

Realizing the American Dream

**Shopping
for a
Home**



Self-Help Tips

- Assemble a good team
- Evaluate housing types
- Shop for the home and location
- Understand the purchase process
- Understand the closing process

Steps in the Homebuying Process

1. Prepare for home ownership
2. Determine how much you can afford to spend
3. Get your loan pre-approved
4. Decide what kind of home you want and need
5. Shop for a home

Steps in the Homebuying Process (2)

6. Make an offer
7. Get a professional home inspection
8. Apply for a mortgage loan
9. Get insurance and have additional inspections
10. Close the loan

Your Homebuying Team

- Real Estate Agent
- Lender
- Attorney
- Escrow Officer
- Title Insurance Officer
- Housing Inspector
- Appraiser
- Surveyor
- Insurance Agent
- Housing Counselor

Types of Real Estate Professionals

- Real estate broker
- Real estate agent
- Realtor
- Realtist

Whom Do Agents Work For?

- Listing agent
- Buyer's agent
- Dual agent

The Agent's Job

- Finds out what you want
- Gives you neighborhood information
- Helps you get prequalified
- Researches homes available in price range
- Gives you copies of listing sheets
- Takes you to look at houses

The Agent's Job (2)

- Helps write purchase offer
- Negotiates with seller to get price for you
- Helps you find a good lender
- Refers you to other professionals
- Explains all legal paperwork

Finding an Agent

- Ask friends and relatives for recommendations
- Check with a national referral services
- Call your local Association of Realtors
- Interview more than one agent
- Check out the agent's professional record

Buying a Home without an Agent

- Hire an attorney
- Order an independent appraisal

The Attorney

May do any of the following:

- Write real estate contract
- Search title
- Conduct closings
- Settle disputes
- Review contracts

The Escrow Officer

- Independent person who works for buyer and seller
- Keeps original purchase contract and other documents
- Holds earnest money
- Makes sure all people involved in sale are doing their jobs
- Fee is usually split between buyer and seller

Who Can Act as an Escrow Officer?

- Escrow company
- Attorney
- Title insurance company
- Real estate agent

Title Report

- Loans that use the house as security
- Easements or unusable land areas
- Amount of taxes and if paid
- Deed or zoning restrictions
- If property is part of homeowners association

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

\$200-\$300

Setting Your Neighborhood Standards

- General safety and desirability
- Condition of homes
- Quality of local schools
- Distance from work

Setting Your Neighborhood Standards (2)

- Availability of public transportation
- Recreational activities and parks
- Easy access to shopping
- Places of worship

Shopping for a Neighborhood

- Get to know neighborhoods
- Visit at different times of the day
- Check out local schools

What Are Different Types of Homes?

- Detached single-family
- Duplex, triplex, fourplex
- Planned unit development (PUD)
- Townhouse or row house
- Condominium



What Are Different Types of Homes?

- Cooperative
- Manufactured Home
- Modular Housing
- Land Lease



Buying a Condo

- Read CCRs
- Ask to see the association's budget
- Make sure the seller's association fees are paid
- Make sure the association does not have financial problems
- Check on special assessments

Buying a Manufactured Home

- Find a reputable retailer
- Shop for the best price and financing
- Determine where the home will be located
- Understand what you are paying for
- Properly prepare the site
- Carefully inspect the home after you move in

Different Ways to Own a Home

- Sole and separate: single person
- Joint tenancy: equal, undivided shares, often with rights of survivorship
- Tenancy in common: different shares and can will to heirs

What Do You Want in a House?

- Current and future size of household
- Living needs and interests
- Special considerations

Exploring on Your Own

- Drive through selected neighborhoods
- Check real estate section and channel
- Read real estate shopping guides
- Visit open houses
- Visit new home subdivisions

Exploring on Your Own (2)

- Look for foreclosed home
- Attend auctions
- Attend tax and foreclosure sales
- Contact nonprofits
- Ask friends and relatives
- Look at home for sale by owner

Narrowing the Search

- Cross off houses that cost too much
- Cross off properties that lack desired features
- Take a closer look at your top choices

Evaluating Your Dream House

- Inspect the house
- Estimate expenses
- Double-check the neighborhood

Fair Market Value

- Prices of comparable or similar homes
- Features your home has that others do not
- Relative price per square foot of your home

The Offer Includes...

- Price
- Amount of earnest money
- Legal names of buyers and sellers
- Address and legal description of house
- Closing date
- All other important dates

The Offer Includes... (2)

- Financing
- List of property the seller is leaving
- All contingencies
- Breakdown of fees and who pays them
- Time limit for seller acceptance

Typical Contingencies

- Financing
- Appraisal
- House sale
- Clear title
- Home inspections

Negotiating

- Accept
- Reject
- Counteroffer

What Happens in the Escrow Process?

Period from when offer is accepted through loan closing

- Loan application
- Appraisal
- Survey
- Inspections
- Insurance



Different Types of Insurance

- Hazard or homeowners insurance
- Flood or special hazard
- Mortgage insurance
- Title insurance
- Mortgage life insurance
- Home warranty policy

Purchasing Homeowners Insurance

■ Property Protection

- Coverage A: The home

- Coverage B: Detached structures

- Coverage C: Contents

- Coverage D: Additional living expenses

■ Liability

Cost of Insurance: External Factors

- Geographic loss experience
- Type of construction
- Type of fire protection
- House size

Cost of Insurance: External Factors (2)

- Type of contents
- Condition of the house
- Your credit score

Cost of Insurance: Your Influence

- Type of policy
- Size of deductible
- Optional coverages
- Discounts
- The company you choose

Preparing for Closing

- Do a final walk-through inspection
- Get a copy of the HUD-1 settlement statement
- Get a cashier's check
- Sign the mortgage papers
- Call the utility companies

Closing Documents

- Truth in Lending statement
- HUD-1 settlement statement
- Mortgage note
- Mortgage or deed of trust
- Affidavits

Closing Documents (2)

- Deed
- Title insurance policy
- Title abstract
- Survey of property
- Escrow analysis

Closing Costs

- Settlement charges
- Charges associated with loan
- Pre-pays required by lender
- Title charges
- Government recording and transfer fees
- Additional settlement charges

Summary

- Major steps involved in buying a home
- Typical roles of professionals
- Various types of homes and ways to own them
- How to determine your house wants and needs
- How to find the right house in the right neighborhood

Summary (2)

- Key aspects of a purchase offer
- What happens during escrow and the closing process
- The importance of professional inspections
- Different types of insurance associated with home purchase

Shopping for a Home

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