at cpsc.gov or saferproducts.gov.

#### State and Local Health and Environmental Agencies

Some states, tribes, and cities have their own rules related to leadbased paint. Check with your local agency to see which laws apply to you. Most agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards. Receive up-to-date address and phone information for your state or local contacts on the Web at epa.gov/lead, or contact the National Lead Information Center at **1-800-424-LEAD**.

Hearing- or speech-challenged individuals may access any of the phone numbers in this brochure through TTY by calling the toll-free Federal Relay Service at **1-800-877-8339**.

## U. S. Environmental Protection Agency (EPA) Regional Offices

The mission of EPA is to protect human health and the environment. Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

**Region 1** (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Regional Lead Contact U.S. EPA Region 1 5 Post Office Square, Suite 100, OES 05-4 Boston, MA 02109-3912 (888) 372-7341

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

Regional Lead Contact U.S. EPA Region 2 2890 Woodbridge Avenue Building 205, Mail Stop 225 Edison, NJ 08837-3679 (732) 321-6671

**Region 3** (Delaware, Maryland, Pennsylvania, Virginia, DC, West Virginia)

Regional Lead Contact U.S. EPA Region 3 1650 Arch Street Philadelphia, PA 19103 (215) 814-2088

**Region 4** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Regional Lead Contact U.S. EPA Region 4 AFC Tower, 12th Floor, Air, Pesticides & Toxics 61 Forsyth Street, SW Atlanta, GA 30303 (404) 562-8998

**Region 5** (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Regional Lead Contact U.S. EPA Region 5 (DT-8J) 77 West Jackson Boulevard Chicago, IL 60604-3666 (312) 886-7836 **Region 6** (Arkansas, Louisiana, New Mexico, Oklahoma, Texas, and 66 Tribes)

Regional Lead Contact U.S. EPA Region 6 1445 Ross Avenue, 12th Floor Dallas, TX 75202-2733 (214) 665-2704

Region 7 (Iowa, Kansas, Missouri, Nebraska)

Regional Lead Contact U.S. EPA Region 7 11201 Renner Blvd. WWPD/TOPE Lenexa, KS 66219 (800) 223-0425

**Region 8** (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Regional Lead Contact U.S. EPA Region 8 1595 Wynkoop St. Denver, CO 80202 (303) 312-6966

## **Region 9** (Arizona, California, Hawaii, Nevada)

Regional Lead Contact U.S. EPA Region 9 (CMD-4-2) 75 Hawthorne Street San Francisco, CA 94105 (415) 947-4280

## **Region 10** (Alaska, Idaho, Oregon, Washington)

Regional Lead Contact U.S. EPA Region 10 Solid Waste & Toxics Unit (WCM-128) 1200 Sixth Avenue, Suite 900 Seattle, WA 98101 (206) 553-1200

## **Consumer Product Safety Commission (CPSC)**

The CPSC protects the public against unreasonable risk of injury from consumer products through education, safety standards activities, and enforcement. Contact CPSC for further information regarding consumer product safety and regulations.

#### CPSC

4330 East West Highway Bethesda, MD 20814-4421 1-800-638-2772 cpsc.gov or saferproducts.gov

# U. S. Department of Housing and Urban Development (HUD)

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. Contact HUD's Office of Healthy Homes and Lead Hazard Control for further information regarding the Lead Safe Housing Rule, which protects families in pre-1978 assisted housing, and for the lead hazard control and research grant programs.

#### HUD

451 Seventh Street, SW, Room 8236 Washington, DC 20410-3000 (202) 402-7698 hud.gov/offices/lead/

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U. S. EPA Washington DC 20460

EPA-747-K-12-001 September 2013

U. S. CPSC Bethesda MD 20814

U.S. HUD Washington DC 20410

# **IMPORTANT!**

## Lead From Paint, Dust, and Soil in and Around Your Home Can Be Dangerous if Not Managed Properly

- Children under 6 years old are most at risk for lead poisoning in your home.
- Lead exposure can harm young children and babies even before they are born.
- Homes, schools, and child care facilities built before 1978 are likely to contain lead-based paint.
- Even children who seem healthy may have dangerous levels of lead in their bodies.
- Disturbing surfaces with lead-based paint or removing lead-based paint improperly can increase the danger to your family.
- People can get lead into their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.
- People have many options for reducing lead hazards. Generally, lead-based paint that is in good condition is not a hazard (see page 10).

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# CLEANING:

Drain cleaner: 1 cup baking soda, 1 cup vinegar and a teapot full of hot water to follow.

Flylady.net – has ideas on how to keep your home clean, how to get rid of clutter and has a home maintenance journal.



GENERAL:

For Weeds: 1 gallon vinegar, 1 cup salt, 8 tsp. dish washing soap. Mix and spray on weeds.

Use Kilz on subfloors before laying new pad and carpet.

Use Alive Enzyme to eliminate pet urine.

Use porcelain or ceramic tile. Porcelain is stronger.

Use Behr Deck Over to restore worn out decks (not rotten decks).



Involve your spouse.

# HOMES:

To purchase a home: Ask what is the least amount you will take if I buy your home today.

Decide before you buy about how to hold the property (tax implications), how you'll finance it, how you will depreciate it, how to take title.

Landscaping: Evergreen shrubs; variegated yucca plant; crepe myrtle; rose of Sharon; knock out roses; Barberry; yews and Japanese yews; golden euyunomous.

Always have an exit plan when you are purchasing a property.

Choose your "Power team" from those people you trust: Handyman, accountant, attorney, electrician, plumber, insurance agent, banker, etc. Keep good records. Keep all correspondence.

Always get a building inspection, termite inspection and radon inspection.

Contractors should have workman's comp insurance if they are doing a dangerous job such as tree trimming, roofing, siding etc.



# LANDLORDING:

Tenant screening, tenant screening, tenant screening.

Go to the prospective tenant's property to see "how they live".



Don't rent to friends or family.

If you take a tenant that has credit issues: Have employer deposit the rent directly into your bank account.

In lieu of replacing cabinets: Paint cabinets satin black and use brushed nickel knobs.

Utilize craigslist.com and postlets.com (now Zillow rent manager). Make a list of the property descriptions, room dimensions, etc. in Word and then copy and paste to Craigslist/postlets.

Set up Google search for properties and it will alert you if someone else is trying to use your pics/rental home for their own use. Another suggestion was to take the URL link and move it from Postlets to Craigslist and others cannot "steal" your pics.

Rent-o-meter.com: put in a zip code and it will pull up properties in that area and the rents charged.

Send your tenant a bill each month- they are used to getting a bill and will pay a bill.

Create a calendar for tenants i.e.: change furnace filters, change batteries smoke alarm, rent due date.

On your credit application form: put in that you can run credit checks through eternity. (In case you have to collect on judgments)

"Text" tenants rather than calling tenants. The response rate is about 90%.

Use "deposit only" debit cards and give them to your tenants. Bank of America has this program. Your tenants can use the ATM at Bank of America to deposit your rent.

First Community credit Union has "ACH" for free. (Same concept as above drawing your rent money from your tenant's account). This is a free service First Community provides. There is a 1-page application form that your tenant needs to fill in.

Copy the checks you receive from tenants. That way you will have their bank account information.

Advertise before the residence is vacant. Have people waiting and lined up to view the home.

Use casenet.com to check your tenants. To get to website you can Google: casenet in MO

Check on property by having an "exterminator" go through the home on a regular basis.

Use a property manager instead of doing it yourself. Raise the rents by 10% and a property manager won't "cost" you anything.

Security deposit is not your money. Don't comingle funds. Have a separate account for deposit money.

Rent is due on Day 1; it is late on Day 2. Call or text on Day 2.

Show home to multiple prospects at the same time.

Make an effort to get a good tenant rather than settle for a substandard renter just to fill a vacancy.

Always use a tenant screening service. Maintain the yard on vacant properties. When utilizing signs use a stencil with letter large enough to read from the street.



# I advise women to invest in real estate. It is the collateral to be preferred above all others, and the safest means of investing money.

-Hetty Green, American Businesswoman and Financier

## Home Styles – St Louis Area













#### Townhouse



Slab



Mobile Home





















Walk-out



Victorian



Queen Anne



Art Deco



Danish/50s Modern



Southwest



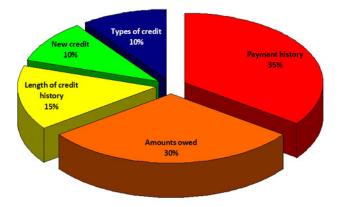
# Understanding & Improving Your Credit Scores



Why should *You* care about Credit Scores and having a good one? Many people don't. Smart people do. A good credit score will allow you to *choose* who you want to do business with instead of who will do business with you.

With a good credit score you will get much more favorable interest rates on your loan, e.g., mortgages, auto loans, credit cards and more. You'll also get better rates on your insurance premiums, auto, homeowners and renters' insurance to name a few. Many employers also check your credit before hiring you for employment. What are credit scores designed to do? Many will tell you it's your ability to pay back a loan, say if you're a good or bad credit risk or something like that. Credit scores are *actually* a predictor to show the likelihood that a borrower will become 90 days delinquent on an account within the next 24 months.

How do the CRAs (credit reporting agencies) come up with the credit scores? There are a few factors that matter more than others.



- 35% = Payment History
- 10% = Types of Credit
- 10% = Credit Inquiries
- 15% = Credit History
- 30% = Amount, i.e., proportion of balance to limits

What about those *credit repair* companies? All I can say about *those* companies is to use extreme caution. A lot of them are very confusing. Some lead you to believe that they know some *secret* that is unavailable to you. Not true. There's nothing they can do that you cannot do yourself. Improving your credit score is not brain surgery.

With just a little education you can improve your score. Many of *those companies* make outrageous claims. They say things like, we can remove negative credit from your report, or we can improve your score to 720 in 30 days and all kinds of other "guarantees".

The truth is, there are No guarantees when you are attempting to improve your score. In fact, many times your score will *go down* when you wake up the negative sleeping giants that are reporting on your credit report.

