YOUR REAL ESTATE PLANNING GUIDE

THE CONSUMER GUIDE TO REAL ESTATE

AN EDUCATIONAL RESOURCE

YOUR REAL ESTATE PLANNING GUIDE℠
A Prudent Approach to
Personal Real Estate Planning

Dear Real Estate Consumer,

The purpose of this Real Estate Planning Guide℠ is to enable you to better plan for your real estate future.

We believe that the process of carefully planning your real estate goals with a real estate professional – before you decide to buy, sell, or invest in real estate – is of vital importance.

The absence of a Real Estate Planning Guide℠ might explain why there are millions of consumers who regret not having purchased more real estate, why many people do not have the significant net worth that real estate ownership can provide, and why individuals miss out on a variety of real estate opportunities.

Experience has taught that the planning stages of a real estate purchase are, all too often, conducted without the knowledgeable assistance of a real estate professional. Instead, in many cases, financial planners, CPAs (chartered accountants), attorneys (lawyers) and other advisors make real estate recommendations without a thorough understanding of the dynamics of the real estate industry or current and detailed market information. Moreover, some advisors, in their desire to counsel their clients to invest in a financial product which they more directly represent, are sometimes unwilling to present real estate in its proper perspective.

This Real Estate Planning Guide℠ is offered to you by your real estate professional as a self-help guide, designed to allow you to more seriously consider where real estate planning fits, or might fit, into your overall personal financial picture. It is not intended to suggest that we, or the real estate professional presenting our system, are financial planners or real estate financial planners. Your real estate professional will help you implement any and all real estate decisions, now or in the future, which result from your Real Estate Planning Guide℠.

Warmly,

Don, Taylor & Erika De Grote
Realty ONE Group
BRE #'s 00835311, 01975188, 01941362

Understanding the Value of the Real Estate Planning Guide℠

While financial planning is designed to help individuals create financial success through a well-balanced money management and investment strategy, regrettably, all too often, both long and short term financial strategies have placed inadequate emphasis on real estate as a means to achieve financial strength.

This Real Estate Planning Guide℠ was created to assist individuals who would like to:

• Increase Net Worth
• Enhance Their Lifestyle
• Improve Their Tax Situation

Over the years, real estate has helped countless numbers of individuals achieve substantial financial security.

"Real estate is the basis of most wealth."
– THEODORE ROOSEVELT

"Ninety-nine percent of all millionaires become so by owning real estate." – ANDREW CARNEGIE

"Real estate is the best way to become wealthy."
– MARSHALL FIELD

"The American home nurtures fortunes as well as families." – NEW YORK TIMES

This Real Estate Planning Guide℠ can help you establish your priorities concerning real estate, help you plan for increasing the worth of your present property, help you formulate a real estate action plan, help you determine appropriate financing, and can serve as a record keeping system for all of your financial information.

How the Real Estate Planning Guide℠ Works

Our self-help system is a step by step process.

- **Step One** will help you examine your real estate and financial personality.
- **Step Two** will help you determine your net worth and the role that real estate plays, or can play in your overall financial picture.
- **Step Three** will help you review your real estate options.
- **Step Four** will help you formulate your real estate goals.
- **Step Five** will help you set forth a plan of short range and long range action.

STEP ONE:

Discovering Your Real Estate Personality

This exercise is intended to help you examine the attitudes held by both you and your spouse or partner regarding real estate.

Using the scale below, write down the number which best describes you in the first column.
The second column is for your spouse or partner.

Agree	Undecided	Disagree
3	2	1

1. The best investment I ever made was my home.
2. I've often regretted I didn't purchase more real estate.
3. I was very excited about purchasing my first home.
4. I like to keep myself informed about the real estate market.
5. I think real estate is the best hedge against inflation.
6. I'd like to own more real estate.
7. It's beneficial to review my real estate goals annually.
8. I plan to buy a second or retirement home.
9. Owning real estate is the best way to obtain tax relief.
10. The idea of having tenants appeals to me.

TOTAL

IF YOUR SCORE WAS 21 - 30, YOU ARE STRONGLY REAL ESTATE ORIENTED.

