



# ADVICE FOR BUYING & SELLING HOMES

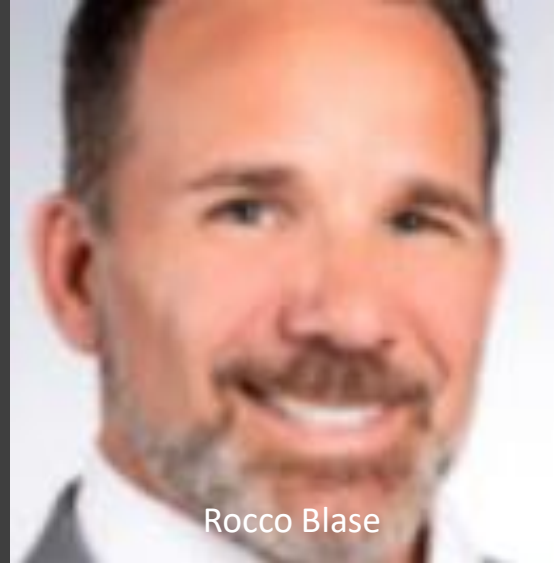
HOSTED BY TOM DICKSON

FINANCIAL EXPERTS NETWORK

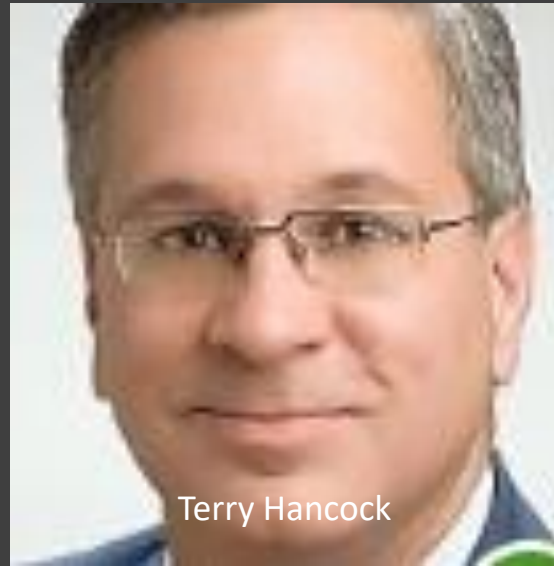
[TOM@FINANCIALEXPERTSNETWORK.COM](mailto:TOM@FINANCIALEXPERTSNETWORK.COM)



Mabél Guzmán



Rocco Blase



Terry Hancock

## Meet the Experts

Mabél Guzmán is the 2020 Vice President of Association Affairs of the National Association of REALTORS® which represents over 1.4 million realtors. Mabél is a 21- year real estate veteran **AND a CHANGE AGENT.**

**Rocco Blase is a Managing Director for Sun West's Forward Mortgage division.**

Terry Hancock is Director of Sun West Mortgage's Reverse Mortgage division. Terry is a 40-year mortgage veteran, with over 15 years of experience in the reverse mortgage business.

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**A Guide to Evaluating Medicare Plans**  
Presented by Jacob Fyrster, Ritter  
Insurance Marketing  
Thursday, October 15, 2020

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**Mutual Fund Capital Gains  
Distributions: Tax Savings Strategies by  
Mark Wilson, CFP®**  
Presented by Mark Wilson, APA, CFP®,  
Mile Wealth Management  
Wednesday, October 7, 2020

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\*Based on survey of 1,865 webinar attendees.

# MEMBER TREASURES

## Financial Experts Network

*Financial Aid in the 21st Century and FAFSA Tips with Mark Kantrowitz*

Oct 14 2019 Webinar:

Questions and Answers from  
End the of The Stretch IRA Webinar on Jan. 15, 2020  
with Ed Slott, America's IRA Expert  
Hosted by Tom Dickson, Financial Experts Network

Question Asked	Answer Given
Do the new rules apply to an inherited 401k?	Deaths in 2019 and earlier - old rules apply to 401K plans. SECURE applies to deaths Jan 1, 2020 and later.
Hi, On a non-spousal inherited IRA inherited in 2019, which the client took 1/5 out in 2019, can he stretch it over nine years, or will he need to take the remainder out over the next four years?	IRAs inherited in 2019 or earlier are grandfathered and subject to the old rules.
Does the SECURE Act apply to Non-Qualified annuities?	Does not.
Can QCD be done at age 70 1/2 or has it been extended to 72?	70 1/2 still., The age for QCDs remains age 70 1/2
does the successor beneficiary have 10 years for when the primary beneficiary is under the 10 year rule?	Successor beneficiaries will all get a 10-year rule.
10 years after year of death? i.e., death in 2020, payout by 2030?	Yes. December 31, 2030

# Social Security Q&A Guide 2020

## Table of Contents

### Claiming Strategies

"File and Suspend" .....

"Restricted Application" .....

### Calculating Benefits

Benefit Calculation with Post-Retirement Wages .....

Benefit Reduction .....

Benefit Increases .....

Survivor and Family Benefits .....

### Spousal Benefits

Spousal Benefit Amount .....

Spousal Benefit Reduction .....

Length of Marriage .....

Benefits for Spouses of Disabled Workers .....

Earning Income & Collecting Spousal Benefits .....

### Divorced Spouses Benefits

Length of Marriage .....

Benefit Increases & Reductions .....

Earned Income Requirements for Ex-Spousal Benefits .....

When to File .....

Remarriage and Divorced Spouses Benefits .....

### Survivors Benefits

Qualifying for Survivor's Benefits .....

Age Requirements for Survivors Benefits .....

Surviving Spouse Benefit Amount .....

Earned Income and Survivors Benefits .....

Remarriage and Survivors Benefits .....

Citizenship and Survivors Benefits .....