Some lenders will require you to pay off old collections before extending you credit. Just by waking this *sleeping dog*, they may update the collection and your credit score will reflect this negativity like it is a new collection.

It may be best to pay the collection at closing or get them to remove it from your report altogether when paid. This needs to be in writing.

You can dispute negative credit, collections, judgments, etc. Many times, they will be removed. Many times, they will not.

Anyone that tells you that they *guarantee* these will be removed is either not being truthful or doesn't know what they are talking about. It may be best for you to do a 180 and keep walking.

What about those that say you can set up a whole new credit file with an EIN (employer identification number) or some other way? I have never seen a way to do this. At least, not that I know of *legally*.

The bottom line is there are no magical ways to improve you credit score. There are ways that you can improve your credit score.

Six ways to improve your credit score:

- Pay Your Bills on time
- Don't necessarily close older and/or paid off accounts
- Don't get unnecessary inquiries
- Keep balances in proportion to limits at 30-40% or less
- Dispute incorrect information
- Add a Fraud statement



*"Understanding and Improving Credit Scores"* can be a very important part of our lives. A little education can go a long way. <sup>(2)</sup>

If you want more information on ways to improve your personal credit score, here's a recent Mini<sup>,</sup> Workshop:

# Credit Score Basics on YouTube



## Scan with your phone for a YouTube video Or go to https://youtu.be/WzaXSgw2dos

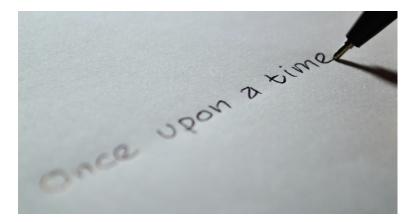
# Beware of THOSE Credit Doctors



Scan with your phone for an Apple Podcast Or go to

https://podcasts.apple.com/us/podcast/thedealionaire/id1494026801?i=1000466874622

# **REAL ESTATE ABBREVIATIONS**



In the real estate industry, just like many other professions, abbreviations are used. This can be confusing to beginners and experienced investors alike. Here are some of the most common terms you may come across. It is by no means a complete list.

- APR Annual Percentage Rate
- ARM Adjustable-Rate Mortgage
- ARV After Repair Value
- BOM Bill of Materials

- BPO Broker's Price Opinion
- CAP Capitalization Rate
- COM Comparative Market Analysis
- DOM Days on Market
- DSCR Debt Service Coverage Ratio
- DTI Debt to Income ration
- EIN Employer Identification Number
- FDIC Federal Deposit Insurance Corporation
- FMV Fair Market Value
- FHA Federal Housing Administration
- FICO Fair Isaac Corporation
- GIP Gross Investor Profit
- HELOC Home Equity Line of Credit
- HOA Home Owners Association
- HUD Housing and Urban Development
- LRA Land Reutilization Authority
- LTV Loan To Value
- NOI Net Operating income

MAO	Maximum Allowable Offer	
MIP	Mortgage Insurance Premium	
MLS	Multiple Listing Service	
P&L	Profit and Loss Statement	
PITI	Principal, Interest, Taxes, and Insurance	
PMI	Private Mortgage Insurance	
RCE	Repair Cost Estimate	
REIA	Real Estate Investment Association	
REO	Real Estate Owned (Bank Owned	
Properties)		
RESPA	Real Estate Settlement Procedures Act	
ROI	Return on Investment	
SDIRA	Self-Directed Individual Retirement	
Account		
SFR	Single Family Residence	
VA	Veterans Administration	



## "Things Work Out Best for Those Who make the Best of How Things Work Out."

-John Wooden

## **Real Estate Jargon**



#### Know what you own and know why you own it. - Peter Lynch

#### **Acceleration Clause**

A clause in your mortgage, which allows the lender to demand payment of the outstanding loan balance for various reasons. The most common reasons for accelerating a loan are if the borrower defaults on the loan or transfers title to another individual without informing the lender.

## Adjustable-Rate Mortgage (ARM)

A mortgage in which the interest changes periodically, according to corresponding fluctuations in an index. All ARMs are tied to indexes.

#### Adjustment Date

The date the interest rate changes on an adjustable-rate mortgage (ARM).

## Amortization

The loan payment consists of a portion which will be applied to pay the accruing interest on a loan, with the remainder being applied to the principal. Over time, the interest portion decreases as the loan balance decreases, and the amount applied to principal increases so that the loan is paid off (amortized) in the specified time.

## **Amortization Schedule**

A table which shows how much of each payment will be applied toward principal and how much toward interest over the life of the loan. It also shows the gradual decrease of the loan balance until it reaches zero.

## Annual Percentage Rate (APR)

This is not the note rate on your loan. It is a value created according to a government formula intended to reflect the true annual cost of borrowing, expressed as a percentage. It works sort of like this, but not exactly, so only use this as a guideline: deduct the closing costs from your loan amount, then using your actual loan payment, calculate what the interest rate would be on this amount instead of your actual loan amount. You will come up with a number close to the APR. Because you are using the same payment on a smaller amount, the APR is always higher than the actual not rate on your loan.

#### Application

The form used to apply for a mortgage loan, containing information about a borrower's income, savings, assets, debts, and more.

#### Appraisal

A written justification of the price paid for a property, primarily based on an analysis of comparable sales of similar homes nearby.

## **Appraised Value**

An opinion of a property's fair market value, based on an appraiser's knowledge, experience, and analysis of the property. Since an appraisal is based primarily on comparable sales, and the most recent sale is the one on the property in question, the appraisal usually comes out at the purchase price.

#### Appraiser

An individual qualified by education, training, and experience to estimate the value of real property and personal property. Although some appraisers work directly for mortgage lenders, most are independent.

## Appreciation

The increase in the value of a property due to changes in market conditions, inflation, or other causes.

## Assessed value

The valuation placed on property by a public tax assessor for purposes of taxation.

#### Assessment

The placing of a value on property for the purpose of taxation.

#### Assessor

A public official who establishes the value of a property for taxation purposes.

## Asset

Items of value owned by an individual. Assets that can be quickly converted into cash are considered "liquid assets." These include bank accounts, stocks, bonds, mutual funds, and so on. Other assets include real estate, personal property, and debts owed to an individual by others.

## Assignment

When ownership of your mortgage is transferred from one company or individual to another, it is called an assignment.

## Assignment Fee

Encompasses the transfer of rights held by one party, the assignor, to another party, the assignee. An assignment allows another buyer to take over the buyer's rights. Imagine that one is stepping into the shoes of the Original Purchaser for a **fee** in order to purchase the desired property.

## Assumable mortgage

A mortgage that can be assumed by the buyer when a home is sold. Usually, the borrower must "qualify" in order to assume the loan.

#### Assumption

The term applied when a buyer assumes the seller's mortgage.

## Balloon mortgage

A mortgage loan that requires the remaining principal balance be paid at a specific point in time. For example, a loan may be amortized as if it would be paid over a thirty year period, but requires that at the end of the tenth year the entire remaining balance must be paid.

## **Balloon payment**

The final lump sum payment that is due at the termination of a balloon mortgage.

## Bankruptcy

By filing in federal bankruptcy court, an individual or individuals can restructure or relieve themselves of debts and liabilities. Bankruptcies are of various types, but the most common for an individual seem to be a "Chapter 7 No Asset" bankruptcy which relieves the borrower of most types of debts. A borrower cannot usually qualify for an "A" paper loan for a period of two years after the bankruptcy has been discharged and requires the reestablishment of an ability to repay debt.

## Bill of Sale

A written document that transfers title to personal property. For example, when selling an automobile to acquire funds which will be used as a source of down payment or for closing costs, the lender will usually require the bill of sale (in addition to other items) to help document this source of funds.

#### **Biweekly Mortgage**

A mortgage in which you make payments every two weeks instead of once a month. The basic result is that instead of making twelve monthly payments during the year, you make thirteen. The extra payment reduces the principal, substantially reducing the time it takes to pay off a thirty-year mortgage. Note: there are independent companies that encourage you to set up bi-weekly payment schedules with them on your thirty-year mortgage. They charge a set-up fee and a transfer fee for every payment. Your funds are deposited into a trust account from which your monthly payment is then made, and the excess funds then remain in the trust account until enough has accrued to make the additional payment which will then be paid to reduce your principle. You could save money by doing the same thing yourself, plus you have to have faith that once you transfer money to them that they will actually transfer your funds to your lender.

#### Blanket mortgage

A mortgage covering more than one piece of property. Example: A developer subdivides a tract of land into lots and obtains a blanket mortgage on the whole tract.

#### Bond

A promise by a third party to repay a principal and interest if another party does not make payment.

#### **Bond Market**

Usually refers to the daily buying and selling of thirty-year treasury bonds. Lenders follow this market intensely because as the yields of bonds go up and down, fixed rate mortgages do approximately the same thing. The same factors that affect the Treasury Bond market also affect mortgage rates at the same time. That is why rates change daily, and in a volatile market can and do change during the day as well.

#### Bridge Loan

Not used much anymore, bridge loans are obtained by those who have not yet sold their previous property but must close on a purchase property. The bridge loan becomes the source of their funds for the down payment. One reason for their fall from favor is that there are more and more second mortgage lenders now that will lend at a high loan to value. In addition, sellers often prefer to accept offers from buyers who have already sold their property.

#### Broker

Broker has several meanings in different situations. Most Realtors are "agents" who work under a "broker." Some agents are brokers as well, either working form themselves or under another broker. In the mortgage industry, broker usually refers to a company or individual that does not lend the money for the loans themselves, but broker loans to larger lenders or investors. (See the Home Loan Library that discusses the different types of lenders). As a normal definition, a broker is anyone who acts as an agent, bringing two parties together for any type of transaction and earns a fee for doing so.

## **Broker's Price Opinion**

A BPO is the process used by a hired sales agent to determine the potential selling price or estimated **value** of a real estate property. A BPO is popularly used in situations where a financial institution believes the expense and delay of an appraisal is unnecessary.

