Shopping for a Home & Protect your Investment

Changing the Narrative of Home Ownership
IN THE BAY AREA
YOUR HOMEBUYING TEAM

- Homeownership Counselor
- Real Estate Agent
- Lender
- Escrow Officer
- Title Insurance Agent
- Housing Inspector
- Appraiser
- Insurance Agent
HOMEOWNERSHIP COUNSELOR

• Works for nonprofit organization, credit counseling service or housing agency

• Provides objective information and unbiased recommendations
REAL ESTATE PROFESSIONALS

- Real estate broker
- Real estate agent
- Realtor®
- Realtist®
WHO DO AGENTS WORK FOR?

- Listing agent
- Buyer’s agent
- Dual agent
- Agents are paid through the transaction
THE BUYER’S AGENT’S JOB

- Helps determine your wants and needs
- Provides neighborhood information
- Helps you get prequalified
- Researches homes available in price range
- Provides copies of listing sheets
- Shows you properties for sale
BUYER’S AGENT’S JOB (CONT’D)

• Preparés purchase offer (in most states)

• Negotiates with seller

• Provides names of lenders

• Refers you to other professionals needed

• Reviews all legal paperwork
FINDING AN AGENT

• Ask friends and relatives for recommendations

• Research online web sites

• Call your local Association of Realtors

• Interview more than one agent

• Check out the agent’s professional record
BUYING A HOME WITHOUT AN AGENT

- FSBO (For Sale By Owner)
- Hire an attorney
- Order an independent appraisal
FROM CONTRACT ACCEPTANCE TO CLOSING

• Buyer makes formal loan application

• Lender orders appraisal and verifies all information provided by borrower

• All required inspections are made

• Title and homeowners insurance are obtained
WHEN YOU ARE READY TO PLACE YOUR OFFER

- Price being offered
- Amount of earnest money
- Legal names of buyers and sellers
- Address and legal description of house
- Provision for home inspection
- Proposed closing date
THE OFFER… (CONT’D)

- Financing to be obtained
- List of items the seller is leaving
- All contingencies
- Breakdown of fees and who pays them
- Time limit for seller acceptance (maybe)
TYPICAL CONTINGENCIES

• Financing
• Appraisal
• Clear title
• Satisfactory home and other inspections
• Sale of existing home
NEGOTIATING

Seller can:
- Accept
- Reject
- Counteroffer

Buyer can:
- Accept
- Reject
- Counteroffer
ESCROW OFFICER/CLOSING OR SETTLEMENT AGENT

• Neutral party not representing either buyer or seller

• May keep original purchase contract, other documents and earnest money deposit

• Makes sure all people involved in sale do their job

• Prepares deed and HUD-1 Settlement Statement

• Fee usually split between buyer and seller
WHO CAN CONDUCT SETTLEMENT OR CLOSING

- Escrow company
- Title insurance company
- Real estate broker

Closing process varies by state
TITLE INSURANCE AGENT

• Researches chain of title ownership
• Lists liens that use the house as security
• Shows easements or unusable land areas
• Verifies amount of taxes and if paid
• Includes any deed or zoning restrictions
• Ensures that any condo or homeowners association dues are paid
ITEMS CHECKED IN A HOME INSPECTION

**Structural**
- Foundation
- Roof
- Doors
- Windows
- Ceilings
- Walls
- Floors

**Mechanical**
- Plumbing
- Electrical systems
- Heating
- Air conditioning
- Insulation
- Ventilation
- Septic systems

*$350 - $450*
THE APPRAISER

- Hired by the lender
- Determines fair market value
- Conforms to Uniform Standards of Professional Appraisal Practice (USPAP)
- May require survey for correct legal description
THE INSURANCE AGENT

- Homeowners policy covers hazard and liability
- Flood insurance required in FEMA-designated areas
DIFFERENT TYPES OF HOMES

• Detached single-family
• Duplex, triplex, fourplex
• Planned unit development (PUD)
• Townhouse or row house
• Condominium or Cooperative
• Manufactured Home
BUYING A CONDOMINIUM UNIT

- Individually owned unit plus share of common areas
- Read CC&Rs carefully
- Check association’s budget for reserves
- Check for any financial problems or potential assessments
BUYING A COOPERATIVE UNIT

- Buyer purchases shares in a corporation with proprietary lease to unit
- Similar to condo with rules & restrictions, association and maintenance fees
- May be more difficult to obtain financing
- Current tool for more affordable housing
BUYING A MANUFACTURED HOME

• Find a reputable retailer

• Shop for the best price and financing

• Determine where the home will be located

• Be sure of what is included in home

• Properly prepare the site

• Carefully inspect the home after you move in
WAYS TO OWN A HOME

- Sole and separate: single person
- Tenancy in common: different shares and can will to heirs
- Joint tenancy: equal, undivided shares, often with rights of survivorship
- Shared-Equity (deed restriction, land lease, shared appreciation)
THINGS TO CONSIDER

- Current and future size of household
- Living needs and interests
- Proximity to work, schools, shopping, recreation
- How “green” do I want my home?
EXPLORING ON YOUR OWN

