

Buyer Information Package

Provided by Your Real Estate Professional

Navy to Navy Homes



Reasons to Buy a Home

- ✓ Pride of ownership
- ✓ Good investment
- ✓ Tax deductions
- ✓ Capital gain exclusions
- ✓ Preferential tax treatments
- ✓ Amortization builds equity



Which of these is most important to you?

Describe Your Dream Home

How many bedrooms? _____

How many baths? _____

How many living areas? _____

What size garage? _____

What area do you want to live? _____

What style home do you like? _____

When do you want to occupy? _____

What is most important to you in a home? _____

Are schools important? Yes No If yes, which ones and why: _____

Where do you work? _____

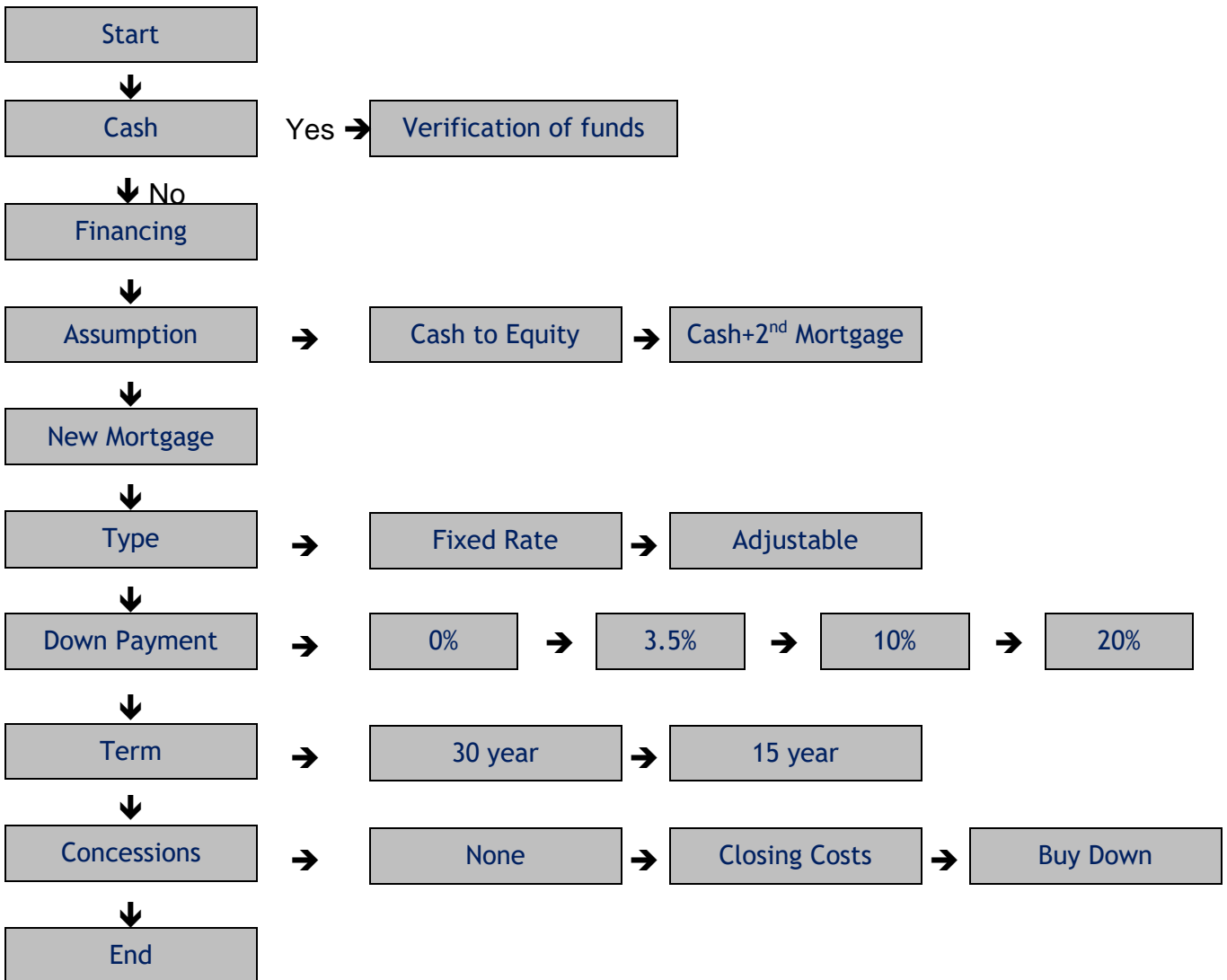
When is the best time to look? _____

If we found the right home for you today, is there be any reason that could keep you from buying it? _____

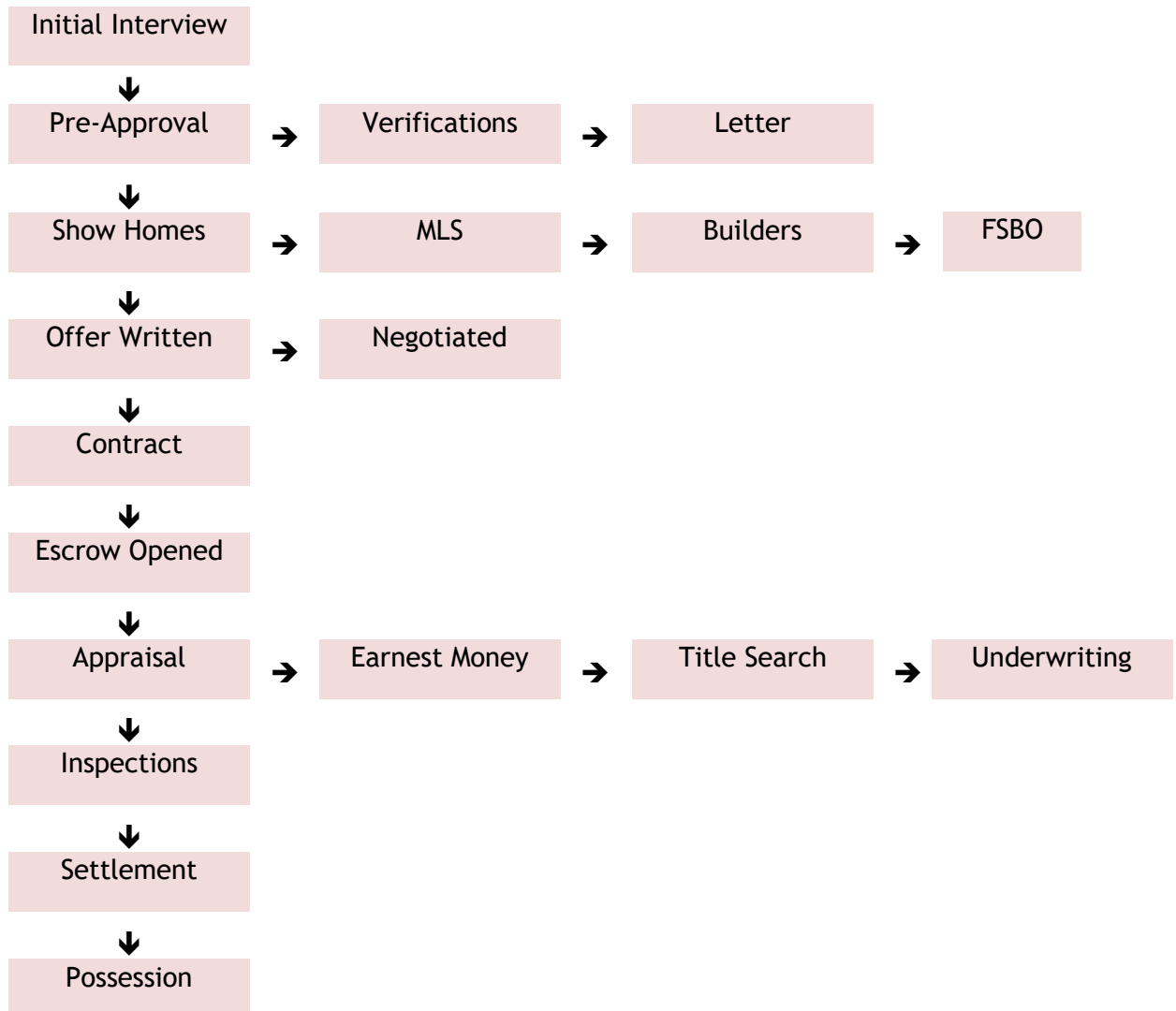
Does anyone else have to approve of your purchase? _____