IF YOUR SCORE WAS 14 - 20, YOU ARE MODERATELY REAL ESTATE ORIENTED.

IF YOUR SCORE WAS 13 OR LESS, YOU ARE DOUBTFUL ABOUT THE ROLE REAL ESTATE PLAYS IN YOUR FINANCIAL PICTURE

STEP TWO:
Determining Net Worth
*REAL ESTATE

1. Primary Residence ______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

2. Other Real Estate _______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

3. Other Real Estate _______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

* For help in determining more of this information, see your attorney/lawyer, tax preparer/chartered accountant, or Certified Financial Planner.

4. Other Real Estate _______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

5. Other Real Estate _______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

6. Other Real Estate _______________________________

Rooms _______ Sq. Ft. _________ #Baths _________

½ Baths _______ #Car Gar.________ Lot Size________

Taxes $ ____________ Year Purchased_____________

Orig. Cost $_____________ Fair Mrkt. Value $_______

Current Mortgage Balance $______________________

All other Liens $_________________________________

Mthly Principal & Interest Payments $______________

**EQUITY $_________________________________

TOTAL EQUITY IN REAL ESTATE

$____

** Equity is determined by taking the estimated fair market value and subtracting the current mortgage balance and all the other liens

Additional Sources Of Income

Income

	THIS YEAR	LAST YEAR
Gross Income	____________	____________
Interest & Dividends	____________	____________
Investment Income	____________	____________
Other Income	____________	____________
TOTAL	____________	____________
Subtract Taxes:		
Federal/State/City (Provincial Taxes)	____________	____________
Social Security (Pension Contributions)	____________	____________
Disposable Income		
Annual	____________	____________
Monthly	____________	____________

Annual Uses of Income

Housing (mrtg or rent)	____________	____________
Property Taxes	____________	____________
Medical/Dental	____________	____________
Transportation	____________	____________
Utilities	____________	____________
Telephone	____________	____________
Home Repairs/Maint.	____________	____________
Insurance	____________	____________
Debt Repayment	____________	____________
Car Payment	____________	____________
Food	____________	____________
Clothing	____________	____________
Cleaners/Laundry	____________	____________
Travel/Entertainment	____________	____________
Personal Allowance	____________	____________
Education	____________	____________
Décor/Furnishings	____________	____________
Gift/Contributions	____________	____________
Alimony/Child Support	____________	____________
Vacations/Camp/Clubs	____________	____________
Miscellaneous	____________	____________
Other	____________	____________
TOTAL EXPENSES	____________	____________
NET INCOME	____________	____________
ANNUAL	____________	____________
MONTHLY	____________	____________

Assets

CASH & SECURITIES	____________	____________
Cash on hand & in Checking	____________	____________
Cash in Savings / CD's / G.I.C.'s	____________	____________
Life Insurance Value	____________	____________
Stock/Mutual Funds	____________	____________
Bonds / Government Securities	____________	____________
Other	____________	____________
Total Cash / Securities	____________	____________

REAL ESTATE

Primary Residence	____________	____________
Other Real Estate	____________	____________
Total Real Estate	____________	____________

OTHER ASSETS

Automobiles	____________	____________
Furnishings	____________	____________
Art/Antiques/ Collectables	____________	____________
Jewelry	____________	____________
Other	____________	____________
Pension/IRA/ Keogh/RRSP	____________	____________
Business Equity	____________	____________
Other	____________	____________
Total Other Assets	____________	____________

TOTAL ASSETS	____________	____________

Percentage of assets attributable to real estate _______%

LIABILITIES

Misc. Accounts Payable	____________	____________
Mortgages Payable		
Primary Residences	____________	____________
Other	____________	____________
Other Loans	____________	____________
Automobiles	____________	____________
Home improvement	____________	____________
Education	____________	____________
Other	____________	____________

TOTAL LIABILITIES	____________	____________
NET WORTH	____________	____________

(Assets minus liabilities)

Percentage of net worth attributable to real estate ____%

If a high percentage of your assets or net worth is attributable to real estate, you are in good company. If you are not yet a homeowner, this Step Two exercise may help you plan for a real estate purchase. However, the first section of Step Three may be designed especially for you, as it is entitled, "Renting vs. Buying" and is a guide to decision-making for renters. Provincial Taxes, G.I.C.'s, R.R.S.P. not applicable in the United States.