## Buydown

Usually refers to a fixed rate mortgage where the interest rate is "bought down" for a temporary period, usually one to three years. After that time and for the remainder of the term, the borrower's payment is calculated at the note rate. In order to buy down the initial rate for the temporary payment, a lump sum is paid and held in an account used to supplement the borrower's monthly payment. These funds usually come from the seller (or some other source) as a financial incentive to induce someone to buy their property. A "lender funded buydown" is when the lender pays the initial lump sum. They can accomplish this because the note rate on the loan (after the buydown adjustments) will be higher than the current market rate. One reason for doing this is because the borrower may get to "qualify" at the start rate and can qualify for a higher loan amount. Another reason is that a borrower may expect his earnings to go up substantially in the near future, but wants a lower payment right now.

#### **Call Option**

Similar to the acceleration clause.

Сар

Adjustable-Rate Mortgages have fluctuating interest rates, but those fluctuations are usually limited to a certain amount. Those limitations may apply to how much the loan may adjust over a six-month period, an annual period, and over the life of the loan, and are referred to as "caps." Some ARMs, although they may have a life cap, allow the interest rate to fluctuate freely, but require a certain minimum payment which can change once a year. There is a limit on how much that payment can change each year, and that limit is also referred to as a cap.

## **Capital gains**

Profit earned from the sale of real estate or the amount by which an asset's selling price exceeds its initial purchase price.

## Capitalization rate (CAP Rate)

The rate used to determine the present value of property with future earnings.

## **Carrying Costs**

The expenses of maintaining a home or property. For example, mortgage payments, property taxes, insurance, and the expenses of utilities, repairs and upkeep.

## **Cash Flow**

The amount of cash derived over a certain period of time from an income-producing property. Cash receipts minus cash payments over a given period of time. The cash flow should be large enough to pay the expenses of the income-producing property (mortgage payment, maintenance, utilities, etc.).

#### **Cash Out Refinance**

When a borrower refinances his mortgage at a higher amount than the current loan balance with the intention of pulling out money for personal use, it is referred to as a "cash out refinance."

#### **Caveat Emptor**

A legal term meaning "let buyer beware". The buyer must examine the property and buy at his/her own risk. Example: A property may be offered in an "as is" condition with no expressed or implied guarantee of quality or condition.

## **Certificate of Deposit**

A time deposit held in a bank which pays a certain amount of interest to the depositor.

## **Certificate of Deposit Index**

One of the indexes used for determining interest rate changes on some adjustable rate mortgages. It is an average of what banks are paying on certificates of deposit.

## **Certificate of Eligibility**

A document issued by the Veterans Administration that certifies a veteran's eligibility for a VA loan.

## Certificate of occupancy

Document issued by a local governmental agency that states a property meets the local building standards for occupancy and is in compliance with public health and building codes. This document is normally required by a lender prior to closing the loan.

## Certificate of Reasonable Value (CRV)

Once the appraisal has been performed on a property being bought with a VA loan, the Veterans Administration issues a CRV.

## Chain of Title

An analysis of the transfers of title to a piece of property over the years.

## Clear Title

A title that is free of liens or legal questions as to ownership of the property.

## Closing

This has different meanings in different states. In some states a real estate transaction is not consider "closed" until the documents record at the local recorder's office. In others, the "closing" is a meeting where all of the documents are signed and money changes hands.

## **Closing Costs**

Closing costs are separated into what are called "nonrecurring closing costs" and "pre-paid items." Nonrecurring closing costs are any items which are paid just once as a result of buying the property or obtaining a loan. "Pre-paid" are items which recur over time, such as property taxes and homeowners insurance. A lender makes an attempt to estimate the amount of nonrecurring closing costs and prepaid items on the Good Faith Estimate which they must issue to the borrower within three days of receiving a home loan application.

#### **Closing Statement**

See Settlement Statement.

## **Cloud on Title**

Any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by deed, release, or court action.

## **Co-Borrower**

An additional individual who is both obligated on the loan and is on title to the property.

## Collateral

In a home loan, the property is the collateral. The borrower risks losing the property if the loan is not repaid according to the terms of the mortgage or deed of trust.

## Collection

When a borrower falls behind, the lender contacts them in an effort to bring the loan current. The loan goes to "collection." As part of the collection effort, the lender must mail and record certain documents in case they are eventually required to foreclose on the property.

#### Commission

Most salespeople earn commissions for the work that they do and there are many sales professionals involved in each transaction, including Realtors, loan officers, title representatives, attorneys, escrow representative, and representatives for pest companies, home warranty companies, home inspection companies, insurance agents, and more. The commissions are paid out of the charges paid by the seller or buyer in the purchase transaction. Realtors generally earn the largest commissions, followed by lenders, then the others.

#### **Common Area Assessments**

In some areas they are called Homeowners Association Fees. They are charges paid to the Homeowners Association by the owners of the individual units in a condominium or planned unit development (PUD) and are generally used to maintain the property and common areas.

#### **Common Areas**

Those portions of a building, land, and amenities owned (or managed) by a planned unit development (PUD) or condominium project's homeowners' association (or a cooperative project's cooperative corporation) that are used by all of the unit owners, who share in the common expenses of their operation and maintenance. Common areas include swimming pools, tennis courts, and other recreational facilities, as well as common corridors of buildings, parking areas, means of ingress and egress, etc.

#### **Common Law**

An unwritten body of law based on general custom in England and used to an extent in some states.

#### **Community Property**

In some states, especially the southwest, property acquired by a married couple during their marriage is considered to be owned jointly, except under special circumstances. This is an outgrowth of the Spanish and Mexican heritage of the area.

## **Comparative Market Analysis (CMA)**

A comparison of sales prices of similar properties in a given area for the purpose of determining the fair market value of a property. Also referred to as "Comps."

#### **Comparable Sales**

Recent sales of similar properties in nearby areas and used to help determine the market value of a property. Also referred to as "comps."

## **Conditional Commitment**

A written document provided by a lender agreeing to make a loan provided certain conditions are met by the borrower prior to closing.

#### Condominium

A type of ownership in real property where all of the owners own the property, common areas and buildings together, with the exception of the interior of the unit to which they have title. Often mistakenly referred to as a type of construction or development, it actually refers to the type of ownership.

#### **Condominium Conversion**

Changing the ownership of an existing building (usually a rental project) to the condominium form of ownership.

#### **Condominium Hotel**

A condominium project that has rental or registration desks, short-term occupancy, food and telephone services, and daily cleaning services and that is operated as a commercial hotel even though the units are individually owned. These are often found in resort areas like Hawaii.

#### Consideration

Anything of value given to induce another to enter into a contract. An earnest money deposit on a sales contract is consideration.

#### **Construction Loan**

A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.

#### Contingency

A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

#### Contract

An oral or written agreement to do or not to do a certain thing.

#### **Contract for Deed**

A real estate installment selling arrangement where the buyer may occupy the property but the seller retains the title until the agreed upon sales price has been paid. Also known as an installment land contract.

## **Conventional Mortgage**

Refers to home loans other than government loans (VA and FHA).

#### **Convertible ARM**

An adjustable-rate mortgage that allows the borrower to change the ARM to a fixed-rate mortgage within a specific time.

## Conveyance

The transfer of title of real property from one party to another.

## Cooperative (co-op)

A type of multiple ownership in which the residents of a multiunit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.

## Cost of Funds Index (COFI)

One of the indexes that is used to determine interest rate changes for certain adjustable-rate mortgages. It represents the weighted-average cost of savings, borrowings, and advances of the financial institutions such as banks and savings & loans, in the 11th District of the Federal Home Loan Bank.

#### Credit

An agreement in which a borrower receives something of value in exchange for a promise to repay the lender at a later date.

#### **Credit History**

A record of an individual's repayment of debt. Credit histories are reviewed my mortgage lenders as one of the underwriting criteria in determining credit risk.

## Creditor

A person to whom money is owed.

## **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 creditworthiness.

## **Credit Repository**

An organization that gathers, records, updates, and stores financial and public records information about the payment records of individuals who are being considered for credit.

## Debt

An amount owed to another.

## Debt Service Coverage Ratio (DSCR)

A benchmark used by lenders when measuring an income property's ability to cover the mortgage debt after operating expenses is the Debt Service Coverage Ratio (DCSR). The DCSR is calculated by dividing the Net Operating Income (NOI) by the annual mortgage debt (principal + interest).

## Debt-to-Income Ratio

The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her net effective income (FHA/ VA loans) or gross monthly income (conventional loans).

## Deed

The legal document conveying title to a property.

## Deed In Lieu

Short for "deed in lieu of foreclosure," this conveys title to the lender when the borrower is in default and wants to avoid foreclosure. The lender may or may not cease foreclosure activities if a borrower asks to provide a deedin-lieu. Regardless of whether the lender accepts the deed-in-lieu, the avoidance and non-repayment of debt will most likely show on a credit history. What a deed-inlieu may prevent is having the documents preparatory to a foreclosure being recorded and become a matter of public record.

## Deed of Trust

Some states, like California, do not record mortgages. Instead, they record a deed of trust which is essentially the same thing.

## Default

Failure to make the mortgage payment within a specified period of time. For first mortgages or first trust deeds, if a payment has still not been made within 30 days of the due date, the loan is considered to be in default.

#### **Defective Title**

Any recorded instrument that would prevent a grantor/seller from giving a clear title.

## Delinquency

Failure to make mortgage payments when mortgage payments are due. For most mortgages, payments are due on the first day of the month. Even though they may not charge a "late fee" for a number of days, the payment is still considered to be late and the loan delinquent. When a loan payment is more than 30 days late, most lenders report the late payment to one or more credit bureaus.

## Deposit

A sum of money given in advance of a larger amount being expected in the future. Often called in real estate as an "earnest money deposit."