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**Expert Panel with The Latest Guidelines  
Paycheck Protection Loans**  
Presented by Steve Bulger  
Tuesday, June 23, 2020

Register »

**Life Insurance Case Studies and  
Member Updates**  
Monday, June 22, 2020

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Webinars Attended: 19



Webinar Registrations



Webinars Attended



Webinars Missed



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### UPCOMING WEBINARS

Get Expert Advice on Medicare Enrollment Options      Wednesday, September 9, 2020 at 4:00 PM EDT  
Presented by Aaron Zolbrod, The Health Insurance Store



Employer Student Loan Repayment Programs under The CARES Act and MORE Wednesday, September 16, 2020 at 4:00 PM EDT  
Presented by Jantz Hoffman, CSLP Board of Standards



Expert Advice on the FAFSA form and College Financial Aid Thursday, October 1, 2020 at 4:00 PM EDT  
Presented by Mark Kantrowitz, SavingforCollege.com



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# MABÉL GUZMÁN

2020 VP OF ASSOCIATION AFFAIRS  
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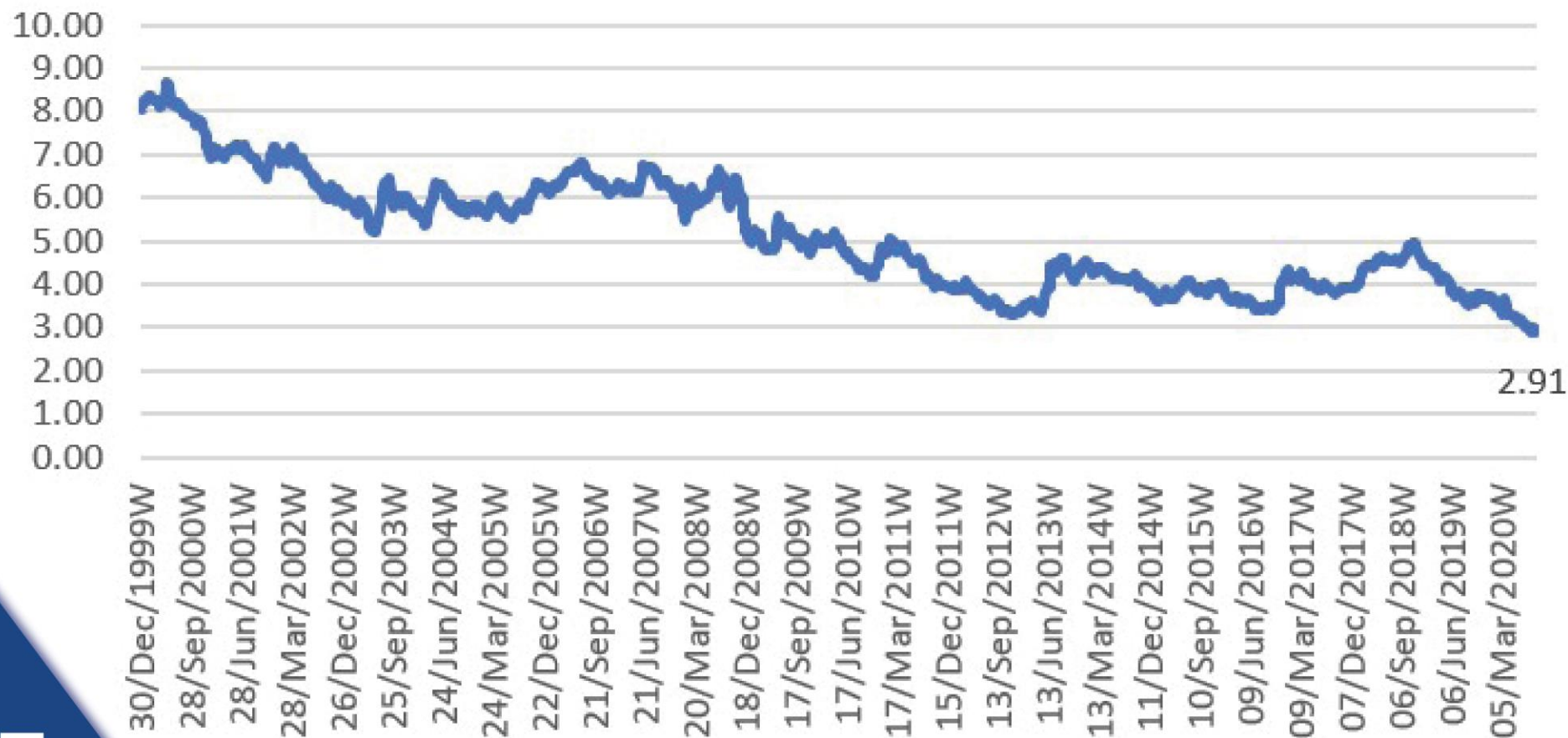


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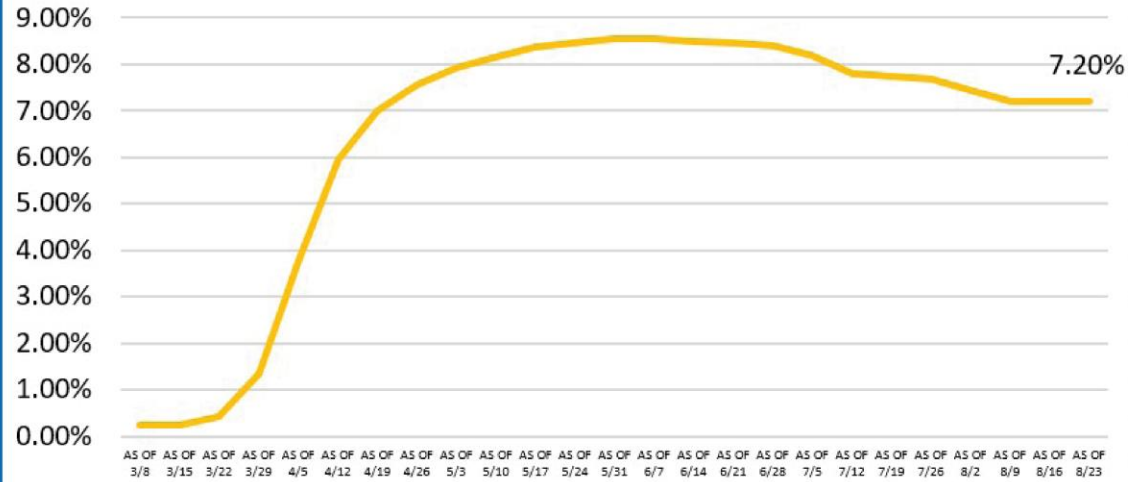
# MORTGAGE RATES

Historically Low Mortgage Rates are Making a Mortgage  
Payment Affordable Even as Prices are Rising