STEP THREE:
Reviewing Your Real Estate Options

Being fully aware of your real estate options, and their potential benefits, is important. Most people find it helpful to review their real estate options annually. What is not possible this year may be possible, and highly beneficial, next year.

RENTING vs. BUYING

If you are not yet a homeowner, or are wondering whether selling your home and renting might be beneficial to you, this section will be particularly helpful. The following quiz is designed to help you decide whether to rent or to buy a home.

1) **Has the price of housing in your area increased 25% or more in the past five years?** If it has, score five points.
2) **Do you plan to move to another area within five years?** If so, score one point.
3) **Can you obtain enough money for a down payment and closing expenses to reach at least 10% of the price of a typical home in your area?** If you can, score three points.
4) **Are you willing to put in the time and energy to mow the grass, repair the plumbing, put up the storm windows, and other similar homeowner chores?** If you are, score three points.
5) **Do you expect to be in the 15% or greater tax bracket this year?** * If yes, score one point.
6) **Did you contribute at least 10% of your income this year to tax-deferred savings plans such as 401Ks and Keoghs to compensate for the lack of a mortgage deduction?** * If yes, score three points.
7) **Is it difficult to find attractive, inexpensive rental units in your area?** If yes, score three points.
8) **Is your credit good enough to allow you to borrow $20,000 or more without using a house as collateral?** If yes, score five points.
9) **Is your combined yearly income more than 35% of the purchase price of the typical home in your area?** If yes, score three points.

Add up all your points: _______________

If your score totaled 20 or more, you should seriously consider purchasing a primary residence. If you scored 13 or less, you might need to plan carefully in order to purchase a home.

The appreciation of both housing and investments is not guaranteed. The figures placed in this exercise are purely for the purpose of illustrating the potential differences between renting and buying. Your real estate professional can help you determine the mortgage rate, principal and interest, annual investment and real estate taxes.

Your quiz score may be low or high, but it doesn't tell the whole story. Using the worksheet below, compare the costs and benefits over time of both renting and buying.

RENT VS. BUY WORKSHEET

1) Annual Income ______________________________
2) Price of Dwelling ____________________________
3) Down Payment ______________________________
4) Mortgage ___________________________________
5) Annual Expenses RENT / BUY
- Principal & Interest _________________________
- Real Estate Taxes ___________________________
- Insurance/Utilities/R&M ______________________
- Rent Total Annual Expenses before Tax Savings

____

6) Tax Deductions and...
- Savings _______________________________
- Interest _______________________________
- Real Estate Taxes _____________________
  - Subtotal _______________________
- - Tax Rate ______________________________
- - Tax Savings ___________________________

7) Annual Cost of Housing after Tax Savings _________
Total Annual Cost of Housing _____________________

COMPARATIVE ANALYSIS CASH LAYOUT

<u>*After Five Years*</u>

Renters after Tax Cost of Housing* ________________
Buyers after Tax Cost of Housing* _________________

<u>*After Ten Years*</u>

Renters after Tax Cost of Housing* ________________
Buyers after Tax Cost of Housing*_________________

APPRECIATION

<u>*After Five Years*</u>

Value of Home* ______________________________
Less Initial Investment _________________________
Net Appreciation ______________________________

<u>*After Ten Years*</u>

Value of Investment Account* ___________________
Less Initial Investment _________________________
Net Appreciation ______________________________

* Assume a ____% Annual Increase
* Assume a ____% Annual Housing Appreciation Rate
* Assume a ____% Annual Return or Investment

Whether you are renting or buying, you might find it helpful to look at your housing needs and wants before considering any of your Real Estate options.

