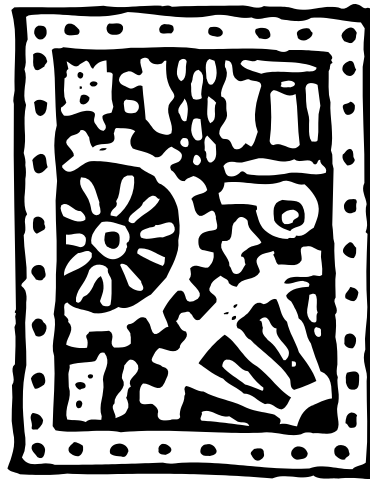


## The Home Buying Process



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# H O M E F R O N T

## Preface

So, you have decided to buy a home? It seems like it's a pretty simple process, right? You shop around, find the home of your dreams, sign some papers and move in! Admittedly, it may not be as easy as this sounds. Yet, it can be a simple, enjoyable process as long as you arm yourself with key information and a team of professionals committed to meeting (or exceeding) your expectations.

This booklet will serve as a guide for you and provide insight on how you can best prepare yourself for each step along the home buying journey. The information will help you gain a "competitive" edge over other home buyers, which has proven to be vital in today's active real estate market.

My goal is to prepare you for the unexpected, so that there are no surprises. By educating yourself on the entire process and working with a professional dedicated to your individual needs, you are setting the stage for an enjoyable, successful process.



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# H O M E F R O N T

## Selecting a Buyer's Agent

When making a major financial decision such as purchasing a home, it is vital you have professional representation to look after your best interests. **Your buyer's agent will perform the duties summarized below.**

Counsel you about the market place.

As your agent, I will share with you how quickly or slowly homes are selling and in what price range. I will also discuss different neighborhoods with you and can even help you determine the type of home that may best fit your needs.

Have you been pre-approved or pre-qualified for financing.

Your agent will work closely with the loan officer to help get you pre-approved. This is an important step that makes your offer stronger and easier for sellers to accept. We will work with the lender to get you pre-approved. The lender will ask to see items that document your income, assets and debts. The lender will verify your employment and deposits to banks and will order a credit report. An underwriter will review the information based on the type of financing you wish to secure and hopefully, **issue an approval. At this point, the loan application will be "credit approved" which means you are ready to buy any house within the approval limits.**

Find a home that suits your needs and lifestyle.

It is my responsibility to preview homes based upon your wants and needs before ever having you look at a home. It saves you from wasting your valuable time looking at homes that do not meet your criteria. I spend a considerable amount of time (2-4 times each day) searching different computer listing services to see what is constantly being added to the market. If there is a new listing that meets your needs, I want to be the first one taking a look at it for my clients!

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# HOMEFRONT

## Selecting a Buyer's Agent Continued....

Provide a Competitive Market Analysis

Your agent should substantiate your offer with a Competitive Market Analysis (commonly known as a CMA.) The C.M.A. compares the property you wish to purchase to homes recently sold in the surrounding area. This analysis allows you to be confident in the dollar amount you agree to offer the seller.



Provide a Competitive Market Analysis

Your agent should substantiate your offer with a Competitive Market Analysis (commonly known as a CMA.) The C.M.A. compares the property you wish to purchase to homes recently sold in the surrounding area. This analysis allows you to be confident in the dollar amount you agree to offer the seller.

Help you present a thorough, strong offer to the seller.

**Once you find that perfect home, you must present an "iron-clad" offer to the seller to optimize your chances of securing the property. In today's competitive market, homes sometimes sell in hours, which is why your offer must be the most attractive to the seller. (See "How to Write a Strong Offer" on the next page for proven, successful strategies.)**

Negotiate on your behalf.

In the past, both agents in a real estate transaction represented the seller. Thankfully for buyers, times (and laws) have changed. Now buyers find it essential to have their own representative at the bargaining table, keeping their



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# HOMEFRONT

## Selecting a Buyer's Agent Continued....

best interests in mind. Remember, if you go to an open house and meet an agent on site, he/she may represent the seller, not you! These agents can only provide information. Facilitators cannot 1) give advice, 2) personalize your offer in any way 3) negotiate on your behalf. cannot 1) give advice, 2) personalize your offer in any way 3) negotiate on your behalf.