## Depreciation

A decline in the value of property; the opposite of appreciation. Depreciation is also an accounting term which shows the declining monetary value of an asset and is used as an expense to reduce taxable income. Since this is not a true expense where money is actually paid, lenders will add back depreciation expense for selfemployed borrowers and count it as income.

## Disbursement

(a) The payment of loan money to the borrower usually at or following the closing; (b) Funds paid.

## **Discount Points**

In the mortgage industry, this term is usually used in only in reference to government loans, meaning FHA and VA loans. Discount points refer to any "points" paid in addition to the one percent loan origination fee. A "point" is one percent of the loan amount.

#### Down Payment

The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

#### Due On Sale Provision/Clause

A provision in a mortgage that allows the lender to demand repayment in full if the borrower sells the property that serves as security for the mortgage.

## **Earnest Money Deposit**

A deposit made by the potential home buyer to show that he or she is serious about buying the house.

#### Easement

A right of way giving persons other than the owner access to or over a property.

#### **Effective Age**

An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.

#### **Eminent Domain**

# The right of a government to take private property for

public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.

## **Employer Identification Number (EIN)**

Also known as a Federal Tax Identification Number is used to identify a business entity. A new business must file for an identification number with the IRS. An EIN is your permanent number and can be used immediately to open a bank account, for business licenses, and file a tax return by mail.

## Encroachment

An improvement that intrudes illegally on another's property.

## Encumbrance

Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

## Equal Credit Opportunity Act (ECOA)

A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

## Equity

A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

#### **Equity Partnership**

A limited partnership that provides start-up capital to businesses.

#### Escheat

The reversion of property to the state in the event that the owner dies without leaving a will and has no legal heirs.

#### Escrow

An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the earnest money deposit is put into escrow until delivered to the seller when the transaction is closed.

## **Escrow Account**

Once you close your purchase transaction, you may have an escrow account or impound account with your lender. This means the amount you pay each month includes an amount above what would be required if you were only paying your principal and interest. The extra money is held in your impound account (escrow account) for the payment of items like property taxes and homeowner's insurance when they come due. The lender pays them with your money instead of you paying them yourself.

#### **Escrow Analysis**

Once each year your lender will perform an "escrow analysis" to make sure they are collecting the correct amount of money for the anticipated expenditures.

#### **Escrow Disbursements**

The use of escrow funds to pay real estate taxes, hazard insurance, mortgage insurance, and other property expenses as they become due.

#### Estate

The ownership interest of an individual in real property. The sum total of all the real property and personal property owned by an individual at time of death.

#### Eviction

The lawful expulsion of an occupant from real property.

#### **Examination of Title**

The report on the title of a property from the public records or an abstract of the title.

#### **Exclusive Listing**

A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time.

#### Executor

A person named in a will to administer an estate. The court will appoint an administrator if no executor is named. "Executrix" is the feminine form.

## Exit Strategy

Money is often made with investment real estate when it is sold. And even if the property is held in order to build equity, a great deal of the profit is made when exiting the investment. Therefore, an exit strategy is essential to making money with real estate.

5 top exit strategies for real estate investors to consider: Wholesale, Flip, Buy and Hold to Build Equity, Seller Financing, Lease Option or Rent-to-Own.

## Fair Credit Reporting Act

A consumer protection law that regulates the disclosure of consumer credit reports by consumer/credit reporting agencies and establishes procedures for correcting mistakes on one's credit record.

## Fannie Mae/Federal National mortgage Association (FNMA)

A federal organization that purchases loans from lenders and then sells them as FNMA mortgage backed securities.

## Farmers Home Administration (FMHA)

An agency, within the U.S. Department of Agriculture, that makes and insures loans for rural housing and farms.

## Federal Deposit Insurance Corporation (FDIC)

A government agency that supervises and insures accounts held by lending institutions.

## Fee Simple (Fee Absolute or Fee Simple Absolute)

Absolute ownership of real property; owner is entitled to the entire property with unrestricted power of disposition during the owners life and upon his death the property descends to the owner's designated heirs.

## Federal Housing Administration (FHA)

A government agency within HUD that administers and insures mortgage loans for private lending agencies.

## FHA Loan

This program provides mortgage insurance to protect lenders against the risk of default on loans to qualified buyers. A loan insured by the Federal Housing Administration is open to all qualified home purchasers.

## FICO (Fair Isaac Corporation)

The first company to offer a credit-risk model with a **score**. Credit scores are reported by three major credit bureaus, Equifax, Experian and Trans-Union. Scores are not necessarily the same on each bureau's report because each bureau may place a slightly different value on different items.

Model Factors: payment history, outstanding debt, length of history, inquiries, types of credit in use. By law, everyone is entitled to receive one free credit report from each of the three major credit bureaus every 12 months.

## Fair Market Value (FMV)

The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

## Fannie Mae (FNMA)

The Federal National Mortgage Association, which is a congressionally chartered, shareholder-owned company that is the nation's largest supplier of home mortgage funds. For a discussion of the roles of Fannie Mae, Freddie Mac (FHLMC), and Ginnie Mae (GNMA), see the Library.

#### Fannie Mae's Community Home Buyer's Program

An income-based community lending model, under which mortgage insurers and Fannie Mae offer flexible underwriting guidelines to increase a low- or moderateincome family's buying power and to decrease the total amount of cash needed to purchase a home. Borrowers who participate in this model are required to attend prepurchase home-buyer education sessions.

#### Federal Housing Administration (FHA)

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

The greatest possible interest a person can have in real estate.

#### Fee Simple Estate

An unconditional, unlimited estate of inheritance that represents the greatest estate and most extensive interest in land that can be enjoyed. It is of perpetual duration. When the real estate is in a condominium project, the unit owner is the exclusive owner only of the air space within his or her portion of the building (the unit) and is an owner in common with respect to the land and other common portions of the property.

## FHA Mortgage

A mortgage that is insured by the Federal Housing Administration (FHA). Along with VA loans, an FHA loan will often be referred to as a government loan.

## Fiduciary

A company that holds the assets of another party and invests them on behalf of the party.

## **Finance Charge**

Interest charged by a lender.

## **Financial Reports**

Reports such as income statements, cash flows, and balance sheets that are used when documenting the financial aspects of your business.

## Firm Commitment

A lender's agreement to make a loan to a specific borrower on a specific property.

## First Mortgage

The mortgage that is in first place among any loans recorded against a property. Usually refers to the date in which loans are recorded, but there are exceptions.

## **Fiscal Year**

An accounting period consisting of 12 months.

## **Fixed Cost**

A cost that does not vary with the volume of sales or production.

## **Fixed Rate Mortgage**

A mortgage in which the interest rate does not change during the entire term of the loan.

## Fixture

Personal property that becomes real property when attached in a permanent manner to real estate.

## Flood Insurance

Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

## Forbearance

A lenders postponement of foreclosure in order to give the borrower time and an opportunity to make up for overdue payments. Also, an agreement for a buyer to temporarily make higher payments in order to satisfy overdue payments.

#### Foreclosure

The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

#### Free and Clear

A property that has no liens.

## FSBO (For Sale By Owner)

A property for sale that is not listed with a real estate broker and therefore will not be listed on the Multiple Listing Service (MLS).

## 401(k)/403(b)

An employer-sponsored investment plan that allows individuals to set aside tax-deferred income for retirement or emergency purposes. 401(k) plans are provided by employers that are private corporations. 403(b) plans are provided by employers that are not for profit organizations.

## 401(k)/403(b) loan

Some administrators of 401(k)/403(b) plans allow for loans against the monies you have accumulated in these plans. Loans against 401K plans are an acceptable source of down payment for most types of loans.

## Government Loan (Mortgage)

A mortgage that is insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) or the Rural Housing Service (RHS). Mortgages that are not government loans are classified as conventional loans.

## Government National Mortgage Association (Ginnie Mae)

A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). Created by Congress on September 1, 1968, GNMA performs the same role as Fannie Mae and Freddie Mac in providing funds to lenders for making home loans. The difference is that Ginnie Mae provides funds for government loans (FHA and VA)

#### **Grace Period**

The period from the time a payment is due to the point at which a creditor will take legal action.

#### Grantee

The person to whom an interest in real property is conveyed.

#### Grantor

The person conveying an interest in real property.

Hard Money Lender - Lenders who use private money to make loans with Borrowers who have trouble getting loans via conventional methods. There is usually a very high interest rate associated with hard money lenders.

#### Hazard Insurance

Insurance coverage that in the event of physical damage to a property from fire, wind, vandalism, or other hazards.

## Home Equity Conversion Mortgage (HECM)

Usually referred to as a reverse annuity mortgage, what makes this type of mortgage unique is that instead of making payments to a lender, the lender makes payments to you. It enables older home owners to convert the equity they have in their homes into cash, usually in the form of monthly payments. Unlike traditional home equity loans, a borrower does not qualify on the basis of income but on the value of his or her home. In addition, the loan does not have to be repaid until the borrower no longer occupies the property.

## Home Equity line of Credit (HELOC)

A mortgage loan, usually in second position, that allows the borrower to obtain cash drawn against the equity of his home, up to a predetermined amount.

## Home Inspection

A thorough inspection by a professional that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser.

## Homeowners' Association (HOA)

A nonprofit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.

#### Homeowner's Insurance

An insurance policy that combines personal liability insurance and hazard insurance coverage for a dwelling and its contents.

## Homeowner's Warranty

A type of insurance often purchased by homebuyers that will cover repairs to certain items, such as heating or air conditioning, should they break down within the coverage period. The buyer often requests the seller to pay for this coverage as a condition of the sale, but either party can pay.

#### Homestead

Status provided to a homeowner's principal residence in some states that protects the home against certain judgments up to specified amounts.

## Homestead exemption

Available in some states - this causes the assessed value of a principal residence to be reduced by the amount of the exemption for the purposes of calculating property tax.

## Housing and Urban Development (HUD)

A U.S. government agency established to implement certain federal housing and community development programs.