SOURCE: FREDDIE MAC

Percentage of Servicing Portfolio Volume in Forbearance as of August 30

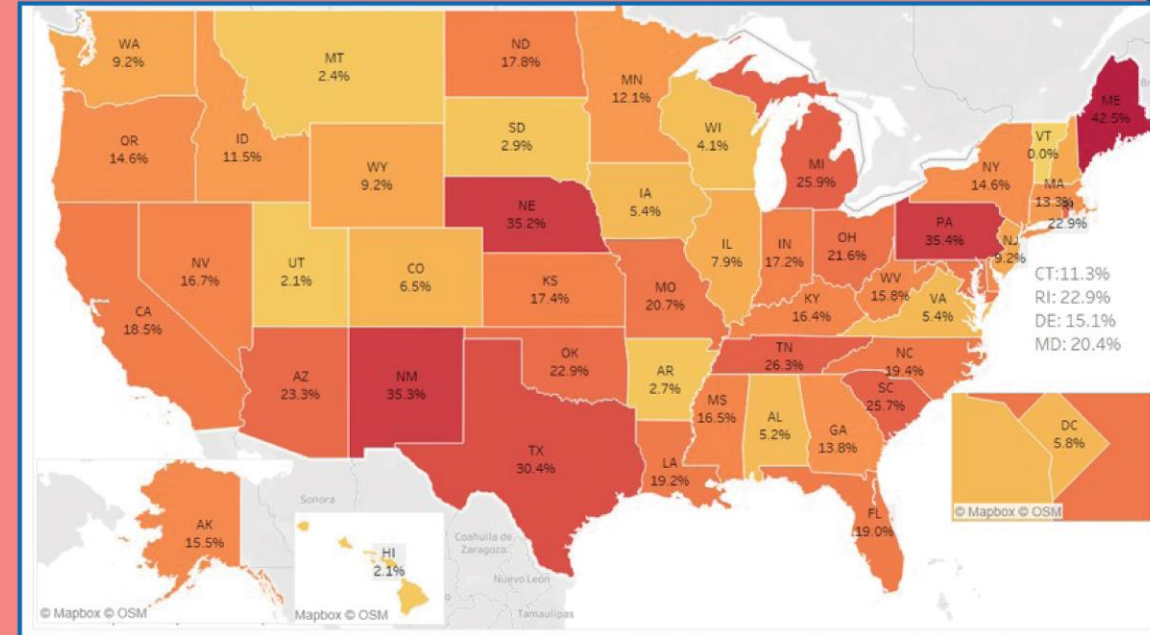


SOURCE: MORTGAGE BANKERS ASSOCIATION

**17.8% OF ADULT RENTERS WHO ARE NOT CURRENT ON RENT PAYMENT EXPECT A VERY HIGH LIKELIHOOD OF BEING EVICTED IN THE NEXT TWO MONTHS**