Notes: _____

Financing Decisions



Home Buying Process



Positioned to Assist You

We help people understand the tax advantages, financing alternatives, and investment aspects of homeownership and what makes now an incredible time to buy.

We can assist you:

- Find the “right” home to purchase
- negotiate the terms of the sale
- with price negotiations
- with paperwork
- with comparable sales data
- with lender selection
- with financing alternatives
- to increase bargaining power
- with neighborhood knowledge



Your cost of housing is determined by price and financing and we want to help with the decisions along the way.

Agents are trained and equipped with tools to address buyers' and sellers' specific needs.

Market Cycle



Most people tend to react to the market based on what everyone else is doing. If a person buys at the top of the market, there is the lowest chance for opportunity and the highest degree of risk. On the other hand, if a person buys at the bottom or near the bottom, there is a higher opportunity for an increase in value with lower risk of loss.

The Time to Buy is NOW!!!

Good Selection

Low Prices/Good Value

Low Interest Rates

Tax Incentives

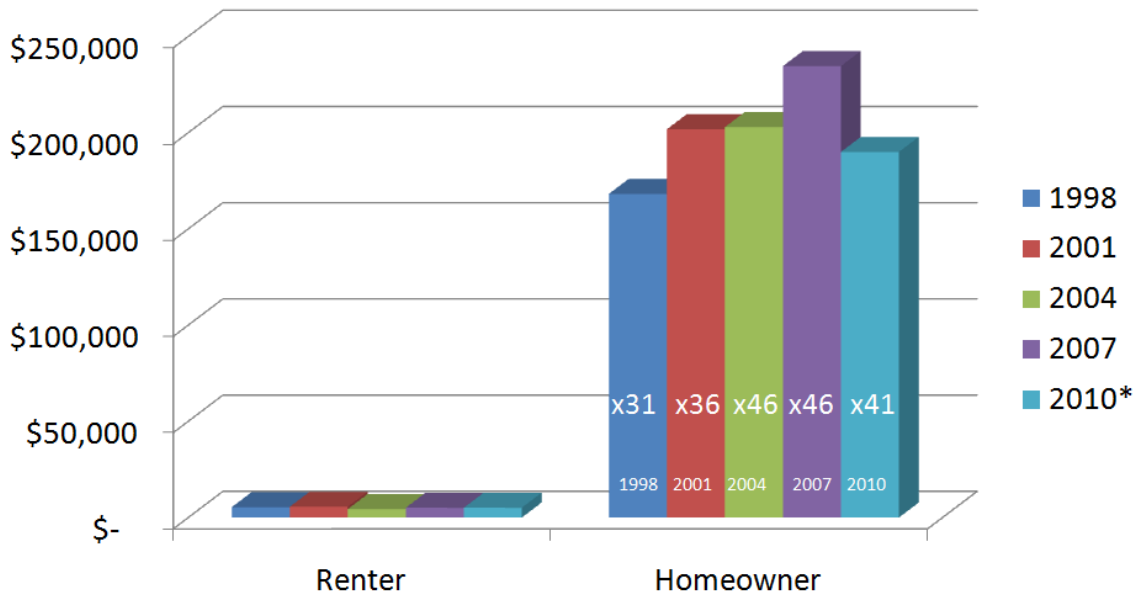
Inventories of homes are higher than they have been in recent years that allow buyers to choose the property that meets their needs instead of having to settle less desirable alternatives.