Housing Needs & Wants

1) What I like best about my present home:

2) What I like least about my present home:

(CHECK ALL THAT APPLY)

- ☐ I/We need more living space
- ☐ I/We want more bedrooms
- ☐ I/We want more bathrooms
- ☐ I/We need a larger kitchen
- ☐ I/We want to upgrade our lifestyle
- ☐ I/We like our community
- ☐ The schools are good here
- ☐ I/We spend a lot of time at home
- ☐ This town is very convenient
- ☐ The neighborhood is going down
- ☐ I/We would like a larger yard
- ☐ I/We would like a pool
- ☐ My/Our family is nearby
- ☐ I/We would like more storage
- ☐ I/We would like more appreciation
- ☐ It is important to stay in this town
- ☐ I/We spend little time at home
- ☐ I/We pay way too much in taxes
- ☐ I/We are concerned about the schools
- ☐ My/Our children are small
- ☐ My/Our children are grown

Moving Up

Over the years, millions of individuals and families have benefited both quantitatively and qualitatively by moving up.

For most people, moving up means purchasing a home which is larger and more expensive than their present home, and historically, this method of building net worth is extremely effective.

Moving up, however, can also mean purchasing a home in the same price range, perhaps in the same community, and getting many more of the features you want in a home. Another way to move up in the same price range is to purchase a home in an area where appreciation is higher than where you live now.

Homeownership is the last bastion of tax relief for many individuals and people sometimes move up for the tax advantages alone.

Demographic studies show that people are moving more often than in the past. The dynamics of many areas are essentially “move up” market dynamics.

The decision to move up is highly personal. Job transfers and corporate relocations may force the issue for some, but most people decide to move up only after carefully weighing the pros and cons as well as becoming knowledgeable about the current real estate market.

This Real Estate Planning Guide℠ was designed to help homeowners evaluate their real estate options in all market conditions.

Although many people, in virtually all markets, move up every year, thousands more regret not taking advantage of past real estate opportunities.

Perhaps you’ve heard people say, “We could have bought that property when it cost half as much.” But they did not. Why didn’t they? One reason why people don’t take advantage of opportunities which arise is that they are not fully aware of how such purchases can be accomplished. Another reason is that the benefits of doing so are unclear.

This Real Estate Planning Guide℠ was created to help you examine the positive and negative implications of a real estate purchase and to help you plan to be able to take advantage of real estate opportunities when they arise. Your real estate professional will help you by providing accurate and timely market information.

**Not Applicable in Canada*

Important Information about Moving Up

Before you decide to move up, it’s important to understand that real estate values are cyclical with four basic stages.

The **rise** stage occurs when there is a limited supply of space and growing demand causing property values to increase.

As competition among buyers for existing homes increases, demands cannot be met. Property values reach their highest point and the cycle is in the **peak** stage.

As new construction increases to meet this propensity, the supply eventually surpasses the demand and the **fall** stage begins.

Eventually, an oversupply of homes is created by widespread development. At this **base** stage a “Move-Up” market forces competition among sellers. Prices are adjusted, and then values may decrease and ultimately stabilize. New construction is limited as developers wait for the demand to catch up to the supply. When that occurs, the cycle is regenerated.

The real estate cycle does not affect all property the same way at the same time and there are always contradictions to the cycle. Historically, each time the cycle is completed, real estate values trend upward.

Moving Up Tax Considerations

Besides the fulfillment of the North American lifestyle, real estate offers an opportunity to receive favorable tax benefits, build equity and realize capital appreciation.

Unlike most other investments, real estate offers the opportunity to use leverage. Under the current tax law, interest on home mortgages is fully deductible up to $1 million. Interest on home equity loans up to $100,000 is also deductible.

If the home you purchase as a principal residence is of equal or greater price than the home you sold, and you lived in your previous home for at least 24 months, or your move employment related, you do not have to pay taxes on any gain you made on the sale. Tax on the gain is deferred.

Individuals with specific concerns regarding taxes are strongly urged to consult a C.P.A, attorney or, other qualified tax advisor.

INCREASING THE VALUE OF YOUR HOME

Before you consider purchasing additional real estate, you might first examine how you could increase the value of your present residence.