### **Housing Choice Voucher**

Formerly known as Section Eight, is a rental assistance program funded by the U.S. Department of Housing and Urban Development (HUD). The program allows lowincome families, elderly and disabled households to find affordable housing in the private market and receive assistance in paying their monthly rent. Qualified participants receive a voucher and may choose from a variety of housing options, including apartments, duplexes, single-family homes and townhomes where the owner agrees to rent under the program. Rental units must meet minimum standards of health and safety, as determined by HASLC. A housing subsidy is paid to the landlord directly by HASLC on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord under the Housing Assistance Payment (HAP) contract and the amount subsidized by the program.

#### **HUD Median Income**

Median family income for a particular county or metropolitan statistical area (MSA), as estimated by the Department of Housing and Urban Development (HUD).

#### **HUD-1 Settlement Statement**

A document that provides an itemized listing of the funds that were paid at closing. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow (impound) amounts. Each type of expense goes on a specific numbered line on the sheet. The totals at the bottom of the HUD-1 statement define the seller's net proceeds and the buyer's net payment at closing. It is called a HUD1 because the form is printed by the Department of Housing and Urban Development (HUD). The HUD1 statement is also known as the "closing statement" or "settlement sheet."

#### Improvements

Additions to raw land such as buildings, streets, etc. that add value to the land.

## Income Approach

A method used by an appraiser to estimate the value of rental property based on the income it generates over the life of the structure, discounted to determine its present value.

### **Income Property**

Real estate that generates revenue such as rental income.

## Ingress and Egress

The right to go in and out over a piece of property but not the right to park on it. See also Easements.

## Inspection

An examination of a property or building to determine condition or quality for a particular purpose such as an assessment of structural or termite damage. An inspection may also be used to con rm that the property meets the standards of the contract.

### Installment sale

See land contract.

### **Interest Cap**

A limit on the amount that the interest rate for an adjustable rate mortgage can change, regardless of how much the index changes. Most ARMs have a cap on both the amount they can increase and decrease at any periodic adjustment interval, and a life-long cap that limits the amount the interest rate can vary over the life of the loan. The two interest caps are sometimes called a "periodic cap" and a "life cap".

#### Interest rate

The percentage rate on a principal amount charged by a lender for the use of a sum of money.

#### Investor

A money source for a lender. Also, one who makes investments.

### Joint Tenancy

A form of ownership or taking title to property which means each party owns the whole property and that ownership is not separate. In the event of the death of one party, the survivor owns the property in its entirety.

### Joint venture

An agreement between two or more parties that outlines the financial terms of their interaction, the role and duties of each party, and the intended outcome of the project they will be collectively working on.



### Judgment

A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor. Alternative spelling is "judgment."

### **Judicial Foreclosure**

A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court. Other states use non-judicial foreclosure.

#### Jumbo Loan

A loan that exceeds Fannie Mae's and Freddie Mac's loan limits, currently at \$227,150. Also called a nonconforming loan. Freddie Mac and Fannie Mae loans are referred to as conforming loans.

#### **Junior Lien**

A lien which is in a subordinate position to other liens existing on a property.

### Junior mortgage

All mortgages/liens subordinate to the rst mortgage.

## Land Contract

A real estate installment selling arrangement where-by the buyer may use and occupy land, but ownership of the property is not transferred until all the payments have been made.

## Landlord

The owner of real property who rents or leases to another party, called a tenant.

## Land trust

A revocable trust agreement usually used in conjunction with a piece of property. The managing party of the agreement, the Trustee, is named in public records while the Beneficiary is not disclosed.

## Lease

A written agreement between the property owner and a tenant that stipulates the payment and conditions under which the tenant may possess the real estate for a specified period of time.

### Lease Option

An alternative financing option that allows home buyers to lease a home with an option to buy. Each month's rent payment may consist of not only the rent, but an additional amount which can be applied toward the down payment on an already specified price.

## Leasehold Estate

A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.

## Legal Description

A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.

## Legal Rate of Interest

The legal amount a lender can charge a borrower on a loan. This varies from state to state.

## Lender

A term which can refer to the institution making the loan or to the individual representing the firm. For example, loan officers are often referred to as "lenders."

### Lender seasoning

An ownership time requirement from many lenders that can limit the ability to buy and immediately sell property. The extent to which this is enforced may vary considerably from state to state.

### Lessee

A person who leases a property from its owner. (Tenant)

#### Lessor

A person who rents property to another under a lease. (Landlord)

#### Liabilities

A person's financial obligations. Liabilities include longterm and short-term debt, as well as any other amounts that are owed to others.

#### **Liability Insurance**

Insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party. It is usually part of a homeowner's insurance policy.

#### Lien

A legal claim against a property that must be paid off when the property is sold. A mortgage or first trust deed is considered a lien.

Lien Waiver

A document from a contractor, subcontractor, materials supplier, equipment lessor or other party to the construction project (the claimant) stating they have received payment and waive any future lien rights to the property (of the owner) for the amount paid.

## Life Cap

For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease over the life of the mortgage.

## Limited Power of Attorney

A document giving an investor the ability to control certain or all facets of the sale of a property on behalf of the owner, including the ability to sign on their behalf.

## Lis Pendens

Latin term for "Lawsuit Pending"

## Line of Credit

An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specified borrower.

### Liquid Asset

A cash asset or an asset that is easily converted into cash.

#### Loan

A sum of borrowed money (principal) that is generally repaid with interest.

#### Loan Agreement

The arrangement of payments, conditions, and restrictions signed by the borrower of a loan.



### Loan application

A document required by a lender prior to loan approval. The application includes detailed information about the borrower, their finances, and the property.

## Loan Officer (LO)

Also referred to by a variety of other terms, such as lender, loan representative, loan "rep," account executive, and others. The loan officer serves several functions and has various responsibilities: they solicit loans, they are the representative of the lending institution, and they represent the borrower to the lending institution.

## Loan Origination

How a lender refers to the process of obtaining new loans.

Loan Servicing

After you obtain a loan, the company you make the payments to is "servicing" your loan. They process payments, send statements, manage the escrow/impound account, provide collection efforts on delinquent loans, ensure that insurance and property taxes are made on the property, handle pay-offs and assumptions, and provide a variety of other services

## Loan To Value (LTV)

The percentage relationship between the amount of the loan and the appraised value or sales price (whichever is lower).

### Lock In

An agreement in which the lender guarantees a specified interest rate for a certain amount of time at a certain cost.

## Lock In Period

The time period during which the lender has guaranteed an interest rate to a borrower.

## **Manufactured Home**

Homes built in a factory-controlled environment and that meet strict HUD codes. They are brought to the property site and are assembled there.

## Margin

The difference between the interest rate and the index on an adjustable rate mortgage. The margin remains stable over the life of the loan. It is the index which moves up and down.

## Maris

Mid America Regional Information Systems (MARIS) administers the Multiple Listing Service (MLS) for the St. Louis, St. Charles County, Jefferson and County Associations and the Franklin County, East Central, South Central and Pulaski County Boards of REALTORS<sup>®</sup>. The MLS website contains information to help agents achieve the goal of listing and selling real estate.

### Market value

The highest price that a buyer would pay and the lowest price a seller would accept on a property.

### Maturity

The date on which the principal balance of a loan, bond, or other financial instrument becomes due and payable.

## **Merged Credit Report**

A credit report which reports the raw data pulled from two or more of the major credit repositories. Contrast with a Residential Mortgage Credit Report (RMCR) or a standard factual credit report.

### Modification

Occasionally, a lender will agree to modify the terms of your mortgage without requiring you t refinance. If any changes are made, it is called a modification.

## Mortgage

A legal document that pledges a property to the lender as security for payment of a debt. Instead of mortgages, some states use First Trust Deeds.

### Mortgage Banker

For a more complete discussion of mortgage banker, see "Types of Lenders." A mortgage banker is generally assumed to originate and fund their own loans, which are then sold on the secondary market, usually to Fannie Mae, Freddie Mac, or Ginnie Mae. However, firms rather loosely apply this term to themselves, whether they are true mortgage bankers or simply mortgage brokers or correspondents.

### Mortgage Broker

A mortgage company that originates loans, then places those loans with a variety of other lending institutions with whom they usually have pre-established relationships.

### Mortgagee

The lender in a mortgage agreement.

Mortgage Insurance (MI)

Insurance that covers the lender against some of the losses incurred as a result of a default on a home loan. Often mistakenly referred to as PMI, which is actually the name of one of the larger mortgage insurers. Mortgage insurance is usually required in one form or another on all loans that have a loan-to-value higher than eighty percent. Mortgages above 80% LTV that call themselves "No MI" are usually a made at a higher interest rate. Instead of the borrower paying the mortgage insurance premiums directly, they pay a higher interest rate to the lender, which then pays the mortgage insurance themselves. Also, FHA loans and certain first-time homebuyer programs require mortgage insurance regardless of the loan-to-value.

### Mortgage Insurance Premium (MIP)

The amount paid by a mortgagor for mortgage insurance, either to a government agency such as the Federal Housing Administration (FHA) or to a private mortgage insurance (MI) company.

### Mortgage Life and Disability Insurance

A type of term life insurance often bought by borrowers. The amount of coverage decreases as the principal balance declines. Some policies also cover the borrower in the event of disability. In the event that the borrower dies while the policy is in force, the debt is automatically satisfied by insurance proceeds. In the case of disability insurance, the insurance will make the mortgage payment for a specified amount of time during the disability. Be careful to read the terms of coverage, however, because often the coverage does not start immediately upon the disability, but after a specified period, sometime forty-five days.

#### Mortgagor

The borrower in a mortgage agreement.

## **Motivated Buyer**

Any buyer with a strong circumstance or reason to buy.

## **Motivated seller**

Any seller with a strong circumstance or reason to sell.

### **Multi-Dwelling Units**

Properties that provide separate housing units for more than one family, although they secure only a single mortgage.

## Multiple Listing Service (MLS)

A group of brokers joined together in a marketing organization for the purpose of pooling their respective listings. In exchange for a potentially larger audience of buyers, the brokers agree to share commissions. The listings are pooled by using a computerized network.