- Research on Internet
- Drive through selected neighborhoods
- Check real estate section and TV channel
- Check real estate shopping guides
- Visit open houses
- Visit new home projects
EVALUATING YOUR DREAM HOME

- Inspect the house carefully
- Estimate maintenance and repair expenses
- Check out the neighborhood
- Visit schools, daycare centers
- Make the rush hour drive to and from work
- Observe other homes on same street
SHOPPING FOR A NEIGHBORHOOD

- Visit at different times of the day
- Check out local schools
- Check with local police for crime statistics
- Visit with neighbors
DETERMINE FAIR MARKET VALUE

• Prices of comparable or similar homes for sale and sold

• Features your home has that others do not

• Relative price per square foot of your home
TYPES OF INSURANCE REQUIRED

- Hazard or homeowners insurance
- Flood or special hazard insurance
- Mortgage insurance
- Title insurance
- Mortgage life insurance (not recommended)
- Home warranty policy
HOMEOWNERS INSURANCE

- Property protection
  - Coverage A: The home
  - Coverage B: Detached structure
  - Coverage C: Contents (personal property)
  - Coverage D: Additional living expenses
- Replacement Cost
- Liability Protection
- F.A.I.R. plans in states where coverage denied
COST OF INSURANCE:

EXTERNAL FACTORS

- Type of construction and fire protection
- Type of contents
- Size and condition of the house
- Proximity of fire hydrant and station
- Your credit score
COST OF INSURANCE:

YOUR INFLUENCE

- Type of policy
- Size of deductible
- Optional coverage
- Discounts
- The company you choose
PREPARING FOR CLOSING

• Do final walk-through inspection
• Get copy of the HUD-1 settlement statement
• Obtain cashier’s check for amount due
• Be sure homeowners insurance policy is in
• Call the utility companies
CLOSING DOCUMENTS

- Final Truth in Lending statement
- Final Good Faith Estimate
- HUD-1 settlement statement
- Mortgage note
- Mortgage (or Deed of Trust)
- Necessary affidavits
CLOSING DOCUMENTS (CONT’D)

• Deed

• Title insurance policy

• Title abstract

• Survey of property

• Termite inspection report

• Escrow analysis
CLOSING COSTS

- Settlement charges
- Charges associated with loan
- Pre-paids required by lender
- Title search and title insurance fees
- Government recording and transfer fees
- Notary, survey and other miscellaneous fees
YOU GOT YOUR KEYS, NOW WHAT?
FIRST PRIORITIES ON MOVE-IN

• Post emergency numbers
• Have a fire safety inspection
• Install smoke and carbon monoxide alarms
• Place fire extinguishers on each floor
• Plan fire escape route
• Stock first-aid kit (out of children’s reach)
THINGS YOU NEED TO KNOW

- Main cutoff valves for water and gas
- Main electrical switch
- Marked fuse or circuit breakers
- Hot water heater thermostat
KEEP SAFE AND SECURE!

• Change all locks on doors & windows
• Lock doors and windows when you go out
• Trim shrubs that hide windows and doors
• Install outside lighting
• Put up “beware of dog” sign
• Stop mail and newspaper when you go away
QUESTIONS TO ASK BEFORE YOU REMODEL OR REPAIR

• Do you need to hire a contractor?

• Will the job add value to your house?

• How much can you afford to spend?
WORKING WITH CONTRACTORS

• Decide which type of contractor you need
• Interview at least three contractors
• Get references
• Visit at least one completed job
• Ask how long the contractor has been in business
MORE TO KNOW ABOUT CONTRACTORS

- Check out the contractor’s reputation
- Check the contractor’s insurance
- Ask about guarantees
- Get firm, line item bids
- Get contract specifics
WHAT TO DO IF …

• Cannot meet your financial responsibility
• Are in danger of foreclosure

COMMUNICATE WITH YOUR LENDER AS SOON AS TROUBLE STARTS!!

Call national foreclosure prevention hotline: 888-995-HOPE
DELINQUENCY COUNSELING: THERE’S HELP FOR YOU

- Nonprofit agency that helped you buy
- HUD: (800) CALL FHA or hud@custhelp.com
- Your mortgage insurance company
- National foreclosure prevention hotline: 1-888-995-HOPE
- Local VA office for a VA loan
NEXT STEPS

• Complete your survey - the "Golden" ticket to receive your certificate

• Write down the 5 things you need to do in the next 2 weeks to get "Home Buyer" Ready.

• See a RNHS team member to set up your 1:1 Counseling Session
YOUR BEST RESOURCE

For more information, contact:
Richmond Neighborhood Housing Services, Inc

12972 San Pablo Ave.
Richmond, CA 94805

Call 510.237.6459
visit www.richmondnhs.org
CREDIT CARD AUTHORIZATION FORM

Name
Address
Zip Code
Card #
Exp. date
CVV #

This authorizes RNHS to process the above credit/debit card number for the me to receive my / our credit report.
I understand a $1.50 will be charged for this transaction.

Name(s) for credit report

Amount to be charged: $

Cost of credit report(s) is $30.00 for a single report and $55.00 for a joint report.
(initial) understand the report will not be requested until RNHS receives my/ our completed counseling application.
Thank you for attending