Follow up on your transaction to a successful closing. I will work closely with the lender, providing additional paperwork as needed to speed up the loan process. I will also work side by side with the title and escrow companies, providing paperwork and scheduling a final signing date.

Stay in touch before, during and after the transaction. You should be able to contact your agent 24 hours a day, if needed. Your agent should be available to you to answer questions and help solve challenges that may arise during or after the buying process.



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# HOMEFRONT

## How to Write a Strong Offer

There are many people who are ready, willing, and able buyers but cannot find a home to purchase. The reasons vary and may be due to a shortage of inventory, homes are selling in a matter of hours, or the condition of the home is not sufficient. Due to these challenges, once you find a home you would like to purchase, it is very important to make your offer as strong as possible. Once you find the perfect home, you do not want to lose it to another buyer because of a poorly written contract. Below are examples of successful strategies for writing a strong offer to secure that perfect home.

Price: If a home has just been introduced to the market, in a desirable neighborhood, in good condition, and is priced correctly, you will probably be advised to offer full price. **Although it's difficult to offer full price on something as negotiable as the sale of a home, if the house is the house you have been looking for, it's worth it.** Ask yourself what is more important, saving a few thousand dollars amortized over 30 years or getting the home you want? There have actually been some instances where you may want to include a clause stating you will beat the highest offer by \$500 up to a certain amount. You should only use this approach when you know that there are other offers on the table.



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## How to Write a Strong Offer Continued....

Earnest Money: Here is a good rule of thumb to follow:

<\$100,000 = \$500-\$1,000

\$100K-\$200K = \$1,001-\$2,000

\$200K-\$500K = \$2,000-\$5001

\$500K-\$750K = \$5,001-\$15,000

>\$750,000 = \$15,001+ (Negotiable)

Anything over \$10,000 is deposited into an interest-bearing trust account.



Financing: You must be PRE-APPROVED for a loan, not pre-qualified. Once you are pre-approved, all you need to do is plug in an address on the documents. By becoming pre-approved, there is no need to have a financing contingency included in your offer. Also, by becoming pre-approved, you can close on the transaction in as few as 10 business days versus the usual 4-6 week time frame. Bottom line, the fewer the contingencies, the stronger the offer!

Inspection: A usual inspection contingency will last approximately 10 days. This means you would have 10 days to perform an inspection and notify the seller of any deficiencies in the home you wish to be corrected. In this market, I recommend shortening the contingency to 5 days. This helps the seller feel more comfortable knowing that his/her home will only be tied up with this contingency for 5 days versus 10 days. If a home is newer and in immaculate condition, you may want to waive this contingency all together. *I would only recommend this if the home seems to be in perfect condition and if you know for a fact that there are multiple offers. If multiple offers exist, I would*

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# H O M E F R O N T

## How to Write a Strong Offer Continued....

*recommend a "pre-inspection", which allows you to inspect the home prior to making an offer. This way, you know what to expect if you are the winning bid. I am a strong believer in home inspections!*

*a "pre-inspection", which allows you to inspect the home prior to making an offer. This way, you know what to expect if you are the winning bid. I am a strong believer in home inspections!*

Etc.: If you truly do not need the refrigerator, washer/dryer, or other personal property from the seller, don't include these items in the purchase and sale agreement. It's not worth losing the home over.

Bottom line, the fewer the contingencies and cleaner the offer, the better chance you have in acquiring the home over any other individual. The most important factor in this market should be getting the right home, not saving a few dollars a month on your mortgage payment.