### **Negative Amortization**

Some adjustable rate mortgages allow the interest rate to fluctuate independently of a required minimum payment. If a borrower makes the minimum payment it may not cover all of the interest that would normally be due at the current interest rate. In essence, the borrower is deferring the interest payment, which is why this is called "deferred interest." The deferred interest is added to the balance of the loan and the loan balance grows larger instead of smaller, which is called negative amortization.

## Net Operating Income (NOI)

The annual income generated by an income-producing property after taking into account all income collected from operations, and deducting all expenses incurred from operations.

## Net Worth

Assets minus total liabilities and debts.

## No Cash Out Refinance

A refinance transaction which is not intended to put cash in the hand of the borrower. Instead, the new balance is calculated to cover the balance due on the current loan and any costs associated with obtaining the new mortgage. Often referred to as a "rate and term refinance."

### No Cost Loan

Many lenders offer loans that you can obtain at "no cost." You should inquire whether this means there are no "lender" costs associated with the loan, or if it also covers the other costs you would normally have in a purchase or refinance transactions, such as title insurance, escrow fees, settlement fees, appraisal, recording fees, notary fees, and others. These are fees and costs which may be associated with buying a home or obtaining a loan, but not charged directly by the lender. Keep in mind that, like a "no-point" loan, the interest rate will be higher than if you obtain a loan that has costs associated with it.

### Note

A legal document that obligates a borrower to repay a mortgage loan at a stated interest rate during a specified period of time.

### Note Rate

The interest rate stated on a mortgage note.

#### **No Points Loan**

Almost all lenders offer loans at "no points." You will find the interest rate on a "no points" loan is approximately a quarter percent higher than on a loan where you pay one point.

### Non-assumption Clause

A statement in a mortgage contract forbidding the assumption of the mortgage without the prior approval of the lender.

#### Noncompliance

Failure to comply or obey.

#### Non-Conforming Loan

A loan that does not meet the Freddie Mac or Fannie Mae standards.

#### **Notary Public**

One authorized to take acknowledgments of certain types of documents, such as deeds, contracts, and mortgages.

#### Notice of Default

A formal written notice to a borrower that a default has occurred, and that legal action may be taken.

#### Obligations

Any debts requiring present or future payment.

Offer

An expression of willingness to purchase a property at a specified price.

## Offeree

One who receives the offer. When the buyer makes an offer to the seller, the seller is an offeree.

## Offeror

One who makes the offer. When the buyer makes an offer to the seller, the buyer is an offeror.

## Option

The right to buy a property at a specific price within a specified time period.

## Optionee

One who receives or purchases an option.

## Optioner

One who gives or sells an option.

## **Option to Purchase**

An agreement giving the right to buy a property at a specific price within a specific time period.

## **Oral Contract**

A verbal agreement. Verbal agreements for the sale or use of real estate are normally unenforceable.

## **Original Principal Balance**

The total amount of principal owed on a mortgage before any payments are made.

## **Origination Fee**

On a government loan the loan origination fee is one percent of the loan amount, but additional points may be charged which are called "discount points." One point equals one percent of the loan amount. On a conventional loan, the loan origination fee refers to the total number of points a borrower pays.

### **Owner Financing**

A property purchase transaction in which the property seller provides all or part of the financing.

### **Owner Occupant**

A tenant of a residence who also owns the property.

## **Owner of Record**

The individual named on a deed that has been recorded at the county recorder's office.

### Paper

A mortgage, deed of trust or land contract provided in lieu of cash.

## **Partial Payment**

A payment that is not sufficient to cover the scheduled monthly payment on a mortgage loan. Normally, a lender will not accept a partial payment, but in times of hardship you can make this request of the loan servicing collection department.

## Payment Change Date

The date when a new monthly payment amount takes effect on an adjustable-rate mortgage (ARM) or a graduated-payment mortgage (GPM). Generally, the payment change date occurs in the month immediately after the interest rate adjustment date.

## Periodic Payment Cap

For an adjustable-rate mortgage where the interest rate and the minimum payment amount fluctuate independently of one another, this is a limit on the amount that payments can increase or decrease during any one adjustment period.

## Periodic Rate Cap

For an adjustable-rate mortgage, a limit on the amount that the interest rate can increase or decrease during any one adjustment period, regardless of how high or low the index might be.

## **Personal Property**

Any property that is not real property.

PITI

This stands for principal, interest, taxes and insurance. If you have an "impounded" loan, then your monthly payment to the lender includes all of these and probably includes mortgage insurance as well. If you do not have an impounded account, then the lender still calculates this amount and uses it as part of determining your debt-toincome ratio.

### **PITI Reserves**

A cash amount that a borrower must have on hand after making a down payment and paying all closing costs for the purchase of a home. The principal, interest, taxes, and insurance (PITI) reserves must equal the amount that the borrower would have to pay for PITI for a predefined number of months.

## Planned Unit Development (PUD)

A type of ownership where individuals actually own the building or unit they live in, but common areas are owned jointly with the other members of the development or association. Contrast with condominium, where an individual actually owns the airspace of his unit, but the buildings and common areas are owned jointly with the others in the development or association.

## Plat

A plan or map of a specific land area.

### Plat Book

A public record containing maps of land, showing the division of the land into streets, blocks, and lots and indicating the measurements of the individual parcels.

## Point

A point is 1 percent of the amount of the mortgage.

### Portfolio Loan

A loan held (not sold) by banks as an investment.

## **Power of Attorney**

A legal document that authorizes another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.

## Pre-approval

A loosely used term which is generally taken to mean that a borrower has completed a loan application and provided debt, income, and savings documentation which an underwriter has reviewed and approved. A preapproval is usually done at a certain loan amount and making assumptions about what the interest rate will actually be at the time the loan is actually made, as well as estimates for the amount that will be paid for property taxes, insurance and others. A pre-approval applies only to the borrower. Once a property is chosen, it must also meet the underwriting guidelines of the lender. Contrast with pre-qualification.

## Prepayment

Any amount paid to reduce the principal balance of a loan before the due date. Payment in full on a mortgage that may result from a sale of the property, the owner's decision to pay off the loan in full, or a foreclosure. In each case, prepayment means payment occurs before the loan has been fully amortized.

### **Prepayment Penalty**

A fee that may be charged to a borrower who pays off a loan before it is due.

## **Pre-Qualification**

This usually refers to the loan officer's written opinion of the ability of a borrower to qualify for a home loan, after the loan officer has made inquiries about debt, income, and savings. The information provided to the loan officer may have been presented verbally or in the form of documentation, and the loan officer may or may not have reviewed a credit report on the borrower.

## Prime Rate

The interest rate that banks charge to their preferred customers. Changes in the prime rate are widely publicized in the news media and are used as the indexes in some adjustable rate mortgages, especially home equity lines of credit. Changes in the prime rate do not directly affect other types of mortgages, but the same factors that influence the prime rate also affect the interest rates of mortgage loans.

# Principal

The amount borrowed or remaining unpaid. The part of the monthly payment that reduces the remaining balance of a mortgage.

## **Principal Balance**

The outstanding balance of principal on a mortgage. The principal balance does not include interest or any other charges. See remaining balance.

**Principal, Interest, Taxes, and Insurance (PITI)** The four components of a monthly mortgage payment on impounded loans. Principal refers to the part of the monthly payment that reduces the remaining balance of the mortgage. Interest is the fee charged for borrowing money. Taxes and insurance refer to the amounts that are paid into an escrow account each month for property taxes and mortgage and hazard insurance.

## **Private investor**

Any non-institutionalized source of funding for a real estate transaction.

## Private Mortgage Insurance (PMI, MIP)

Mortgage insurance that is provided by a private mortgage insurance company to protect lenders against loss if a borrower defaults. Most lenders generally require MI for a loan with a loan-to-value (LTV) percentage in excess of 80 percent.

## Probate

Court process to establish the validity of the will of a deceased person. Also, the process by which an executor, personal representative or a court-appointed administrator manages and dis- tributes a decedent's property.

## Profit and Loss Statement (P&L)

An income statement that shows earnings, expenses, and net profit.

### Pro Forma

Projected financial statements based on assumptions.

#### **Promissory Note**

A written promise to repay a specified amount over a specified period of time.

#### Prorate

To divide proportionately, so as to determine actual amounts owed by the buyer and seller at closing.

#### Prospectus

A document prepared to outline the terms and potential profitability of a real estate transaction, usually presented to private investors prior to their commitment to a real estate project.

### **Public Auction**

A meeting in an announced public location to sell property to repay a mortgage that is in default.

## Planned Unit Development (PUD)

A project or subdivision that includes common property that is owned and maintained by a homeowners' association for the benefit and use of the individual PUD unit owners.

## **Purchase Agreement**

A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.

### **Purchase Money Transaction**

The acquisition of property through the payment of money or its equivalent.

## **Qualifying Ratios**

Calculations that are used in determining whether a borrower can qualify for a mortgage. There are two ratios. The "top" or "front" ratio is a calculation of the borrower's monthly housing costs (principle, taxes, insurance, mortgage insurance, homeowner's association fees) as a percentage of monthly income. The "back" or "bottom" ratio includes housing costs as will as all other monthly debt.

## **Quiet Title (Action)**

A court action to establish ownership of property.

## **Quitclaim Deed**

A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

## Rate Lock

A commitment issued by a lender to a borrower or other mortgage originator guaranteeing a specified interest rate for a specified period of time at a specific cost.

## **Real Estate Agent**

A person licensed to negotiate and transact the sale of real estate.

## **Real Estate Broker**

A licensed individual who arranges the buying and selling of real estate for a fee. A broker usually owns his/her own real estate company or is in a management position.

# Real Estate Settlement Procedures Act (RESPA)

A consumer protection law that requires lenders to give borrowers advance notice of closing costs.

## **Real Property**

Land and appurtenances, including anything of a permanent nature such as structures, trees, minerals, and the interest, benefits, and inherent rights thereof.

# Realtor®

A real estate agent, broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors.

