



# Realizing the American Dream

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**Keeping Your Home  
and  
Managing Your  
Finances**

# Self-Help Tips

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- Think “investment” and protect it!
- Keep savings tips in mind
- Promote community building
- Know resources available to you
- If prevention doesn't work address setbacks immediately

# Why Protect Your Investment?

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**It's your place to live!!** And...

- You changed your spending habits
- You saved money for a down payment
- You saved more money for closing costs
- You shopped around for the best financing
- You found the right house and neighborhood
- You had your credit history reviewed
- You filled out forms
- You showed up for classes and meetings
- You committed to the investment

# As Soon as You Move In

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- Change all locks and add bolts to windows
- Install smoke detectors and/or batteries
- Buy fire extinguishers
- Post emergency numbers
- Plan fire escape route
- Introduce children to neighbors

# Getting to Know Your Home

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- Main cutoff valves for water and gas
- Main electrical switch
- Fuse or circuit-breakers
- Hot-water heater thermostat

# Questions for Seller

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- What is the history of the home?
- Are there wiring diagrams or blueprints?
- Are any appliances or repairs under warranty?
- When is trash day? Who picks it up?
- Who provides water and sewer?
- What other services are available?

# Questions for Seller (2)

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- What seasonal maintenance was done?
- Who has worked on the house?
- How much do the utilities and services cost?
- Is there extra (matching) paint available?
- Is there extra of whatever else is staying?

# What Are Some Safety Suggestions?

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- Emergency numbers
- Fire safety inspections
- Smoke detectors
- Fire extinguishers
- Safety ladders
- First-aid kit
- Carbon monoxide detectors

# Home Security

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- Change all locks and keys
- Lock your doors and windows when not home
- Trim shrubs that hide windows and doors
- Put in outside lighting
- Put up “beware of dog” sign
- Stop mail if going away

# Energy Saving Tips

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## For Your Family:

- Turn out lights when leave room
- Don't let water run during chores
- Plan meals to bake more than one thing
- Don't use appliance during the heat of the day
- Don't leave windows open when heat is on
- Close refrigerator door completely
- Bundle up
- Adjust thermostat to seasons

# Energy Saving Tips (2)

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## For Your Home:

- Add attic insulation
- Have furnace serviced and clean filters
- Caulk around doors and windows
- Install storm windows and doors
- Put a blanket on water heater and set it low
- Install attic fans or vents
- Buy energy efficient appliances
- Install ceiling fans
- Monitor your heating and cooling systems

# General Replacement Costs

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- High-efficiency forced air furnace

\$2,500-\$5,000

- Electric hot-water heater, 50-gallon

\$400-600

- Roof for an average, 3 BDR ranch house

\$10,000

# Do-it-Yourself Repairs

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- Books
- Videos
- Classes
- Tool Lending Libraries

# Basic Tools

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- Screwdrivers
- Claw hammer
- Pliers
- Crescent wrench

## Basic Tools (2)

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- Hand saw
- Assorted nails, screws, etc.
- Tape measure
- Flashlight with batteries

# Basic Tools (3)

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- Putty knife
- Utility knife
- Caulking gun
- Plunger

# Basic Tools (4)

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- Handheld power drill
- Carpenter's level
- Ladders
- Sandpaper

# Before You Remodel or Repair

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- Do you need to hire a contractor?
- Will the job add to value of your house?
- How much can you afford to spend?

# Adding Value with Improvements

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**\$80,000**

Your home's value

**\$100,000**

Highest priced homes

**\$20,000**

Money for improvements

# Improvements that Usually Add Value

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- Adding a second bathroom in a 3- or 4-bedroom house
- Making a kitchen modern
- Creating more closet and storage space
- Building a garage
- Adding decks, patios, screened porches and skylights (if common in your area)

# Planning Your Project

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- Think about the finished product
- Consider your budget
- Make sketches
- Do research on local permits and codes
- Think about timing and weather

# Financing Your Project

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- Home improvement loan
- Refinancing
- Home equity loan

# Working with Contractors

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- Decide which type of contractor you need
- Interview at least three contractors
- Get references
- Visit at least one completed job
- Ask how long contractor has been in business

# Working with Contractors (2)

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- Check out the contractor's reputation
- Check insurance
- Ask about guarantees
- Get firm, line-items bids
- Get contract specifics

# Working with Contractors (3)

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- Control costs by controlling changes
- Agree on payment
- Don't make final payment until job is done
- Specify responsibility for permits
- Get a lien on larger jobs