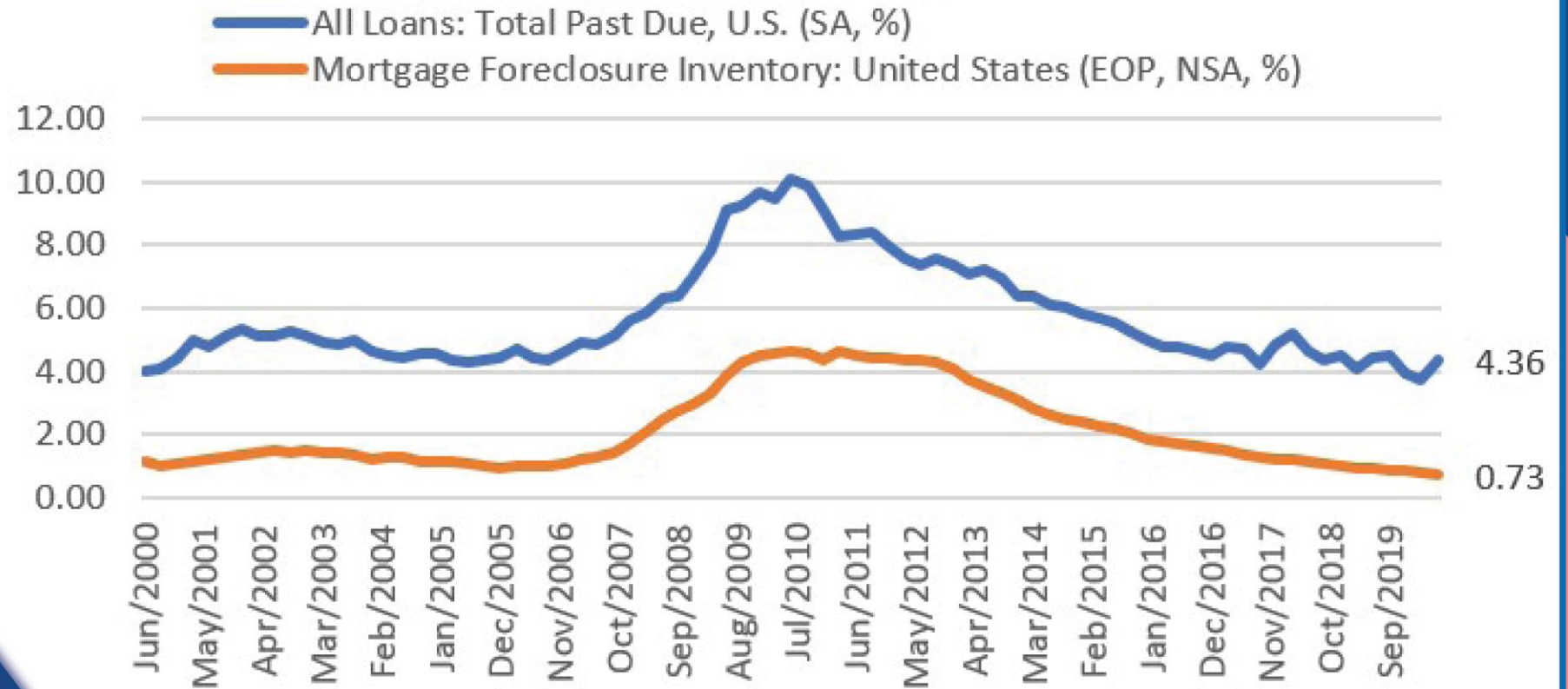


# FORBEARANCE AND EVICTIONS



SOURCE: US CENSUS BUREAU HOUSEHOLD PULSE SURVEY PHASE 2, TABLE 3B, WEEK OF AUGUST 19-31, 2020

## Past Due Loans Have Not Increased to the Great Recession Level Due to Assistance to Unemployed and Small Businesses

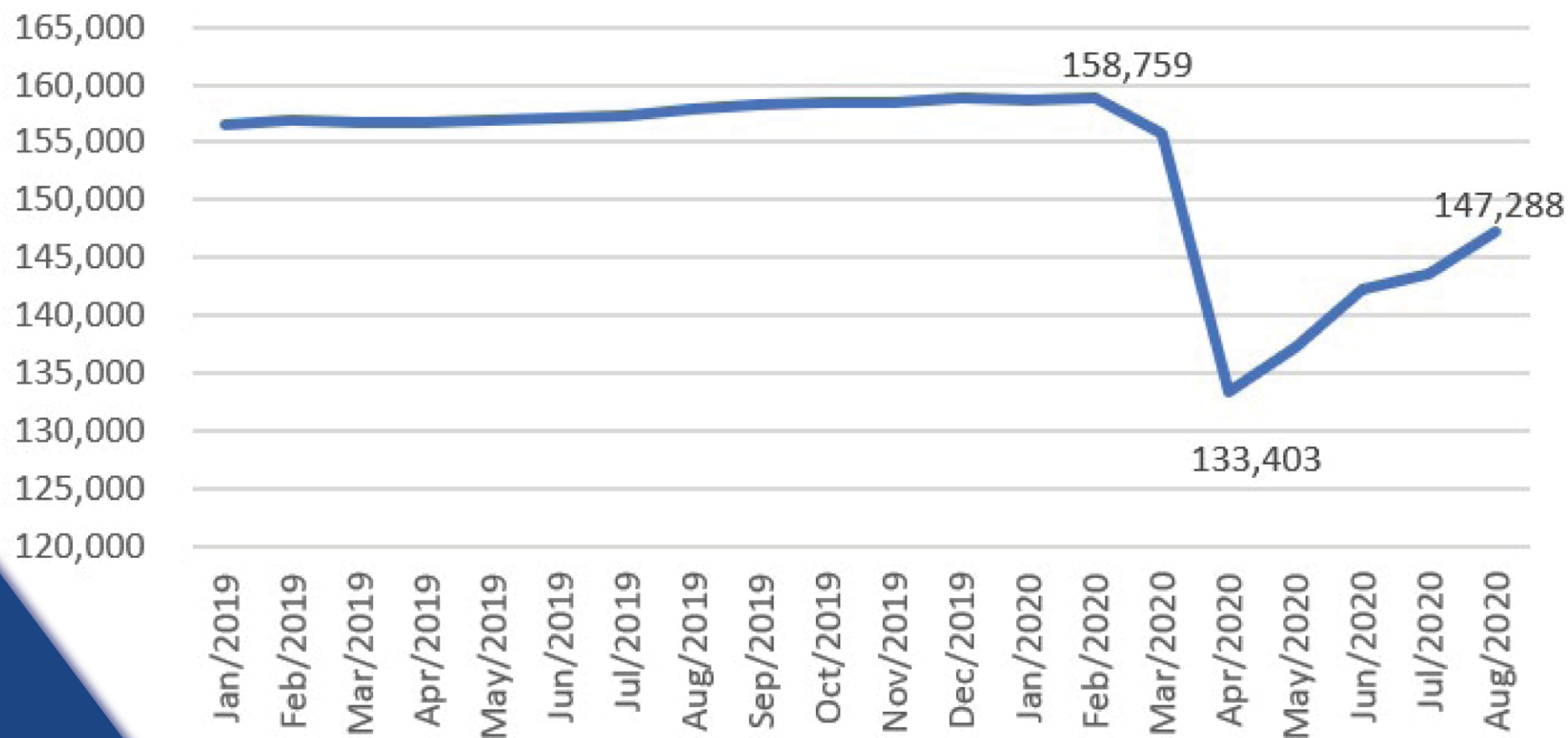


SOURCE: MORTGAGE BANKERS ASSOCIATION



# FORECLOSURES

## 13.9 Million More Workers Since April Although 11.5 Million is Needed to Restore to Pre-Pandemic Level



SOURCE: BUREAU OF LABOR STATISTICS