## Recorder

The public official who keeps records of transactions that affect real property in the area. Sometimes known as a "Registrar of Deeds" or "County Clerk."

## Recording

The noting in the registrar's office of the details of a properly executed legal document, such as a deed, a mortgage note, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record.

### **Recording Fees**

Money paid to the lender for recording a home sale with the local authorities, thereby making it part of the public records.

## **Red-Lining**

Illegal practice of discriminating based on geographic location when providing loans or insurance coverage.

### **Refinance Transaction**

The process of paying off one loan with the proceeds from a new loan using the same property as security.

## **Remaining Balance**

The amount of principal that has not yet been repaid. See principal balance.

## **Remaining Term**

The original amortization term minus the number of payments that have been applied.

### **Rent Loss Insurance**

Insurance that protects a landlord against loss of rent or rental value due to fire or other casualty that renders the leased premises unavailable for use and as a result of which the tenant is excused from paying rent.

#### **Repayment Plan**

An arrangement made to repay delinquent installments or advances.

### **Replacement Reserve Fund**

A fund set aside for replacement of common property in a condominium, PUD, or cooperative project -- particularly that which has a short life expectancy, such as carpeting, furniture, etc.

### **Restrictive Covenants**

Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may "run with the land," binding all subsequent purchasers of the land, or may be "personal" and binding only between the original seller and buyer.

## **Revolving Debt**

A credit arrangement, such as a credit card, that allows a customer to borrow against a preapproved line of credit when purchasing goods and services. The borrower is billed for the amount that is actually borrowed plus any interest due.

## Return on Investment (ROI)

The income that an investment returns. Profit based on the funds spent to reach it.

## **Right of First Refusal**

A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale or lease to others.

## **Right of Ingress or Egress**

The right to enter or leave designated premises.

## **Right of Survivorship**

In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant.

## **Risk Tolerance**

Your comfort level when assessing risk vs. reward. You can take steps to minimize risk in real estate investments.

- Risk Takers –Like speculative investment strategies with attractive potential.
- Moderate Risk Takers Like speculative types of investments tempered with knowledge of the

market demands and application of good investment.

• Risk Averse – Like guaranteed results without risk and are very uncomfortable with taking chances.

### **Rollover Loan**

A loan that is amortized over a long period of time (e.g. 30 years) but the interest rate is fixed for a short period (e.g. 5 years). The loan may be extended or rolled over, at the end of the shorter term, based on the terms of the loan.

### Sale Leaseback

A technique in which a seller deeds property to a buyer for a consideration, and the buyer simultaneously leases the property back to the seller.

### Second Mortgage

A mortgage that has a lien position subordinate to the first mortgage.

#### **Secondary Market**

The buying and selling of existing mortgages, usually as part of a "pool" of mortgages.

### Section 1031

The section of the IRS code that deals with tax deferred exchanges of certain property. General rules for tax free exchanges are that the properties must be: exchanged, similar, and used for business or as an investment.

## **Section 8 Housing**

Privately owned rental units participating in the lowincome rental assistance program sponsored by HUD. Landlords receive subsidies on behalf of qualified lowincome tenants, allowing the tenants to pay a limited proportion of their incomes toward the rent.

### Secured Loan

A loan that is backed by collateral.

## Security

The property that will be pledged as collateral for a loan.

### Seller Carry Back

An agreement in which the owner of a property provides financing, often in combination with an assumable mortgage.

### Servicer

An organization that collects principal and interest payments from borrowers and manages borrowers' escrow accounts. The servicer often services mortgages that have been purchased by an investor in the secondary mortgage market.

## Servicing

The collection of mortgage payments from borrowers and related responsibilities of a loan servicer.

#### **Settlement Statement**

See HUD1 Settlement Statement

### Simple Interest

Interest that is paid on the loan principal.

## Sheriff's Deed

A deed given at the sheriff's sale in the foreclosure of a mortgage.

## Single Family Residence (SFR)

A general term originally used to distinguish a house designed for use by one family from an apartment house. More recently, this term has also been used to distinguish a house with no common area from a planned development or condominium.

### **Special Warranty Deed**

The grantor does not warrant against title defects arising from conditions that existed before he/she owned the property. The seller warrants that he/she has done nothing to impair title.

### Subdivision

A housing development that is created by dividing a tract of land into individual lots for sale or lease.

## **Subordinate Financing**

Any mortgage or other lien that has a priority that is lower than that of the first mortgage.

## **Substitution of Liability**

A buyer's assumption of responsibility for an assumable loan.

## Survey

A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.

## Sweat Equity

Contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash.

### Tax Lien

A lien placed on a property for nonpayment of taxes

## Tax Sale

Public sale of a property at an auction by a government authority as a result of non-payment of property taxes.

## **Tenancy in Common**

As opposed to joint tenancy, when there are two or more individuals on title to a piece of property, this type of ownership does not pass ownership to the others in the event of death.

## **Third Party Origination**

A process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund, or package the mortgages it plans to deliver to the secondary mortgage market.

## Time is of the Essence

Legal phrase in a contract requiring that all references to specific dates and times in the contract be interpreted exactly.

## Title

A legal document evidencing a person's right to or ownership of a property.

## **Title Company**

A company that specializes in examining and insuring titles to real estate.

### Title Insurance

Insurance that protects the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.

## **Title Report**

A document indicating the current state of title. The report includes information on the current ownership, outstanding deeds of trust or mortgages, liens, easements, covenants, restrictions, and any defects.

## **Title Search**

A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

### Tract

A parcel of land generally held for subdividing.



## **Transfer of Ownership**

Any means by which the ownership of a property changes hands. Lenders consider all of the following situations to be a transfer of ownership: the purchase of a property "subject to" the mortgage, the assumption of the mortgage debt by the property purchaser, and any exchange of possession of the property under a land sales contract or any other land trust device.

#### **Transfer Tax**

State or local tax payable when title passes from one owner to another.

#### **Treasury Index**

An index that is used to determine interest rate changes for certain adjustable-rate mortgage (ARM) plans. It is based on the results of auctions that the U.S. Treasury holds for its Treasury bills and securities or is derived from the U.S. Treasury's daily yield curve, which is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. **Trustee** - A party who is given legal responsibility via a Deed of Trust to hold property in the best interest of or "for the benefit of" another. The trustee is one placed in a position of responsibility for another, a responsibility enforceable in a court of law.

### Truth-in-Lending

A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate (APR) and other charges.

### Two Step Mortgage

An adjustable-rate mortgage (ARM) that has one interest rate for the first five or seven years of its mortgage term and a different interest rate for the remainder of the amortization term.

### **Two to Four Family Property**

A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.

### Underwriting

The decision whether to make a loan to a potential home buyer based on credit, income, employment history, assets, etc.

#### **Unencumbered Property**

Real estate with free and clear title.

## **Unimproved Property**

Land that has received no improvements.

#### VA Mortgage

A mortgage that is guaranteed by the Department of Veterans Affairs (VA).

#### Valuation

An estimation of value of a property, as determined by various factors.

#### Vested

Having the right to use a portion of a fund such as an individual retirement fund. For example, individuals who are 100 percent vested can withdraw all of the funds that are set-aside for them in a retirement fund. However, taxes may be due on any funds that are actually withdrawn.

#### **Veterans Administration (VA)**

An agency of the federal government that guarantees residential mortgages made to eligible veterans of the military services. The guarantee protects the lender against loss and thus encourages lenders to make mortgages to veterans.

#### Waiver

The voluntary renunciation, abandonment, or surrender of some claim, right, or privilege.

#### Warranty Deed

A deed, which guarantees the transfer of title from the seller to the buyer.

### Wholesaling

Wholesaling real estate provides an opportunity for someone to build income with little capital or credit. A wholesaler puts property (normally distressed property) under contract and assigns or resells the property to another investor. The investors a wholesaler sells to either use cash, lines of credit, or hard money loans. This allows quick closings on properties that sometimes need extensive repairs. Wholesaling does not require a real estate license. A license is not required to buy or sell any property that you have an equitable interest in. That interest can be a contractual interest (you have the property under contract) or you actually own or have title to the property.

### Wraparound mortgage

A seller created mortgage that includes the remaining amount on a current mortgage AND any remaining amount to reach the agreed upon purchase price. The new mortgage "wraps around" the current mortgage. The seller is still responsible for the 1st mortgage. By making the needed monthly payments on the wrap around mortgage, the buyer will satisfy the terms of the mortgage held by the bank.

### Yield spread

A rebate to a mortgage broker from the lending institution that purchases the loan on the open market. The yield spread is usually determined by the difference between the interest rate on the issued loan and the current prime rate.

#### Zoning

The process of determining what, if any, types of property may be placed in a particular land area. Common zoning distinctions include: residential, commercial, industrial, and agricultural. These zoning ordinances are normally enforced by the city or the county.

# STLREIA Membership Has Its Privileges

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When you invest. You are buying a day that you don't have to work.

-Aya Laraya

# **Real Estate Websites**



www.Auction.com

www.blackmold.awardspace.com

www.Crimerates.com

www.Crimereports.com

www.Cyberhomes.com

www.epa.gov/asbestos

www.epa.gov/lead

www.epa.gov/radon

www.fdic.gov

www.greatschools.org

www.gsa.gov

www.haslc.com

www.HomePath.com

www.HomeStagingResource.com

www.HomeSteps.com

www.HousingPredictor.com

www.Hubzu.com

www.HudHomeStore.com

www.justice.gov

www.nextstagefurniture.com

www.Pacer.gov

www.PropertyRadar.com

www.RealEstateABC.com

www.Realtor.com

www.RealtyTrac.com

www.Recycler.com

www.resales.usda.gov

www.Schooldigger.com

www.selecthomestager.com

www.Stlouis-mo.gov

www.STLREIA.com

www.Treasury.gov

www.Trulia.com

www.Zillow.com

### www.Zbuyer.com



You cannot afford to live in potential for the rest of your life, at some point, you have to unleash the potential and make your move. -Eric Thomas

# Look What Others are Saying About STLREIA!!!



### We don't have to be smarter than the rest. We have to be more disciplined than the rest. – Warren Buffett

"This association is a ready source of knowledge. The newsletter gets my undivided attention as I read about what others are doing to enhance their real estate holdings.