Becoming aware of trends in buyer preferences is an important way to protect and potentially increase the value of your home.

“Merchandising” your home to dovetail with buyer preferences in your area helps you “Add Value” to your property, months or years before you are ready to market and sell your home.

With the assistance of your real estate professional, complete the following evaluation to determine whether you might benefit through Home Merchandising.

Home Merchandising Needs Assessment

MY HOME HAS / AREAS WHICH NEED ATTENTION / MARKET PREFERS**

1) __________Bedrooms __________ __________
2) __________Full Baths __________ __________
3) __________Half Baths __________ __________
4) __________Luxury Baths __________ __________
5) __________sq. ft. Kitchen __________ __________
6) __________ Car Garage __________ __________

- ☐ Open Spaces
- ☐ Wood Floors
- ☐ Fireplace
- ☐ In-ground Pool
- ☐ Deck

Once you have identified where you might be able to add value to your dwelling with a major home improvement, take a minute to think about the smaller, simpler and usually less expensive things you can do to make your home more valuable. To help you we have compiled the following list of things you can do to give your home the widest appeal.

10 Things you can do to "Add Value" to Your Home

This common sense checklist consists of things to do which you have probably thought of at one time or another. The suggestions are presented here to help you focus on them as a means to make your home not only nicer but more valuable as well.

1) Even though your home is not for sale, take a tour of your home pretending to be a potential buyer. Turn a critical eye to the small things you've overlooked or learned to live with. Make a list.

2) Most people are well aware of "problem" areas in their homes. Whether yours is a garage that needs organizing or bathroom tile that needs re-grouting, take care of it. Do the little things first.

3) There are many excellent books and videos on how to make rooms look larger: effective lighting, easy window treatments and creating a strong visual appeal. Obtain some, and analyze the impression your home makes on others.

4) How much storage space do you have? Is it neat, well organized and uncluttered? If not, consider some of the easy and inexpensive do-it-yourself closet systems available today.

5) Is the exterior of your dwelling all that it could be? If not, sometimes it is the little things that make a house look its best. Paint the trim, or just the front door. Add a bright new mailbox.

6) Speak to your local paint or wallpaper supplier. They are often willing to provide helpful information on selection and how to do it yourself.

7) Talk to your real estate professional about what buyers like and don't like about houses that they see.

8) Pay particular attention to the foundation, walls, steps, railings, ceilings and floors. If they are in need of repair, it can create an impression, even if false, that the house is not structurally sound.

9) Your yard is another area to look at critically. Are the plants overgrown? Cut them back. Is it bare? Most counties have agricultural offices that can offer advice on the best and quickest growing plants and trees for your climate.

10) When you've done all the little things that help make your home its most appealing, decide if there are major improvements which will add value when you decide to sell.

BRIEF ANALYSIS*

Merchandising

1) According to a CMA (Comparative Market Analysis)**, my home should be competitively priced at: $____
2) If I were to undertake a major Home Merchandising Project, I would:___________________________________
____
____
which would cost $___________________________*(est.)
3) According to the CMA, homes with this new feature should be competitively priced at: $_________________

MOVING UP

1) According to a CMA, my home should be competitively priced at: $_______________________________________
2) Current Market Information shows that I could purchase a New Home today in the town of: __________________ for the List Price of $______________________________
3) The home has _____ style, ___ bedrooms, ___ baths, and ____.
4) Assuming a consistent appreciation rate of ________%, in ________ years my present home would have an estimated value of $_______________________________.
5) Using the same appreciation rate and same period of time, the home I could purchase would have an estimated value of: $_____________________________.
6) Subtract the estimated future value of your present home from the estimated future value of the other home: $____.

*THIS FIGURE REPRESENTS THE INCREASE IN YOUR NET WORTH DIRECTLY ATTRIBUTABLE TO THE PURCHASE OF THE NEW HOME.

**CONTACT YOUR REALTOR OF CHOICE FOR A COMPARATIVE MARKET ANALYSIS

RENTAL PROPERTY

Rental real estate is property rented to others for an annual fee, usually paid monthly. It is the most common type of real estate investment other than primary residences. Rental real estate can be a single family home, condominium, multifamily residence, office building, office condominium or industrial property.