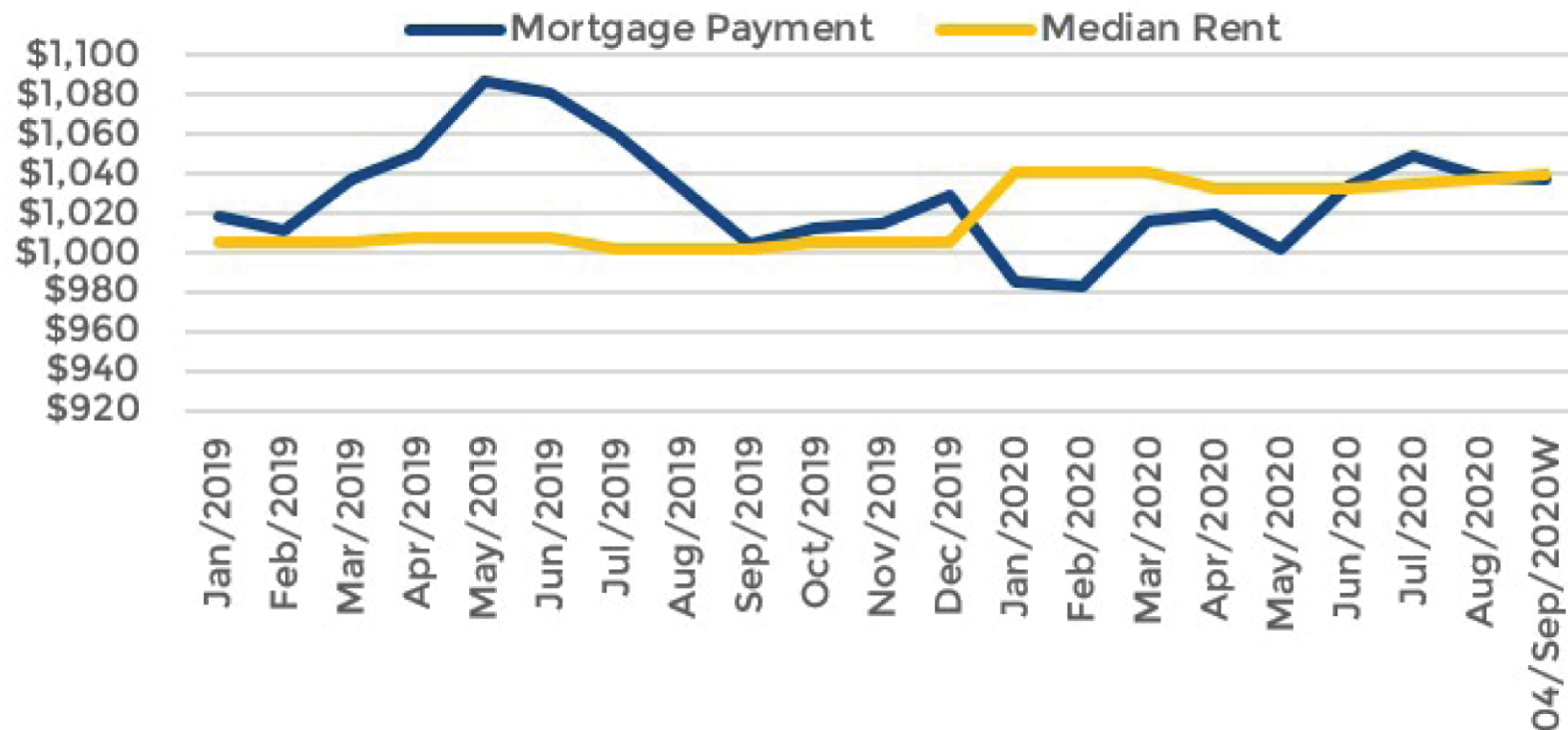


# UNEMPLOYMENT



# HOUSING WEALTH SHOULDN'T EVAPORATE

## Typical Monthly Mortgage Payment of \$1,037 vs. Median Rent of \$1,040 as of September 4

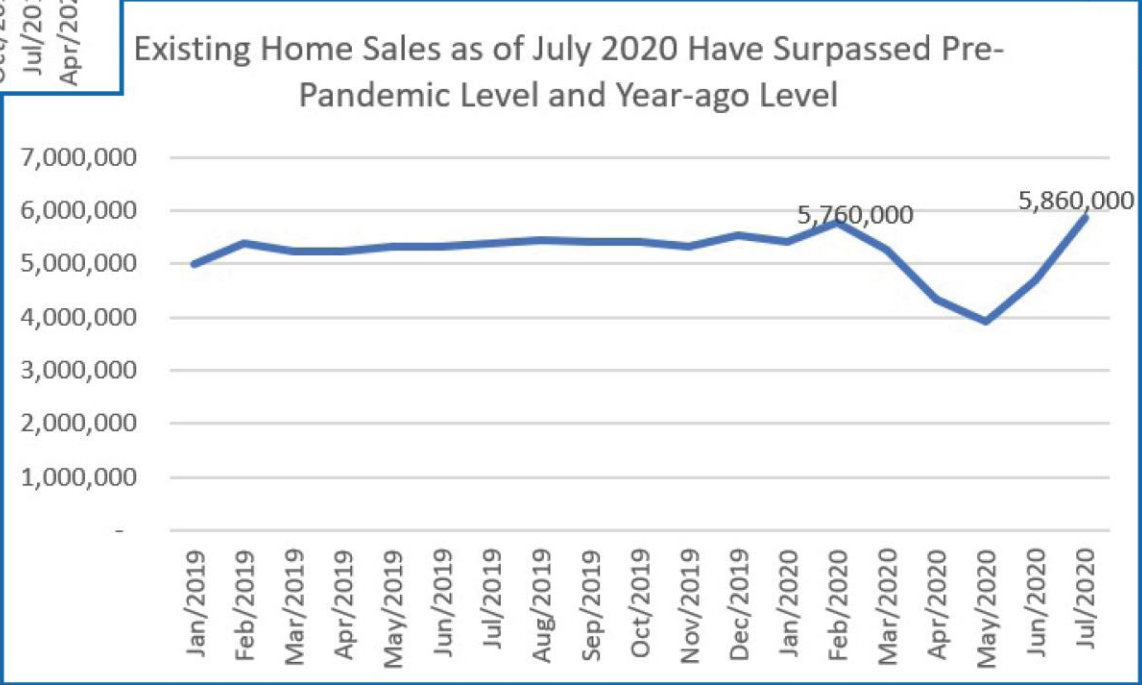


Calculations based on average rate of 2.93% 30 -year fixed rate + 0.8% points as of Sept 4 at \$307,800 median price of single-family home (July), 20% downpayment; August median rent is estimated by applying m/m CPI-Shelter inflation to US Census Bureau median rent for June of \$1,003