# Knowing Your Community

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- Meet neighbors
- Read weekly community newspapers
- Accept the Welcome Wagon
- Visit city or town hall
- Join a service or professional club
- Volunteer for special events
- Go to neighborhood association meetings

# Managing Your Money for Home Ownership

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- Mortgage payments
- Utilities
- Routine maintenance
- Reserves

# Keeping Records

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- Purchase a filing cabinet or fire-safe box
- Design system for filing records
- Collect important papers from sale
- Make copies of stored documents
- Keep a copy of your homeowners insurance policy
- Keep services contracts and owner's manuals

# Keeping Records (2)

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- Keep a file for warranties and receipts
- Make a list of serial numbers
- Take photos of home and contents
- Keep separate files for maintenance projects
- Set up a system for financial records
- Make a list of documents in your files

# What You Can Take Off Your Taxes

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- Mortgage interest
- Points
- Moving expenses
- Property taxes

# Filing a Homeowners Insurance Claim

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- Report burglary to police
- Call your agent immediately
- Make temporary repairs
- Provide information to your company
- Keep receipts for additional living expenses
- Re-read your policy
- Get claim identification number

# Life Insurance

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- Term insurance
- Whole life insurance

# Life Insurance

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- Life insurance is a vehicle for protecting your beneficiaries. It is based on a contract between an individual and an insurance company. This contract is known as a policy and is purchased to insure the life of a person. The policy owner pays money, known as premiums, to the insurance company.

# Whole Life Insurance

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- Unlike term insurance which provides temporary coverage for a set period of time or "term", permanent insurance (whole life) delivers protection over your *lifetime*. It remains in effect for as long as you pay premiums. Whole life is an investment for yourself and your family.

# What Can You Do With Equity?

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- Refinance
- Home equity loan
- Reverse mortgage

# Refinance

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- Paying off one loan with the proceeds of a new loan secured by the same property

# Home Equity Loan

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- A loan made to a borrower based on the equity value (what the home is worth over an above an loans) of the home.

# Reverse Mortgage

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- Mortgage for senior homeowners who can borrow against the equity in their home with repayment occurring after the home is sold or the owner dies.

# Common Reasons for Refinancing

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- Save money on interest rate
- Covert one type of mortgage to another
- To build up equity faster
- To convert some equity to cash

# Predatory Lending

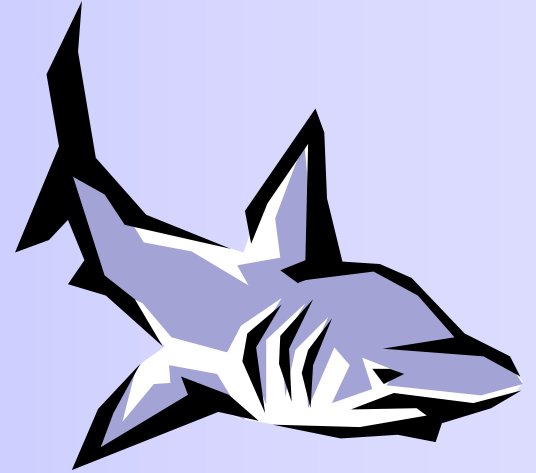
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- High pressure sales tactics and steering
- High interest rates and fees
- Balloon payments and negative amortization
- “Packing” and padding costs and fees

# Predatory Lending (2)

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- Flipping
- Locking borrowers in
- Equity stripping
- Deceptive practice and fraud



# How to Protect Yourself

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- Shop around
- Don't sign any documents that are incomplete or you don't understand
- Work with a housing or credit counselor
- Use your right to cancel

# Loan Workouts

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- Payment plan
- Forbearance
- Loan modification
- Partial claim

# Moving On

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- Pre-foreclosure sale
- Deed in lieu

# Delinquency Counseling

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- Nonprofit agency that assisted you to buy
- HUD's National Servicing Center
- Local VA office
- HUD housing counseling referrals
- Fannie Mae counseling referral number
- Your mortgage insurance company

# Delinquency Counseling (2)

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- Be honest
- Be cooperative about gathering information
- Be willing to make sacrifices and changes

# Summary

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- How to keep your home and family safe
- How to save money by conserving energy
- The importance of preventive maintenance
- Asset building with timely payments and value-adding improvements

# Summary

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- The importance of becoming involved in your community
- When it makes sense to consider refinancing
- How to cope with financial problems

# Keeping Your Home and Managing Your Finances

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