It is generally considered to have good potential for growth, and be a hedge against inflation. If you intend to manage your property yourself, there are a number of tax benefits you'll want to know about. Contact a qualified tax advisor for more information.

UNDEVELOPED LAND

Undeveloped or raw land is one of the least expensive ways to invest in real estate. The purchase of undeveloped land as an investment has become more popular since the Tax Reform Act of 1986*. Prior to 1986, an individual could only buy land and wait for local demand to drive up the value. Since 1986, individuals can improve raw land through subdividing, bringing in utilities and other pre-development activities and receive tax credits. Financing for undeveloped land is sometimes available at lower rates.

SYNDICATION

Real estate Syndicators take raw land, either their own or a developer's, develop plans for improvement, package it, and sell it to investors, sometimes in the form of non-income generating Limited Partnerships.

These investment programs are designed to achieve returns in a relatively short period of time, and often require only small amounts of money. Syndications must be registered in the state in which they are sold, or with the SEC, if sales are inter-state.

LIMITED PARTNERSHIPS

Real Estate Limited Partnerships, known as RELP's, were very popular before the 1986 Tax Reform Act. Now, multiple deductions against earned and income credit are not allowed. Most RELP's are currently directed toward generating income which can be offset with passive losses from previous tax shelters. For further information on the tax implications of RELP's contact your tax advisor.

REAL ESTATE INVESTMENT TRUSTS*

Real Estate Investment Trusts, or REIT's, are purchased through stock brokerages. They resemble Mutual Funds and are in an indirect investment in real estate.

REITs pool investor money to invest in real estate equity, or real estate loans. Some REIT's further specialize in certain types of property and loans such as shopping centers, hotels or office buildings, as well as residential property.

REIT's are required to pay 95% of the income they receive, to shareholders in the trust.

EQUITY SHARING

Equity sharing is simply a way of sharing both the expense and the potential appreciation of a real estate purchase.

Some lenders offer equity sharing mortgages called Shared Appreciation or Equity Participation Mortgages.

Individuals can create their own form of equity sharing through partnerships. Be certain to consult an Attorney before entering into any partnership. In Canada, equity sharing is commonly used in commercial development.

STEP FOUR:
SETTING YOUR REAL ESTATE GOALS

If increasing your net worth or building long term security is important to you, and you believe real estate will help you do so, then you will need to set goals in order to reach your objectives.

Our experience has taught us that without clear and well defined goals backed by a thorough knowledge of both what is possible and how it can be achieved people will allow opportunity to pass them by.

Assessing your financial picture in **Step Two** may have shown you that you are already in a position to make some real estate decisions.

Whether you are ready now, or need to plan for the future, putting your goals in writing is a helpful first step toward attaining them.

**Not Applicable in Canada*

REAL ESTATE FINANCIAL PLANNING GOALS

1) List all courses of real estate action you would like to take now, or in the future (Moving Up, Home Merchandising, Purchase Vacation Home / Investment Property, and what kind, etc.)

A. ______________________________

B. ______________________________

C. ______________________________

D. ______________________________

E. ______________________________

F. ______________________________

G. ______________________________

2) Which of the above real estate actions could be accomplished immediately?

3) Which real estate actions could be accomplished in one year?

4) Which real estate actions could be accomplished in three years?

5) Which real estate actions could be accomplished in five years?

6) Which real estate actions will take more than five years to accomplish?

Your goals are now set, and it's probably clear to you at this point that your more immediate goals are likely to help you reach your longer term goals.

There is only one thing left to do:

STEP FIVE:

TAKE ACTION

TO ACHIEVE MY REAL ESTATE GOALS, I WILL TAKE THE FOLLOWING ACTIONS:

(Schedule a CMA*, Home Merchandising or Move Up Analysis, Look at the Available Properties, Purchase Investment Property, etc.)