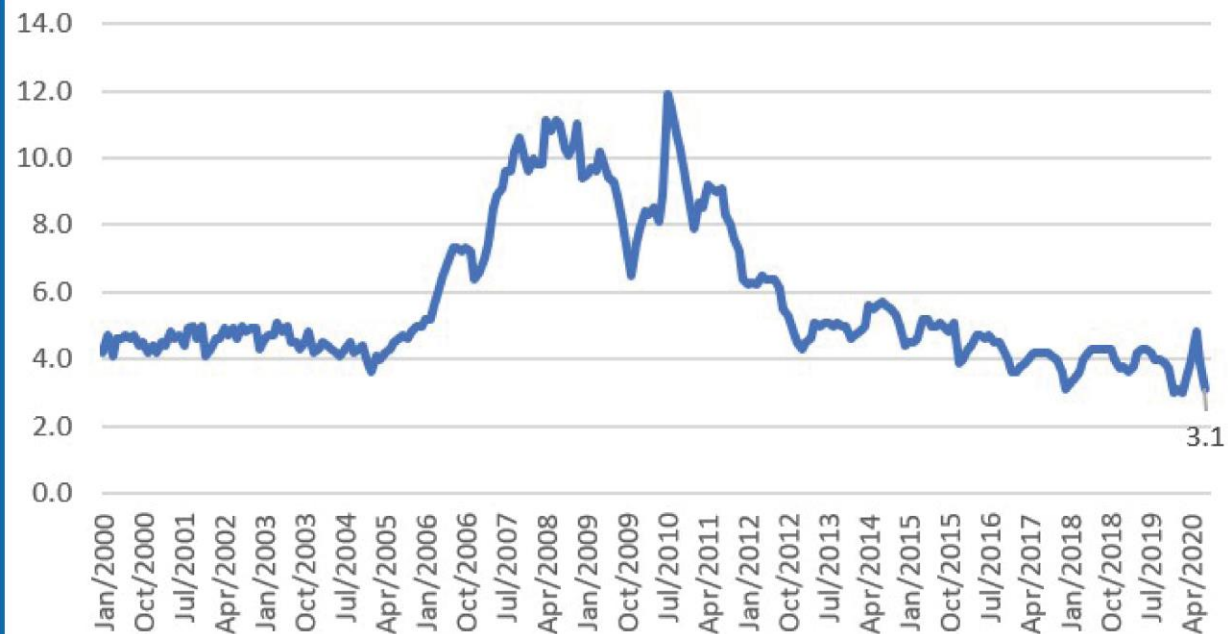
SOURCE: NAR CALCULATIONS FROM NAR,  
BUREAU OF LABOR STATISTICS AND FREDDIE MAC



**EXISTING-HOME  
SALES ABOVE  
PRE-PANDEMIC  
LEVEL**

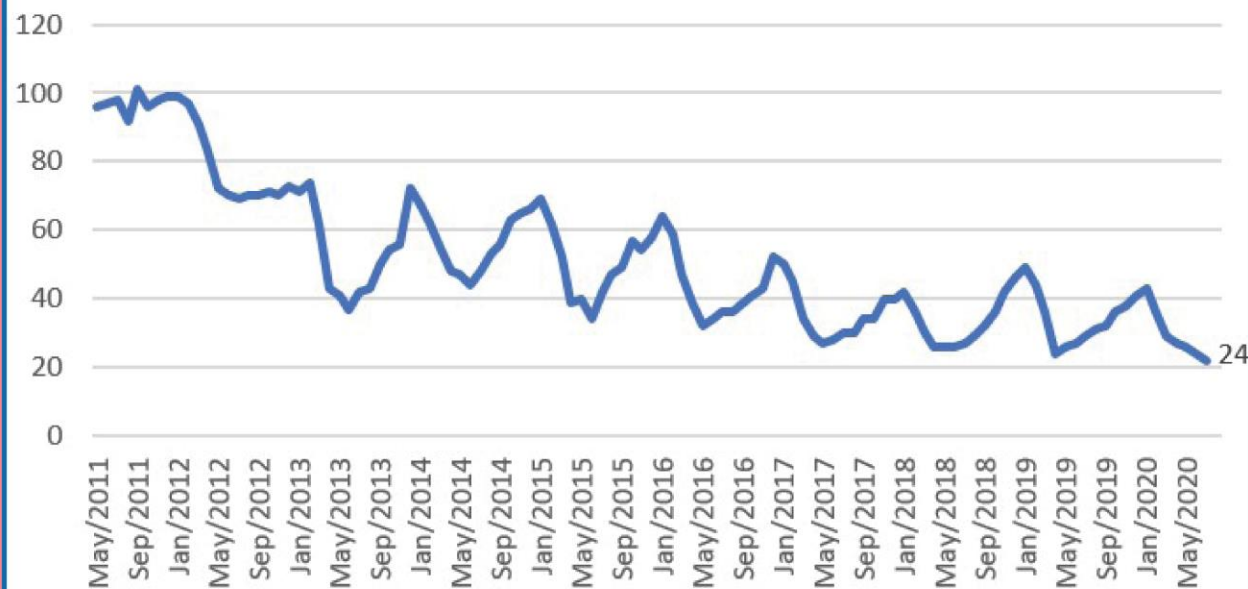


### Low Level of Inventory at 3 Months' Supply



SOURCE: NAR

### Median Days on Market Declined to 24 Days as of July 2020



**INVENTORY &  
DAYS ON MARKET**

# 6 THINGS BUYERS SHOULD KNOW DURING COVID-19

- 1 CUSTOMERS' HEALTH / SAFETY PARAMOUNT TO REALTORS®
- 2 VIRTUAL SHOWINGS A GREAT OPTION
- 3 IN PERSON SHOWINGS: TIME SLOTS; WAIT IN CAR
- 4 INSPECTIONS: LIMITED NUMBER OF PEOPLE
- 5 CLOSINGS: SEPARATE CONFERENCE ROOMS; AT THE CAR
- 6 ELECTRONIC SIGNING IN MANY STATES; BRING YOUR OWN PEN



# 5 THINGS SELLERS SHOULD KNOW

---

- 1 PROPERTY PHOTOS AND VIDEO HAVE NEVER BEEN MORE IMPORTANT
- 2 SHOWINGS: LEAVE CABINETS, DOORS, WINDOWS, DRAWERS OPEN
- 3 KEEP WIPES AND SANITIZER AVAILABLE; WIPE DOWN AFTERWARD
- 4 APPRAISAL PROTOCOL IS LENDER DEPENDENT
- 5 MOVING: ESTIMATE CONDUCTED WITH VIRTUAL WALKTHROUGH



# NAR RESOURCES

- [nar.realtor/coronavirus](https://www.nar.realtor/coronavirus)
- <https://www.nar.realtor/political-advocacy/coronavirus-sba-cares-act-faqs>
- <https://www.nar.realtor/coronavirus-resources-for-property-owners>
- <https://www.nar.realtor/covid-19-workplace-re-entry-checklist>



## **Factors Affecting Interest Rates w/ Rocco Blase**



## Economic Factors Affecting an Interest Rate

- Inflation
- The level of economic demand
- Federal Reserve Policy
- The Bond Market
- Housing Market Conditions
- Speculation
- Election Year





# Borrower Factors Affecting an Interest Rate

*Not every scenario is created equal*

- Credit Score
- Equity Position (Loan To Value)
- Loan Term (Example 30 yr., 20 yr., 15 yr.)
- Amortization Type (Fixed or Adjustable
- Loan Type (Example Conventional, VA, FHA)
- Points and Fees (How much does the interest rate cost?)
- When the interest rate was locked in and for how long?



## Purchase Case Study- John & Mary

John and Mary are first time home buyers and have some credit challenges. John's credit took a substantial blow when he lost his job in 2018. Today he is back to work in a salary position, but his credit report still reflects low credit scores. His current mid-score is a 596. Mary on the other hand has excellent credit at a mid- score of 739. Unfortunately, she is not working, and John is the source of income for the family. John's score will be used to determine the program used and the interest rate. For this case considering John and Mary will be receiving a gift for down payment, since their credit score is not high enough to use a Down payment Assistance Program. Based on all the factors provided an FHA loan will be the best solution for their scenario.



**Sales Price** \$400,000  
**Loan Amount** \$392,875  
**Program Type:** FHA FIXED: STANDARD - 30 YEAR FIXED  
**Interest Rate:** 4.6250%  
**Estimated APR:** 5.681%  
**Estimated FICO:** 596  
**Estimated Closing Date:** 10/01/2020  
**Establish Escrow Account:** Yes  
**Loan-To-Value:** 96.5000

### PRESENT AND PROPOSED PAYMENT

Description	Present	Proposed
Interest Rate	0.0000%	4.6250%
First Mortgage (P&I)	\$ 0.00	\$ 2019.31
Hazard Insurance	\$ 0.00	\$ 114.56
Real Estate Taxes	\$ 0.00	\$ 555.57
Mortgage Insurance	\$ 0.00	\$ 271.46
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 2960.90</b>

• THIS IS NOT A COMMITMENT TO LEND FOR EDUCATIONAL PURPOSES ONLY • Any reassessment of the property prior to closing may change the Real Estate Taxes. • Changes in Escrow Balance Transfer for reasons including but not limited to tax and insurance payments and escrow balance refund to you prior to closing may change Cash From Borrower. • Loan amount must not exceed nationwide conforming limits. • Minimum credit score required is 620. • Properties located within a designated coastal barrier resource area (CBRA)/ otherwise protected area (OPA) are ineligible for financing. • Loan-to-value (LTV) / Combined Loan-to-value (CLTV) must not exceed 95% of appraised value. • Only subordinate liens used to purchase the property may be paid off and included in the new mortgage. • Payment of real estate taxes that are more than 60 days delinquent for the subject property may not be included in the loan amount. • Refinance transaction must comply with the continuity of obligation requirements. • Rate / Credit / Cost is subject to change until loan is locked.