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# H O M E F R O N T

## Home Buyer's Worksheet

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone (Home) \_\_\_\_\_ (Office) \_\_\_\_\_

Number of family members \_\_\_\_\_

Husband's employer/length of time \_\_\_\_\_

Wife's employer/length of time \_\_\_\_\_

Reason for moving \_\_\_\_\_

Leisure/interests \_\_\_\_\_

### Location

What is most important to you:

- Urban    Suburban    Rural    View  
 Waterfront    Acreage    Golf Course

Preferred school districts \_\_\_\_\_

Preferred areas \_\_\_\_\_

Homes seen in area that you liked \_\_\_\_\_

What kept you from purchasing? \_\_\_\_\_

Previous work with agent) \_\_\_\_\_

### Time Frame

How long have you been looking? \_\_\_\_\_

Desired date of possession \_\_\_\_\_

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# H O M E F R O N T

## Home Buyer's Worksheet Continued....

### Reason for Moving

---

---

### Home Style

- 2-story    Multi-level    Split-level    Tri-level
- Rambler    Daylight rambler

### Home Setting

Check the ones that apply and explain:

- Acreage/function:
- Privacy/explain:
- Open (sunny)
- Garden:
- Neighborhood type:
- Other considerations:

### Home Features

Check the ones that apply and explain:

- New
- Resale Desired age of home \_\_\_\_\_
- Bedrooms (number):    Baths (number):
- Family room/functions    Rec room/functions:
- Basement/functions:    Kitchen eating space:
- Counter eating space:    Flooring:
- Fireplace locations:    Garage:
- Boat parking/storage function:    Workshop:
- Special requirements:



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# H O M E F R O N T

## Home Buyer's Worksheet Continued....

### Present Home

What do you like the best? \_\_\_\_\_

What do you like the least? \_\_\_\_\_

How much equity do you have? \_\_\_\_\_

Market analysis needed: \_\_\_\_\_

### Financing

What do you feel you want to invest? \_\_\_\_\_

Initial investment: \_\_\_\_\_

What monthly house payment would you be comfortable with? \_\_\_\_\_

Do you know what you qualify for? \_\_\_\_\_

### Down payment sources:

- |                                         |                                                 |
|-----------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Bridge loan    | <input type="checkbox"/> Savings                |
| <input type="checkbox"/> Stocks & bonds | <input type="checkbox"/> Life Insurance         |
| <input type="checkbox"/> Gift funds     | <input type="checkbox"/> Company profit sharing |
| <input type="checkbox"/> IRA            |                                                 |

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# HOMEFRONT

## Maximize Your Chances

Here are the top four things you can do to maximize your chances of getting the home you want to buy:

One

Include a substantial good faith deposit.  
A good rule of thumb to follow is 3-5% of the purchase price.

Two

Minimize or eliminate contingencies.  
Again, the fewer the contingencies, the stronger the offer.

Three

Develop a buyer profile.

**Buyers are not with me when I'm at the negotiating table on their behalf.** To help personalize the offer, I like to show the sellers a profile of the buyers including the following information:

- How long the buyers have lived in the area
- **The buyers' employers and length of service**
- Reasons why they like the home
- Hobbies and activities
- **With multiple offers, it's best for the Buyer to include a personalized letter**



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# H O M E F R O N T

## Maximize Your Chances

Four

Be prepared to preview a new property fast.

Homes can sell sometimes in hours, and the really good ones receive multiple offers! You and your agent must be able to reach one another **at the drop of a hat**. Fortunately, today's technology gives us plenty of mediums for communicating quickly with one another. We will swap home numbers, office numbers, voicemail numbers, pager numbers, fax numbers and e-mail addresses. Did I miss anything?

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# H O M E F R O N T

## Form 17

### Real Property Transfer Disclosure Statement

A seller has the duty to disclose all existing material facts not reasonably ascertainable to the purchaser. This is done through the Form 17. The duty to disclose arises only where:

- the seller has knowledge of the defect;
- the defect is dangerous to the property, health or life of the purchaser;
- the defect is unknown to the purchaser;
- a careful, reasonable inspection by the purchaser would not disclose the defect.