To meet Short-Range Goals (one year or less)	Date to be Accomplished (Month/Year)

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________

To meet Mid-Range Goals

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________

To meet Long-Range Goals

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________

*Comparative Market Analysis

The Language of Real Estate Planning and Real Estate Financing

Partially adapted from "The Truth About Real Estate",
Co-Authored by Allan D. Dalton & Joseph J. Murphy

Acquisition Fees - Fees paid in conjunction with the purchase of Real Estate.

Adjustable Rate Mortgage - One in which the interest rate changes based on the movements of an index rate. Rates are commonly based on six month, three year and five year treasury securities - called an A.R.M.

Amortization - The gradual payoff of a debt through installment payments of principal and interest.

Annual Percentage Rate - Provides consumers with a basis for comparing the cost of mortgage plans.

Appreciation - The amount real estate increases in value.

Buy Down - A method of lowering the interest rates on a mortgage, either temporarily or for the full term. A common type of buy down occurs when points are paid up front to make up the difference between the rate actually charged on the mortgage and the rate at which the buyer pays.

Capital Gains - Profits from the sale or exchange of real estate.

Caps - The limit on the amount an interest rate can increase or decrease. Overall caps limit the rate over the life of the loan. Periodic caps govern increases or decreases for each specified adjustment period

Cash Flow - Monthly income after all monthly liabilities are paid.

Certified Financial Planner - A professional designation (C.F.P.) which can only be used by individuals who have met the education, experience and ethical requirements of a governing board.

Certified Public Accountant - C.P.A. Individual licensed by the state who has met professional and educational requirements and passed an examination. (Chartered Accountant Equivalent)

Chartered Accountant - Registered and licensed with the Board of Accountants.

Condominium - A form of ownership where an individual holds title to a unit and shares ownership of common grounds and facilities. Frequently misunderstood as representing an architectural style rather than a type of ownership.

Cooperative - A corporation in which an individual owns shares of the corporation to the extent of the value of the unit they occupy. Sale or rental of a cooperative is subject to the approval of a governing board.

Depreciation - What the government accepts as the economic life of a rental property which can be deducted from income on a specified schedule. Based on the theory the property is losing value due to deterioration and functional/economic obsolescence even though it may be actually appreciating in value.

Equity - Owners net interest in the total value of real estate. Total value minus mortgages and other liens.

Federal Home Loan Mortgage Corporation - Popularly known as Freddie Mac, is a corporation sponsored by government which purchases residential mortgages from its members and resells them as mortgage backed securities.

Federal Housing Administration - (F.H.A.) A division of the Department of Housing and Urban Development. lnsures mortgage loans but does not actually provide the funds.

Financial Planning - A coordination of an individual's or family's financial elements with the intent of preserving or increasing net worth.

Fixed Rate Mortgage - A mortgage in which the monthly payment is constant during the life of the loan

G.I.C. - Guaranteed Investment Certificates

Ginnie Mae — Popular name for the Government National Mortgage

Association - an agency that purchases mortgages from lenders which are packaged and sold on the open market as securities.

Graduated Payment Mortgage - A mortgage in which payments begin at a lower level and then rise gradually on a specified schedule to the level payment which will remain for the life of the loan. Payments in the early years of the loan are not sufficient to cover all of the interest actually owed, which is added to the principal, creating negative amortization.

Index - A measure used to determine the rate of change in an A.R.M. which is reflected in the monthly payment.

Leveraging - Using borrowed money to purchase real estate.

Licensed Real Estate Broker - An individual who has satisfied the educational and professional requirements of the state in which the license is held, and who has passed a licensing examination. Most states require a minimum of two years, full time experience as a Licensed Real Estate Salesperson and a certain number of successful transactions before being allowed to take a Brokers Licensing course.

Lien - A legal claim against property; for instance, a mortgage on a home.

Margin - In real estate, a margin relates to an Adjustable Rate Mortgage. Most lenders offer A.R.M.'s that add a margin to the index to determine the rate upon which payments are based. When comparing A.R.M.s it is important to examine the index plus the margin.

Marketable Title - Also known as Clear Title. It is a title which has no liens or claims against it which would prevent the property from being freely sold.