Sales prices have dropped considerably in most markets and in many instances, are lower than it would cost to rebuild the home at today's prices. Foreclosed homes in some markets have artificially driven down the price of homes in the neighborhoods. Once the inventory has been absorbed, it would be reasonable to see prices increase.

Interest rates are lower than they have been in generations and may never be this low again. Fixed rate mortgages with excellent terms are available for those buyers who can qualify.

There are significant tax incentives for the homeowner and for those people who can act now.

Homeowners' vs. Renters'



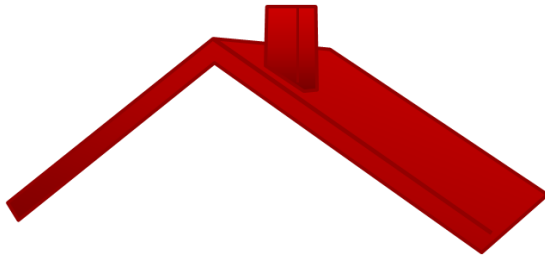
Source— Federal Reserve Survey of Consumer Finances, * 2010 is NAR Estimate

Homeowners have a higher net worth than renters as is exhibited in the 2007 Federal Reserve Survey of Consumer Finances. Between 1998 and 2010, a homeowner had between 31 and 46 times greater net worth than that of a homeowner. Most of that net worth is due to the equity in their home.

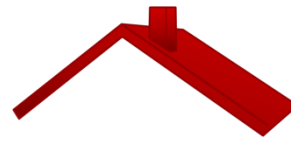
Even taking into consideration that values in real estate have come down considerably in the last few years due to the housing crisis, NAR estimates that homeowners still have 41 times more net worth than renters.

Combine all of the reasons cited along with the low, low mortgage rates that are available today but may be starting to creep up and now is a GREAT time to buy a home...if you can afford it and have good credit. If you don't own a home currently, it certainly is worth exploring your individual situation with an expert. There may never be a better time to buy a home than now.

Tax Deductions



Acquisition Debt
Up to \$1 Million



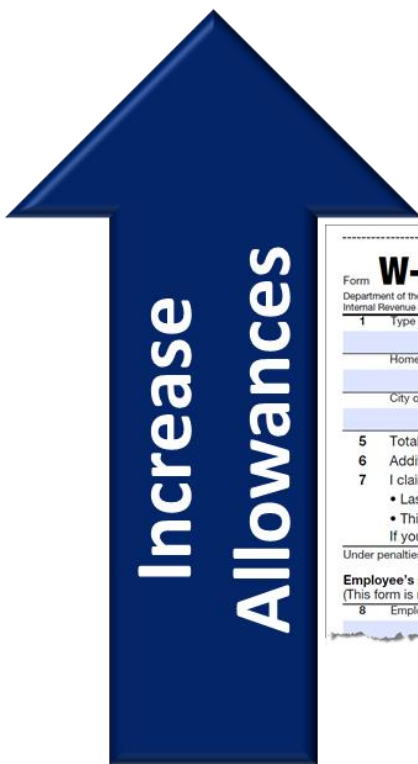
Home Equity Debt
Up to \$100,000

The interest on up to \$1,000,000 of acquisition debt and up to \$100,000 of home equity debt and the property taxes may be deducted from a homeowner's Schedule A on their principal residence. The effect of the savings depends on the marginal tax bracket of the taxpayer. For more information, see IRS publication 936.