The monthly meetings offer time with other investors.

The speakers are experts in their fields. I do not do my own work, but I learn what to look for when hiring workers.

The monthly lunch is another opportunity to visit with investors and exchange ideas.

The web site shows events, articles and advice handling real estate issues to keep me focused on being a successful investor.

Clearly the mission of the association is to be helpful to real estate investors. Because I thankfully accept all the help that I can get I am most grateful for all of you and all the association offers me. Thank you.

"— *Ruth Hollander*, STLREIA Original Founding Member, Treasurer, Business Owner, Investor



" STLREIA is my reason I have invested in Real Estate for over 30 years. With negative feedback from my co-workers, landlord images in the media, and problem tenants I've dealt with I probably would have quit.

STLREIA gives me a dose of good information with others speaking positively about real estate investing. This keeps me energized and moving forward. Seeking advice from more experienced investors in the group, I also find myself giving advice to less experienced investors.

My association with STLREIA a satisfying experience for me."

-*Lloyd Alinder*, STLREIA President 2023, Member, Investor, Landlord



"STLREIA is a place I can trust to provide quality education, networking and other resources to boost my potential as an investor.

This is a local resource filled with local knowledge which means I can take the information I get from the club's events and apply it directly to my work as quickly as the next day."

*— Laura Lenington*, STLREIA Member, Master Wholesaler from the Heart.



"I've been to hundreds of real estate associations, seminars, and trainings from some of the best trainers on the planet. STLREIA provides a level of value to their members second to none.

No question, it's the best investment any real estate entrepreneur can make in their future. If you're the kind of person that wants to be successful in real estate, STLREIA is for *You*!"

*— John Lee*, STLREIA Member, Investor, #1 International best-selling author of Secrets of a Dealionaire™ REVISITED & Secrets to Winning with Failed Real Estate Deals (FRED)



In the real estate business, you learn more about people and you learn more about community issues, you learn more about life, you learn more about the impact of government, probably than any other profession that I know of. -Jhonny Isakson

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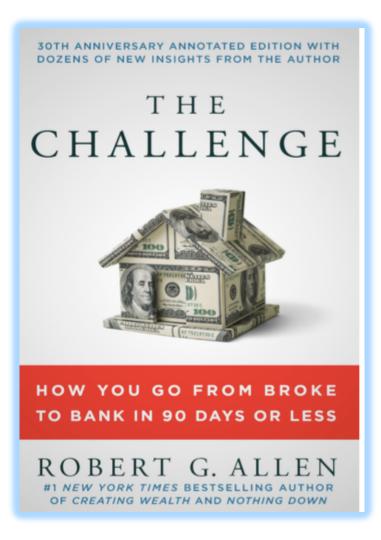
What You Need to Know, Get, and Do to Build a Wildly Successful Real Estate Investing Business Starting from Scratch



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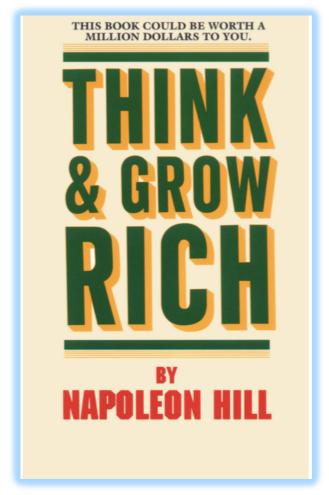
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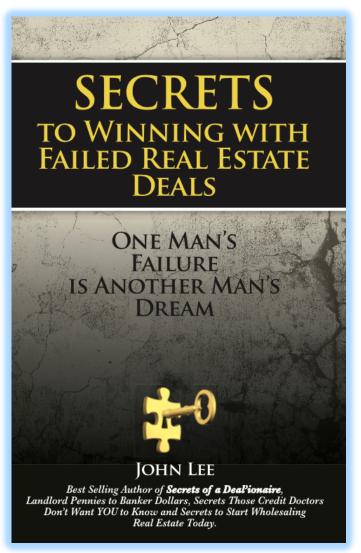
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https://www.amazon.com/dp/B0BTRWSPSR \* Also available on Amazon \*

# Bonus Tip & Final Thoughts

Bonus Tip: Join STLREIA to *Get the Positive Feedback* You Need It's not enough to avoid the nay-sayers: you have to have yay-sayers in your life, too! No matter how long you've been investing in real estate or how many successes you've had, it's still awesome to get together with a group of like-minded people to get the support, encouragement, and congratulations you need to get through the discouraging times and celebrate the wins.

Imagine Your Life Is Perfect in Every Respect; What Would It Look Like?" -Brian Tracy To All Our Valued STLREIA Members,

Just a quick note to say that you are very much appreciated in our community. There are many choices in REI groups, and we feel that you have chosen the right one.

We have had memberships in many real estate investment organizations and education groups. The very first thing to consider when joining a group is the groups motivation. What is their agenda?

Here's an excerpt from one of my #1 International Best Selling Books *Secrets to Winning with Failed Real Estate Deals.* 

#### Know Who You are Learning From

We have access to many books and videos at little or no cost. Just be aware of where and who you are getting your education from.

A good start is by looking into your local REIA group. That's Real Estate Investing Associations. REIA groups can be found in just about every area of the country. The groups are usually attended by like-minded people who have similar mind sets. REIAs are a great place to network. They also can be really good places to meet people who have properties to sell, who are looking to buy, or who can help out with some of the things you are looking for with your deals. Things like finding good service and repair people.

There's a huge difference in groups these days, so you should take some time to be sure you are aware of what you are getting into. Be sure to find out the motive that is behind the group you are joining.

There are *not-for-profit* groups like us here at STLREIA. Our board consist entirely of unpaid volunteers. We are more about education than most of those other groups that you'll see around.

There are also *for-profit* REIA groups, which include most of the groups that are out there these days. Of course, there's nothing wrong with making a profit. We all need to make money; that's why most of us got into real estate investing to begin with.

A few of us that have been forced into these opportunities for other reasons. Some of us inherit properties. For various reasons, we become *investors* and keep them. You can find out more in several books such as, **Secrets to Start Wholesaling Real Estate Today**.

There are usually two motivating factors the for-profit REIAs have: selling educational courses, seminars, or programs). The other is selling investment properties (offmarket - *sometimes*) to you. Some for-profit REIA's are selling you a program or a mentorship. That's okay if you want to speed up your learning process. Many are very good. Some, however, are not.

Just be aware of what you are getting into. Programs and courses can cost anywhere from a couple hundred dollars to tens of thousands of dollars. Several of us have invested thousands of dollars in our education.

A wise investor learns from their mistakes. A genius learns from the mistakes of the wise investor. Invest in yourself through good courses, workshops, and educational material that suits you best. Invest in yourself and do that wisely.

Many of these same groups will have fairly new investors giving testimonials—someone who just shelled out \$40,000 or \$50,000 for their group mentorship program less than a year ago. Listen carefully to these *new* investors.

Many of the testimonials are truly inspiring. These new investors are inspired by the fact that they are going to be able to quit their jobs. They are going to be *rich*. Their motivation has not worn off because they have never dealt with a deal that has failed—at least, not yet.

There is no *get-rich-quick* program in life, and this is especially true in real estate. If someone tells you that there is, they are either lying or they are involved in something illegal. Be extremely skeptical.

Most of the time, these new investors will be telling you about their early successes. Their stories usually revolve around the first deal they did four months ago or so.

It may be a story about a four-family rental that will *someday soon* provide them with hundreds of dollars per month in passive income.

Sometimes they will tell you about this great deal they got that provided them with *instant* equity in amounts of tens of thousands of dollars. Many times, this great deal was found for them by their *mentor* or one of their cronies.

Are these people making a killing on the backs of new unsuspecting investors? Perhaps.

Before you shell out thousands of dollars to a guru or a false profit, talk to someone who they have mentored who has been in the business for a few years.

Better yet, see if you can find someone for whom their program or mentorship didn't work, someone who spent lots of money with little results. That's where you will get some of the truth about the value of their program. There are other for-profit REIAs that are motivated by selling you their properties. While some of these *can* be good deals, many of these properties are losers that they have been unable to sell elsewhere.

They will tell you things like, "These properties are not listed on the MLS. This is a wholesale deal!" This may be true. But many of these deals simply cannot be sold as retail properties or on places like the MLS because of their condition.

These properties are often in too bad of shape to sell as retail properties. Also, the sellers may have already attempted to sell them to their network of experienced wholesaling friends with no success.

Most of the time, if it's truly a good deal, you will not be the first to hear about it. Many of the real estate investors who have been around a while have a list of people who they know will jump on screaming good deals, and they offer them to those people first.

There are still other for-profit REIA groups that fill their time with informercials for their sponsors. Many groups thrive on the money the sponsors provide and promote them shamelessly as an additional income source.

That said, the REIA sponsors are not all bad. They can be a great place to find vendors for your investments.

Most of the REIA groups vet their sponsors. Some do not. You're recommend doing your own due diligence on all of those you do business with. I recommend due diligence with your education also. Educate yourself *before* getting educated.

You must first learn, and then do (take action). The best learning is in the doing. We learn much more from our mistakes than our successes.

A wiseman learns from his mistakes. A genius learns from the mistakes of others.  $\checkmark^{\circ}$  Stay educated!

For a FREE copy of my book *Secrets to Winning with Failed Real Estate Deals* go to Link2john.com

John Lee

STLREIA Secrets of a Dealionaire™ Podcast ≁<sup>®</sup> RE Investment Strategies to Accelerate Your Success!

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### "Today Accomplishments Were Yesterday's Impossibilities."

-Robert H. Schuller

# Acknowledgements/Contributors

# Creating Wealth in St. Louis



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