## Purchase Case Study- Javier & Rosie

Javier and Rosie are first time home buyers and have been excellent stewards with their credit . Javier has a mid credit score of 756 and Rosie's is a touch higher at 771. The couple both work, but their savings is limited with \$22,456 available between checking and savings. Both have great paying jobs and their Debt to Income Ratio is very low. Based on all the factors provided a Fannie Mae 3% Down Payment Home Ready Loan will be the best solution for their scenario.



<b>Sales Price</b>	<b>\$400,000</b>
<b>Loan Amount</b>	<b>\$388,000</b>
<b>Program Type:</b>	<b>FNMA: HOMEReady - STANDARD - 30 YEAR FIXED</b>
<b>Interest Rate:</b>	<b>2.8750%</b>
<b>Estimated APR:</b>	<b>3.3505%</b>
<b>Estimated FICO:</b>	<b>756</b>
<b>Estimated Closing Date:</b>	<b>10/01/2020</b>
<b>Establish Escrow Account:</b>	<b>Yes</b>
<b>Loan-To-Value:</b>	<b>97.0000</b>

### PRESENT AND PROPOSED PAYMENT

Description	Present	Proposed
Interest Rate	0.0000%	2.8750%
First Mortgage (P&I)	\$ 0.00	\$ 1609.78
Hazard Insurance	\$ 0.00	\$ 113.17
Real Estate Taxes	\$ 0.00	\$ 555.57
Mortgage Insurance	\$ 0.00	\$ 232.80
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 2511.32</b>

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# How Timing Affects Interest Rates





## Refinance Case Study- Rocco & Tami

Rocco and Tami closed on their purchase on July 11th, 2020. The interest rate that they received from their builder was 3.875% for a 30-year fixed CONV loan. Interest Rates have dropped since they closed. The couple has a plan to stay in the home for another 10 years. Rocco and Tami both have excellent credit and are considering a refinance if their recoup of the new mortgage costs can be inside 24 months. Their current mortgage payment is \$3249.23. They will be required to bring in \$5620 into closing.



**Appraised Value**                      **\$630,000**  
**Loan Amount**                      **\$494,000**  
**Program Type:**                      **CONVENTIONAL FIXED - 30 YEAR FIXED**  
**Interest Rate:**                      **2.9900%**  
**Estimated APR:**                      **3.0297%**  
**Estimated FICO:**                      **739**  
**Estimated Closing Date:** **10/01/2020**  
**Establish Escrow Account:** **Yes**  
**Loan-To-Value:**                      **79.6774**

### PRESENT AND PROPOSED PAYMENT

Description	Present	Proposed
Interest Rate	0.0000%	2.9900%
First Mortgage (P&I)	\$ 0.00	\$ 2080.06
Hazard Insurance	\$ 0.00	\$ 144.09
Real Estate Taxes	\$ 0.00	\$ 782.17
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 3006.32</b>

**Time to recoup cost of the loan is 23.1 months**

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# What is Causing the Refinance Boom?

## 2<sup>nd</sup> – Dropping Interest Rates

June 2020 Economic and Housing Market Outlook Draft Revised 6/8/2020

Summary	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2018	2019	2020	2021
30-year PMMS (%) a.	4.3	4.5	4.6	4.8	4.4	4.0	3.7	3.7	3.5	3.4	3.3	3.3	3.2	3.2	3.2	3.2	4.6	4.0	3.4	3.2
Total home sales (M) b.	6.1	6.0	5.9	5.7	5.9	6.0	6.1	6.1	6.2	4.1	4.3	4.7	5.0	5.5	5.8	6.0	5.9	6.0	4.8	5.6
House price growth (%) c.	1.9	1.0	1.1	1.0	0.8	0.9	1.0	1.4	1.9	0.6	-0.1	-0.1	-0.1	0.0	0.3	0.3	5.2	4.2	2.3	0.4
Total originations (\$B) d.	\$400	\$462	\$451	\$387	\$350	\$555	\$695	\$725	\$670	\$770	\$754	\$723	\$654	\$713	\$646	\$511	\$1,700	\$2,325	\$2,916	\$2,524
Purchase originations (\$B) d.	\$233	\$331	\$329	\$270	\$227	\$356	\$366	\$307	\$267	\$263	\$271	\$243	\$216	\$353	\$365	\$310	\$1,163	\$1,256	\$1,044	\$1,244
Refinance originations (\$B) d.	\$167	\$131	\$122	\$117	\$123	\$199	\$329	\$418	\$403	\$507	\$482	\$480	\$438	\$360	\$281	\$201	\$537	\$1,069	\$1,872	\$1,279

**Note:** Quarterly and annual forecasts (or estimates) are shown in shaded areas; totals may not add due to rounding; annual forecast data are averages of quarterly values

a. Quarterly average of monthly interest rates (not seasonally-adjusted); reported as an annual rate.

b. Millions of housing units; total sales are the sum of new and existing single-family, condoroc-op home sales; quarterly averages of monthly, seasonally-adjusted levels (reported at an annual rate).

c. Quarterly growth rate of Freddie Mac's House Price Index; seasonally-adjusted; annual rates for yearly data.

d. Billions of dollars (not seasonally-adjusted); includes only 1st lien mortgage originations.

Freddie Mac Primary Mortgage Market Survey

The Freddie Mac **Primary Mortgage Market Survey**® (PMMS®) has evolved since its inception in April 1971 into the foremost reliable, representative source of regional and national mortgage rate trends and is relied upon by the mortgage industry and the public in gauging market conditions and evaluating mortgage loans.

Copyright Sun West Mortgage Company, Inc. NMLS 3277

Source: [freddiemac.com](https://freddiemac.com)



## Questions?



**Rocco Blase**, Managing Director, NMLS #283472

D: (562) 501-4542 | M: (951) 533-9139 | [Rocco.Blase@swmc.com](mailto:Rocco.Blase@swmc.com)  
6131 Orangethorpe Avenue, Suite 500 Buena Park, CA 90620

# Using a Reverse Mortgage to Purchase a Home



## HECM for Purchase Strategy

Instead of paying all cash or taking out a traditional mortgage, buyers use a HECM to finance part of the purchase price. This significantly reduces the amount of out-of-pocket funds buyers must bring to the closing table.