Purchase Price	\$	250,000.00
Mortgage Amount	\$	241,250.00
Interest Rate		5.00%
First Year's Interest Only	\$	12,062.50
Plus Property Taxes	\$	3,125.00
Total Tax Deductible Items	\$	15,187.50
Owner's Marginal Tax Rate		25%
First Year's Tax Savings	\$	3,796.88
Monthly Tax Savings	\$	316.41

The benefit of the tax savings is generally realized when the homeowner files their federal income tax return after the money has been spent for the interest and property taxes. It is possible to adjust the deductions being withheld from the homeowner's salary so they realize the benefit of the savings prior filing their tax returns.

Homeowner's considering this strategy should seek tax advice and discuss it with their human relations department at work.



Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form **W-4** **Employee's Withholding Allowance Certificate** OMB No. 1545-0074
Department of the Treasury Internal Revenue Service **2011**

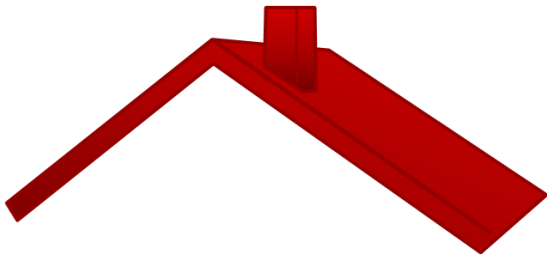
▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

1	Type or print your first name and middle initial.	Last name	2	Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>		
5	Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5		
6	Additional amount, if any, you want withheld from each paycheck	6	\$	
7 I claim exemption from withholding for 2011, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here				
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true.				
Employee's signature (This form is not valid unless you sign it.) ▶				
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)			9 Office code (optional)	

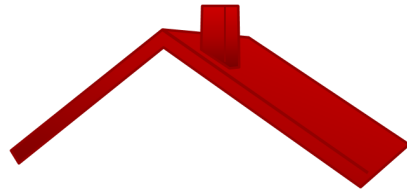
Contact
Your HR
Department
At Work

Capital Gain Exclusion

The gain on the sale of a principal residence that has been owned and used at least two of the last five years has a \$250,000 exclusion for single taxpayers and \$500,000 exclusion for married taxpayers filing jointly. If the gain exceeds these amounts, the gain is taxed at long term capital gains rates currently at 15% maximum.