A seller is not required to disclose past defects, which, to the best of **the seller's knowledge, have been corrected.**

#### Time Frames:

- A seller is required to deliver the Form 17 within 5 days after the buyer and seller reach mutual acceptance of the offer.
- The buyer has the right to revoke the offer within 3 days after receipt of Form 17, unless the buyer waives the right to revoke the offer based on what is written on Form 17 or waives the right to receive a completed Form 17.



Why would you revoke this right? Examples: In an estate sale, the executor does not have any information about possible defects in the house, so buyers may revoke their right to receive a Form 17. In buying new construction or if there are multiple offers on a home, the buyers may wish to revoke

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# H O M E F R O N T

Form 17

## Real Property Transfer Disclosure Statement Continued....

their Form 17 rights to make their offer stronger. NOTE: I never encourage buyers to waive their rights unless absolutely necessary to buy the home.

- The seller must amend the Form 17 if information is discovered while a sale is pending. For example, if a seller discovers a week before closing the jets in the hot tub are malfunctioning, the seller must provide an amended Form 17 disclosing this information, unless it is corrected at least 3 days prior to closing. If the defect is not corrected, the buyer has an additional 3-days to revoke the offer.

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# H O M E F R O N T

## Home Inspection Contingency

The purchaser's offer is usually contingent upon the hiring of an inspector to thoroughly inspect the interior and exterior of the home to look for major deficiencies. The cost to the buyer is usually between \$400 - \$600. Most inspections cover essential systems and structural components in the home, including:

Heating	Roof
Air Conditioning	Framing
Plumbing	Foundation
Electrical	Chimneys
Fireplaces	Attic
Seismic Safety	Insulation
Exterior	Interior

The buyer usually has between 5 - 10 days to conduct the inspection and to either remove the contingency or to give notice of disapproval of the inspection report to the seller. A copy of the inspection report must accompany the notice of disapproval

If the inspection is disapproved, the seller has 5 days to agree to fix the specified problems identified by the inspector. If the seller agrees to fix the specified problems, all work must be completed prior to closing and it is subject to re-inspection by the initial inspector on the job.

If the seller does not want to fix the specified problems, the buyer has 3 days to decide whether or not to purchase the home. If the buyer decides to terminate the agreement, the earnest money shall be refunded.

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## Financing Contingency

Most offers are contingent upon the buyer's ability to obtain a home loan. If, for some reason, the buyer is not pre-approved for a loan, the buyer has 3 days after mutual acceptance of the offer to make formal loan application. The Listing Agent should receive a "Pre-Qualification" letter within 3 days. If not, the seller may elect to terminate the agreement, in which event, the earnest money shall be refunded to the buyer. If the buyer is pre-approved, this does not apply.

The buyer has 30 days to receive loan approval and waive the financing contingency. If approval is not received within 30 days, the seller may elect to terminate the agreement. In this case, the earnest money would be refunded to the buyers. After receiving notice the seller want to terminate, the buyer has 3 additional days to waive the financing contingency. *Buyers must be certain they will be approved for the loan or they may lose their earnest money in this situation.*

If required by the lender, it is customary for the seller to pay for pest inspection, roof certification, well water testing, and septic tank inspection and/or pumping. If the tests are required by the inspector, the cost of the services is negotiable.

If the appraisal, ordered by the lender, is less than the purchase price, the buyer has 3 days to terminate the agreement unless the seller has done one of the following within 10 days:

1. Reduced the price of the home to the appraised price,
2. Furnished an appraisal acceptable to the lender at least equal to the agreed upon purchase ,
3. Or, the buyer agrees to make up the difference with his/her own funds.