Mortgage — A means of financing the purchase of real estate in which the purchaser of the property gives the lender a right to place a lien against the property, in exchange for the money to make the purchase. The homeowner is the mortgagor—the one who gives the mortgage, and the financial institution is the mortgagee, who accepts the mortgage and provides the funds.

Net Worth - Total assets minus total liabilities.

Point — One percent of the mortgage amount, also called placement fees or discounts.

Realtor - Or Realtor Associate is a designation which is applied for separately from the license to practice real estate. Realtors subscribe to a code of ethical behavior.

Real Estate Financial Planning - Coordinating an individual's or family's financial elements with the intent of increasing net worth through the purchase of real estate.

REIT - Real Estate Investment Trust.

R.R.S.P. - Registered Retirement Savings Plan.

SEC - Securities and Exchange Commission. The federal regulatory and enforcement agency that oversees investment trading activities.

Tax Shelter - Investment real estate whose losses offset taxable income from other sources.

Title - The right to the ownership of real property, usually transferred by deed or will.

Veterans Administration - Provides a home loan guarantee program designed to encourage lenders to offer a long-term, low down payment mortgage to eligible veterans by guaranteeing the lender against loss.

Financial Information Worksheet

Name ______________________________

SS#(SIN#) ____________________

Name ______________________________

SS#(SIN#) ____________________

Children's Name(s)

SS#(SIN#)

Children's Name(s)

SS#(SIN#)

Location of Important Documents

Birth Certificates ____________________

Marriage Certif. ____________________

Adoption Papers ____________________

Tax Returns ____________________

Divorce Papers ____________________

Ins. Policies ____________________

Life Ins. Policy ____________________

Mortgage(s)

Stock Certif. ____________________

Bonds ____________________

Deeds ____________________

CDs/GICs ____________________

Titles ____________________

Your Will ____________________

Spouse's Will ____________________

Contracts ____________________

Other ____________________

Accounts/Charges

Checking ____________________

Savings ____________________

Creditor	Account #
____________	____________
____________	____________
____________	____________

ATTORNEY/LAWYERS ____________________

FIRM ____________________

TELE. ____________________

EMAIL____________________

CPA/Chartered Accountant ____________________

FIRM ____________________

TELE. ____________________

EMAIL ____________________

REAL ESTATE REP. ____________________

COMPANY ____________________

TELE ____________________

EMAIL ____________________

INSURANCE AGENT____________________

TELE. ____________________

EMAIL ____________________

STOCK BROKER ____________________

TELE. ____________________

EMAIL ____________________

OTHER ____________________

TELE. ____________________

EMAIL____________________

YOUR REAL ESTATE PLANNING GUIDE℠

________, 20 _____

____

Your Real Estate Professional

____

Telephone

____

Email

4 Steps To Getting The Maximum Value From This Guide

Step 1: Make a Commitment to Act.

Funny as this may sound, we can’t tell you how many times people have requested this report and then said to us, “If I would have known what to ask the agent before I hired them to help me with my real estate needs, I would have avoided so many problems!”

We’ve shared just a few simple ideas in this report. Ideas that if acted upon could prove to be worth thousands of dollars when selling your home. But these ideas are only as good as the action put into them. Decide to act right now.

Step 2: List Your Objectives.

Jot down what your goals are in selling, buying or investing in real estate. What is your ultimate goal? Selling quickly? Getting top dollar? Not selling before you have an accepted home offer on your next home?

What do you expect from the agent you hire? How and how often do you want them to communicate with you? Do you want an open house done? If so, how often do you expect it?

Step 3: Contact an agent that is an expert in real estate (not just a person who is licensed).

Of course we’d love to be the agents you choose to work with, but let’s face it, we’re not right for everyone. That’s why we’ve given you the questions to ask your potential agent – or as we like to call them – your wealth partner.

If you would like additional information, please reach out to us at (714) 840-8752 or via email at degroterealestate@gmail.com.

Step 4: Act.

Do we need to say anything more? Reach out to me and let’s talk about your real estate needs. Let’s work together!