Married/ Jointly
Up to \$500,000



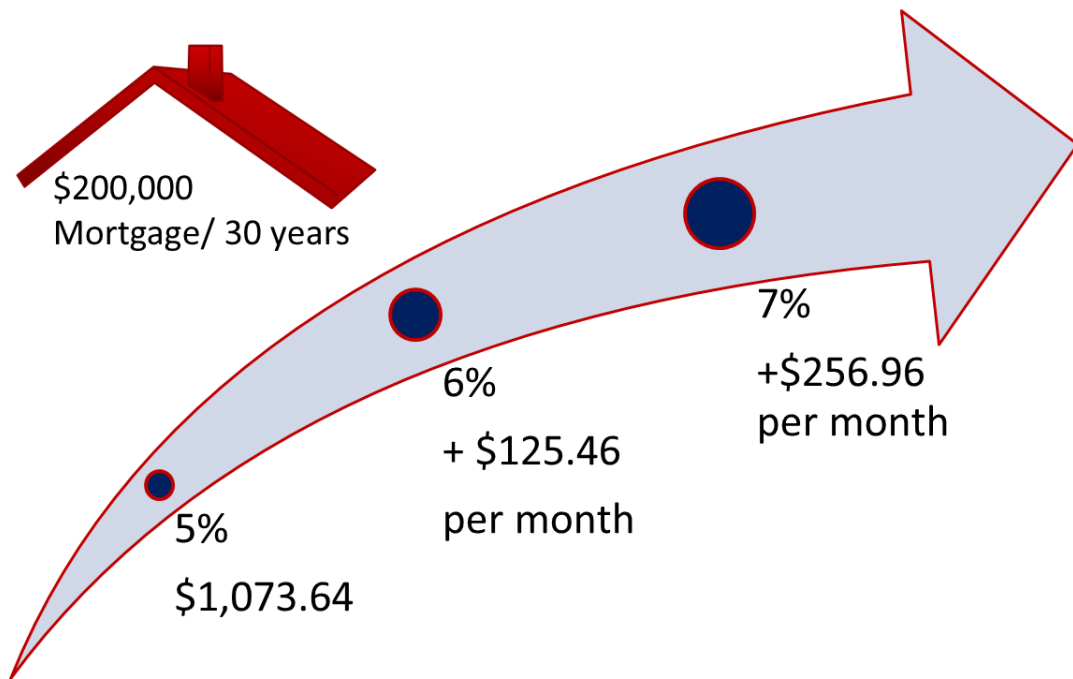
Single
Up to \$250,000

Decision Making Tools



Rent vs. Own		Show/Hide Details	Download PDF
\$777.13 Net Cost of Housing			
Mortgage Amount @ 5.00% for 30 years			\$188,175
Total Monthly Payment (PITI)			\$1,343.29
Net Cost of Housing			\$777.13
Monthly Rent for Comparison			\$1,500
Monthly Cost of Renting vs. Owning			\$722.87
Annual Cost of Renting vs Owning			\$8,674.47
Effect of Leverage			
Estimated Equity after 7 Years			\$43,576
Down Payment	15.66%		\$6,825
Appreciation	32.28%		\$14,066
Amortization	52.06%		\$22,684

Interest Rates have a Dramatic Influence on Cost of Housing



The “*Right*” home without financing will never have the Buyer’s address!

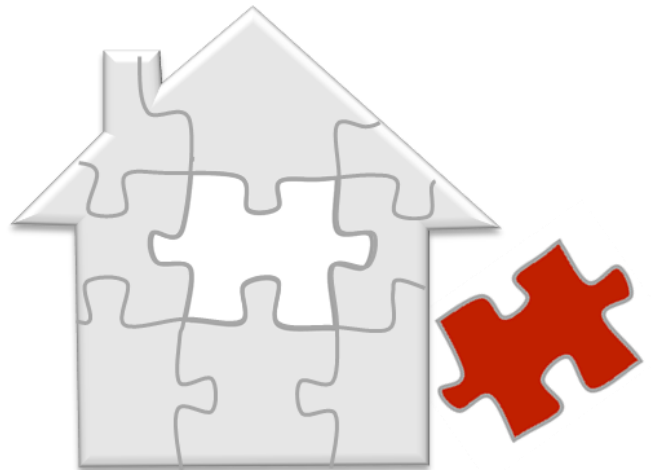
PRE-APPROVAL GIVES YOU CONFIDENCE

- Amount you can borrow
decreases as interest rates rise
- Looking at “*Right*” homes
price, size, amenities, location
- Find the best loan
rate, term, type
- Uncover issues early
time to cure possible problems
- Bargaining power
price, terms, & timing
- Close quicker
verifications have been made



Items Needed for Pre-Approval

- Photo ID
- Two months current pay stubs
- Last two year’s W2s and income tax returns
- Complete copies of checking and savings statements for last three months
- Copies of statements for IRAs, 401k, savings, CDs, money market funds, etc.
- Employment history for last two years with addresses and contacts
- Proof of commissioned or bonus income
- Residency history for last two years with addresses and contacts
- Assets for down payment, closing costs, and reserves; must provide paper trail
- If self-employed, last two years tax returns, current profit and loss statement and balance sheet; copy of partnership/corporate tax returns for last two years if owning more than 25% of company
- FHA requires driver’s license and social security card
- VA requires original certificate of eligibility and DD214
- Other things may be required such as previous bankruptcy, divorce decree