Buyers can save and invest more of their proceeds from the sale of their current homes. At closing, they only bring the difference between the reverse mortgage proceeds and the sale price. There are no monthly mortgage payments, and the loan does not need to be repaid unless:

- The borrower sells the home.
- The home is no longer the primary residence of at least one of the borrowers.
- The borrower does not meet loan obligations (such as taxes, insurance or property maintenance)

## Client Advantages

- “Right Size” to a home that better suits their lifestyle
- Never have a mortgage payment for as long as they live in their home
- Less money out of pocket
- Clients live more comfortably and can upgrade their quality of living



# Strategy: HECM for Purchase - Downsize

Lucy and Ricky, both 70 years old, sell their home for \$500,000, and downsize to a new home for \$350,000. They do not want any monthly mortgage payments.

Downsizing - Without a HECM for Purchase	
Sale Price (old home)	\$500,000
Closing Costs & Commissions	\$30,000
Net Proceeds	\$470,000
New Home Price	\$350,000
Funds for Savings	<b>\$120,000</b>

Downsizing with Liquidity - With a HECM for Purchase	
Sale Price (old home) Closing	\$500,000
Costs	\$30,000
Net Proceeds	\$470,000
New Home Price	\$350,000
Down Payment / Closing Costs	\$160,220
HECM for Purchase	\$201,600*
Funds for Savings	<b>\$309,780</b>

\*Variable Rate HECM Libor Program / Initial Interest Rate 2.48%.  
Expected Rate is 3.17%. Expected rate is used for calculation purposes only.

# Strategy: HECM for Purchase – Upsize

Fred and Ethel, both 70 years old, sell their home for \$500,000, and purchase a new home for \$700,000. They do not want any monthly mortgage payments.

Upsizing - Without a HECM for Purchase	
Sale Price (old home)	\$500,000
Closing Costs	\$30,000
Net Proceeds	\$470,000
New Home Price	\$700,000
Traditional Mortgage or Cash Needed at Closing	<b>\$230,000</b>

Upsizing with Liquidity - With a HECM for Purchase	
Sale Price (old home) Closing	\$500,000
Costs	\$30,000
Net Proceeds	\$470,000
New Home Price	\$700,000
Down Payment / Closing Costs	\$316,630
HECM for Purchase	\$403,208*
Funds for Savings	<b>\$153,370</b>

\*Variable Rate HECM Libor Program / Initial Interest Rate 2.48%.  
Expected Rate is 3.17%. Expected rate is used for calculation purposes only.



# Things We Learned Selling & Buying

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- Sold One Investment Property Myself
- Sold One Home through an Agent
- Sold One Investment Property through an Agent
- Bought a New Home through an Agent

# Selling our Home

- Sell As-is or Make Improvements?
- Working with an Agent or DIY
  - Commissions are negotiable
  - Lot of work and safety protocol concerns
- Setting a Listing Price
  - Comparables
  - Timing



# Marketing our Home

- MLS is your friend
- “Hot” Lists are important in “Hot” markets
- Virtual Tours: HIGH Quality Video is BIG PLUS
  - [Click here to see the video](#)
- Zillow sells Leads to Small # of Realtors



# Buying our New Home

- “Hot” Lists are important in “Hot” markets
- Paid Above Asking Price
- Home Inspection
  - Can Adjust Your Price
- Home Warranty



# TRANSACTIONING TODAY

- Remote Closings
- Electronic Documents vs. Paper
  - Lots of Detail: We missed washer and dryer
- A Checklist would HELP

not increase costs to Seller or exceed the time allowed to secure the financing commitment as provided in Paragraph 10, or any addendum to this Contract.

**12. HOME AND/OR ENVIRONMENTAL INSPECTION:** Buyer acknowledges, subject to Seller acceptance, that Buyer is afforded the opportunity, at Buyer's sole cost and expense, to condition Buyer's purchase of the Property upon a Home Inspection and/or Environmental Inspection in order to ascertain the physical condition of the Property or the existence of environmental hazards. If Buyer desires a Home Inspection and/or Environmental Inspection contingency, such contingency must be included in an addendum to this Contract. Buyer and Seller acknowledge that Brokers, agents or subagents are not responsible for the existence or discovery of property defects.

Inspection(s) Addenda Attached                       Inspection(s) Declined                        
Buyer Buyer Buyer Buyer

**13. INCLUSIONS/EXCLUSIONS:** Included in the purchase price are all permanently attached fixtures, including all smoke detectors. Certain other **now existing items** which may be considered personal property, whether installed or stored upon the property, are included if box below is checked.

INCLUDED	INCLUDED	INCLUDED	INCLUDED
<input type="checkbox"/> Alarm System	<input type="checkbox"/> Exhaust Fan(s) # <u>      </u>	<input type="checkbox"/> Pool, Equip. & Cover	<input type="checkbox"/> Trash Compactor
<input type="checkbox"/> Built-in Microwave	<input type="checkbox"/> Exist. W/W Carpet	<input type="checkbox"/> Refrigerator(s) # <u>      </u>	<input type="checkbox"/> Wall Oven(s) # <u>      </u>
<input type="checkbox"/> Ceiling Fan(s) # <u>      </u>	<input type="checkbox"/> Fireplace Screen/Doors	<input type="checkbox"/> w/ice maker	<input type="checkbox"/> Water Filter
<input type="checkbox"/> Central Vacuum	<input type="checkbox"/> Freezer	<input type="checkbox"/> Satellite Dish	<input type="checkbox"/> Water Softener
<input type="checkbox"/> Clothes Dryer	<input type="checkbox"/> Furnace Humidifier	<input type="checkbox"/> Screens	<input type="checkbox"/> Window A/C Unit(s) # <u>      </u>
<input type="checkbox"/> Clothes Washer	<input type="checkbox"/> Garage Opener(s) # <u>      </u>	<input type="checkbox"/> Shades/Blinds	<input type="checkbox"/> Window Fan(s) # <u>      </u>
<input type="checkbox"/> Cooktop	<input type="checkbox"/> w/remote(s) # <u>      </u>	<input type="checkbox"/> Storage Shed(s) # <u>      </u>	<input type="checkbox"/> Wood Stove
<input type="checkbox"/> Dishwasher	<input type="checkbox"/> Garbage Disposer	<input type="checkbox"/> Storm Doors	
<input type="checkbox"/> Drapery/Curtain Rods	<input type="checkbox"/> Hot Tub, Equip. & Cover	<input type="checkbox"/> Storm Windows	
<input type="checkbox"/> Draperies/Curtains	<input type="checkbox"/> Intercom	<input type="checkbox"/> Stove or Range	
<input type="checkbox"/> Electronic Air Filter	<input type="checkbox"/> Playground Equipment	<input type="checkbox"/> T.V. Antenna	

**Want Connected to a  
Realtor and/or  
Mortgage Advisor?**

**Email Tom Dickson**  
**[tom@financialexpertsnetwork.com](mailto:tom@financialexpertsnetwork.com)**