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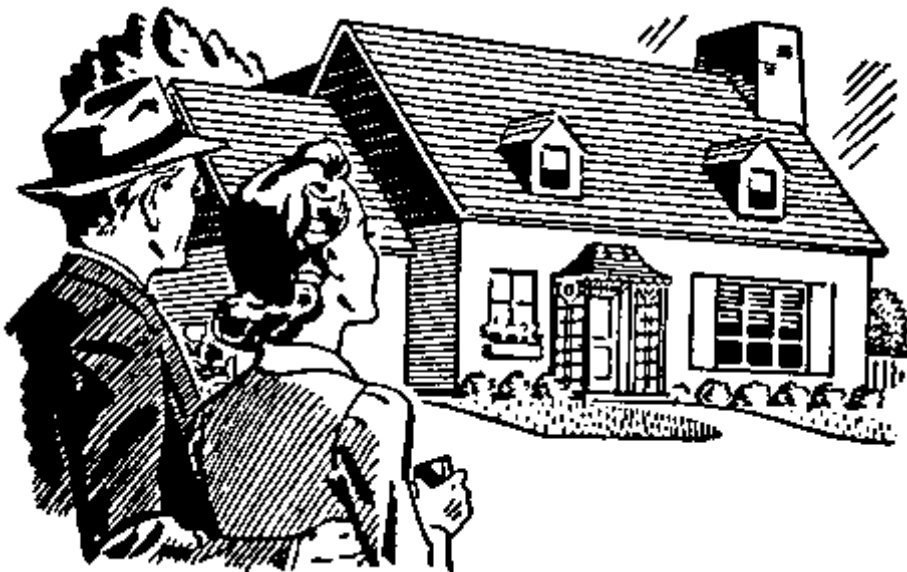
## Closing/Possession

### Closing

Many people think closing takes place when they sign the final documents at the escrow company. This is not true. After signing the documents, they are sent back to the lender for review. The lender then mails the documents to the county to be recorded. Closing officially takes place when the county has recorded the documents. This can take hours or a couple of days, depending on the lender involved. Your agent will work with those involved to help speed up the process for you.

### Possession

Possession (MOVE IN TIME!) then takes place according to the purchase and sale agreement. Normally, if the home is lived in, possession is usually 3 days after the official closing date. For example: closing takes place on Wednesday, buyers can take possession at 9 p.m. Saturday. If the home is vacant or new construction, possession occurs immediately after closing.



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# H O M E F R O N T

## In Conclusion

I hope this booklet has helped you understand the basic home buying process. If you still have questions at this point, please contact me at your convenience for answers and additional insight into the home buying process. I have found through working closely with many buyers that each buyer has unique needs and expectations when buying their first home. **This is why it's imperative you work with a professional agent you trust and feel will go to bat for you when the time is needed. I'm committed to making your home buying experience enjoyable and successful.** I hope you will consider me when you select an agent to represent you. Thank you for reviewing this material and I hope I can help you find the home of your dreams!

## About Jay

Jay resides on Mercer Island with his wife, Adrien, daughters, Alexis and Alyssa, and Dalmatian, Clyde. He is a true Seattle native, living and working here his entire life. Jay graduated from the University of Washington in 1985 and began his professional career by working for a Fortune 100 company, Scott Paper, Inc.. In 1995, Jay earned John L. Scott's "Rookie of the Year" award, in 1996 Jay was awarded the prestigious Top Sales Agent award, in 1997-2001 Jay was awarded the President's Club award (top 4% of entire company - 3,000 agents), in 2002-2006 Jay was awarded the President's Elite award (Top 3%), and in 2007 awarded the President's Gold award (top 4%). From 2005-2007 Jay was awarded the 5-Star: Best in Client Satisfaction for Seattle Magazine, based on a survey from the public and other real estate professionals. Jay continues to earn monthly production awards through hard work, diligence, expertise and successful negotiations.

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# HOMEFRONT

## Client Service

*"Jay made the entire (home buying) experience easy and exciting. He personally took the time to visit every home before showing them to me...It did not take very many outings together before I found the perfect home, but within that time I felt as though I had found a friend as well. Jay proved himself to be diligent, hard-working, honest, honorable and ethical through the entire process. I could not give higher praise. He truly is a gem. I encourage anyone that is shopping for a home to seek out his talents.*

Dina El-Hosseiny ~ Renton, Washington



*"I would like to take this time to commend Jay Agoado for his expertise and effort he put into helping us buy and sell our house....I always felt that Jay had our best interest at heart. He put in what ever effort was necessary to accommodate our unique needs, which were not simple or easy. Once again, I would recommend Jay to anyone wishing to buy or sell a house."*

Christopher Wadsworth ~ Carnation, Washington

*"Throughout my home-selection and buying process, Jay was an extremely conscientious, responsible, and accommodating agent. When it came time to find the right home for myself and my family, Jay was patient, responsive, and proved both his expertise and intuition when he found the perfect home for us after only a brief time of looking."*

Lena Swanson ~ Kirkland, WA



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# H O M E F R O N T

## Glossary of Terms

Agent: A person acting on behalf of another, called the principal.