Financial Information

What size monthly payments do you want: \$ _____

What price range are you looking: \$ _____

How much cash is available? \$ _____

Does this include closing costs? Yes No

Do you currently own? Yes No

Do you need to sell before buying? Yes No

How much do you think your home is worth? \$ _____

What is the unpaid balance? \$ _____ Interest rate _____% term _____ yrs. dated ____/____/____
type of loan _____

Monthly payment \$ _____

If renting, how much is your rent? \$ _____

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

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

Are all debts current? Yes No

Is there any problem with your credit? Yes No

What is your monthly income: \$ _____
Employed Self-employed

What is your spouse's monthly income? \$ _____

Do you have any other monthly income? Yes No

If yes, how much? \$ _____

Where are you employed? _____

How long have you been employed there? _____

Have you or your spouse ever taken bankruptcy? Yes No

If yes, explain: _____

Have you or your spouse had a home foreclosure? Yes No

If yes, explain: _____

I can show you all available homes



Foreclosures

Builders

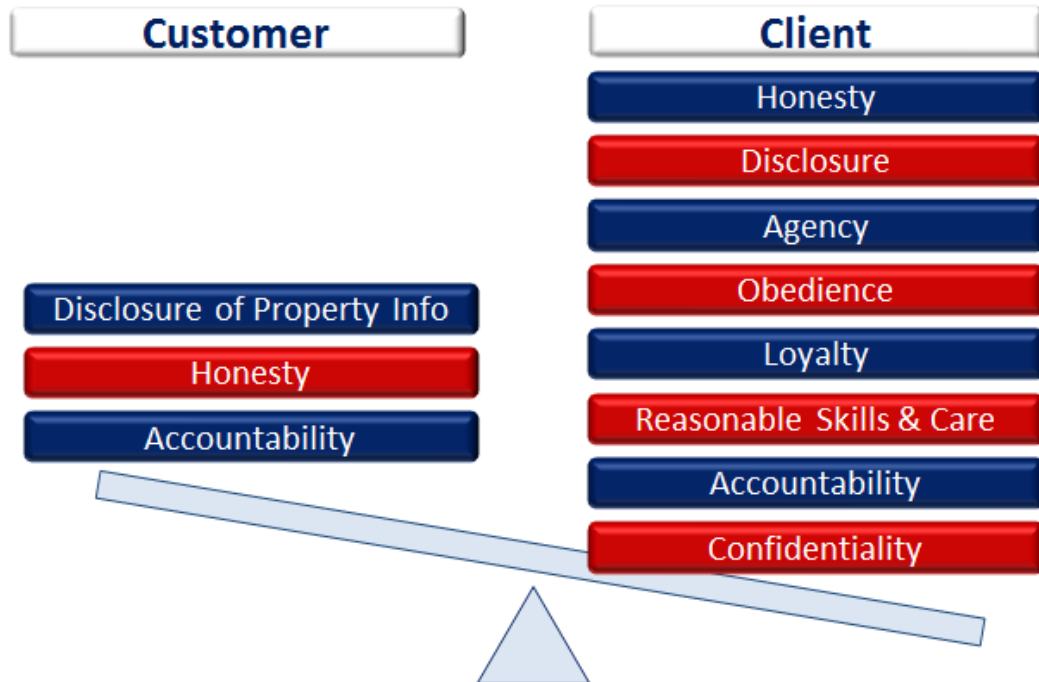
For Sale by Owner

MLS & other companies

The fastest, easiest way to learn about
the new homes on the market...



Which Level of Service Do You Want?



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

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

Mutual Commitment

If I will:

Make my best effort to find the home that meets your needs until you either find a home or tell me to stop looking,

Commit my time, resources, and experience to find exactly what you want, while incurring my own expenses

Navy to Navy Homes Agent

Will you:

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

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

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

Let me know if your plans change?

Work with me until we find you the right home?

Buyer