Appraisal: An expert judgment or estimate of the quality or value of real estate as of a given date.



Assessed Value: The valuation placed upon property by a public tax assessor as the basis for taxes.

Bill of Sale: An instrument which transfers title to personal property (**chattels**); a **“Deed” transfers real property.**

**CC&R’s:** Covenants, conditions, and restrictions. A document that controls the use, requirements and restrictions of a property.

Certificate of Title: A document signed by a title examiner or attorney stating that the seller has a good marketable and insurable title.

Closing Statement (Settlement): The computation of financial adjustments between buyer and seller as of the day of closing a sale to determine the net amount of money which buyer must pay to seller to **complete purchase of the real estate and seller’s net proceeds.** Also, **“settlement sheets”, “HUD-1”.**

Commission: Payment to a real estate broker for services performed.

Condominium: A form of real estate ownership where owner receives title to a particular unit and has a

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# H O M E F R O N T

## Glossary of Terms Continued....

proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surfaces (walls, floors and ceilings) serve as its boundaries.

Contingency: A condition that must be satisfied before a contract is binding.

generally a separately owned space whose interior surfaces (walls, floors and ceilings) serve as its boundaries.

Contingency: A condition that must be satisfied before a contract is binding.

Deed: A formal written instrument by which title to real property is **transferred from one owner to another. Also, "conveyance"**.

Earnest Money: The portion of the down payment delivered to the seller or escrow agent by the purchaser with a written offer as evidence of good faith.

Equity: The interest or value which owner has in real estate over and above the debts against it. (sales price - mortgage balance - equity).

Escrow: A procedure in which a third party acts as a stakeholder **for both the buyer and the seller, carrying out both parties' instructions** and assumes responsibility for handling all of the paperwork and distribution of funds.

Fixture: What was formerly personal property which is now permanently attached to real property and goes

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REAL ESTATE



# H O M E F R O N T

## Glossary of Terms Continued....

with the property when it is sold.

**Hazard Insurance:** Protects against damages caused to property by fire, windstorms, and other common hazards.

**Home Inspection Report:** A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structure and mechanical systems.

**Home Warranty Plan:** Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.

**Lien:** A legal hold or claim on property as security for a debt or charge.

**Listing Agreement:** Between a home owner (as principal) and a licensed real estate broker (as agent) by which the broker is employed to market the real estate within a given time for which service the owner agrees to pay a commission.  
property when it is sold.

**Hazard Insurance:** Protects against damages caused to property by fire, windstorms, and other common hazards.

**Market Value:** The highest price which a buyer, ready, willing and able but not compelled to buy, would pay, and the lowest price a seller, ready, willing and able but, not compelled to sell, would accept. Basis for "listing price", or

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## Glossary of Terms Continued....

“asking price”.

Planned Unit Development (PUD): A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Uses may be residential, commercial or industrial.

Purchase and Sale Agreement: A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract, or agreement for sale.

Realtor: A real estate broker or associate active in a local real estate board affiliated with the National Association of Realtors.

Survey: A map or plat made by a licensed surveyor showing the results measuring the land with its elevations, improvement, boundaries, and its relationship to surrounding tracts of land. A survey is often required by the lender to assure a building is actually sited on the land according to its legal description.

Title Insurance: Protects lenders and home owners against loss of their interest in property due to legal defects in title.

Title Search or Examination: A check of the title records, generally at the local courthouse, to make sure the buyer is purchasing a house from the legal owner and there are no liens, overdue special assessments, or other claims.

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