

First Time Home Buyer Education

Session Two

Nantucket High School

LGI



Instructor: Anne Kuszpa, Executive Director

Introduction



Course Will Include

- I. Introduction
- II. Budgeting and Credit
- III. Obtaining Mortgages
- IV. Housing Search Process
- V. Legal
- VI. Home Inspections
- VII. Appraisals
- VIII. Insurance
- IX. Successful Homeownership



Introduction: Session II Speakers



Housing Search Process

- What Kind of House is Best for You?
 - What are your family's needs?
 - Develop a "must have" and a "wish" list
 - Prioritize that list



Housing Search Process

■ Types of homes

- Condominium
- Single-family
- Modular Home
- Multi-family

■ Choosing a location



Housing Search Process

- How to Find a House
 - Work with a real estate agent
 - LINK Nantucket
 - Internet Sites
 - Read newspaper real estate ads
 - Scout neighborhoods
 - Talk with friends
 - Foreclosures
 - Watch for affordable lotteries



Housing Search Process

- Types of Real Estate Professionals
 - Real estate broker
 - Real estate sales agent
 - Realtor®
 - Listing agent
 - Selling agent
 - Buyer's agent
 - Disclosed dual agent



Housing Search Process

- Before working with a real estate agent:
 - Know your housing priorities
 - Know what you can afford
 - Know what kind of real estate agent you want to work with



Housing Search Process

- Finding a real estate agent:
 - In your area
 - Access to LINK
 - Referral from a friend
 - Someone you like and trust

Housing Search Process

- Hints for working successfully with a real estate agent:
 - Ask lots of questions
 - Look at as many houses as you need to
 - Remember a seller's agent works for the seller
 - Use a house evaluation checklist
 - Visit several houses before making a decision
 - Don't make a decision without seeing a property at least three times



Housing Search Process

- **Fair Housing Laws**

- Discriminatory practices:
 - Refusing to sell or rent to someone
 - Setting different terms of conditions for a sale
 - Advertising or making statements that indicate a preference or limitation for someone of a certain race, etc.
- Filing a complaint:
 - Write everything down! Keep a timeline
 - Contact a fair housing agency



Housing Search Process

- What You Need to Know About Lead Paint
 - Homes built before 1978 may contain lead paint hazards
 - Lead is dangerous to children under the age of 6
 - Lead is not hazardous if it is not flaking or peeling
 - Sellers must disclose known lead hazards



Housing Search Process

- House Hunting Tips

- Take a notebook and map
- Use a checklist
- Don't look at too many houses at one time
- Bring a camera
- Make a rough sketch of the floor plan
- Ask lots of questions
- Talk with neighbors



Housing Search Process

- Information you need before you make an offer:
 - Who owns the house?
 - What is the tax assessed value?
 - When was it purchased and for how much?
 - What is the condition and age?
 - What are the taxes and insurance?
 - What is included in the price?
 - What are similar properties selling for?
 - How long has it been on the market?
 - Is the owner eager or pressured to sell?
 - Does the house have everything (or almost everything) you need?



Housing Search Process

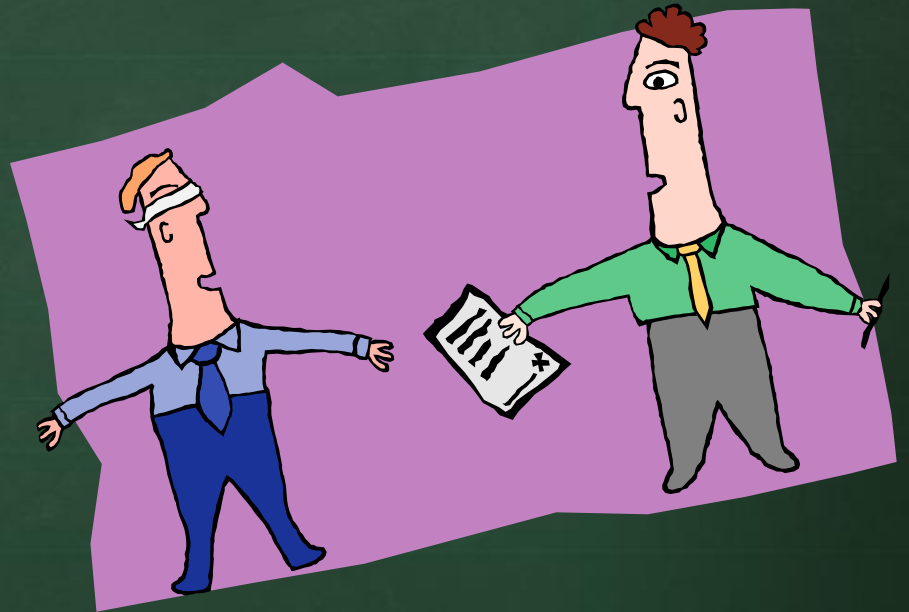
- Other things you should know before making an offer:
 - Know the highest price you will pay
 - Do not indicate to the real estate agent the highest price you are willing to pay
 - The agent must, by law, present every formal offer to the seller
 - Your first offer should generally not be the highest price you can afford
 - Know if the property is bank owned or short sale



Housing Search Process

- Negotiations
- Offer to Purchase Document
 - A legally binding document
 - "Earnest" money

Have your attorney look at the offer before you submit it!



Legal

- Why You Need A Real Estate Attorney
 - Offer to Purchase
 - Purchase and Sale Agreement
 - "Due Diligence"
- The Lender's Attorney
 - Title exam, check liens, handle closing for lender



Legal

- Tips for Finding an Attorney
 - A specialist in real estate law
 - Referrals from friends or relatives
 - Referrals from counselling agency
 - Ask about charges; fees are negotiable
 - Using the lender's attorney

Legal

- The Offer to Purchase - The Offer must include:
 - Address
 - Price you are offering
 - Timeline for acceptance
 - Timeline for signing Purchase and Sale
 - Contingencies (next slide)

Legal

- Contingencies ("but for"):
 - Home inspection
 - Pest inspection
 - Lead paint inspection
 - Financing
 - Appraisal
 - Title V inspection (if on septic)
 - Seller's contribution
 - Other



Legal

- Purchase & Sale Agreement - The final binding agreement between buyer and seller. P&S includes:
 - Legal description of property
 - Agreed upon sales price
 - Amount of earnest money and down payment
 - Items of personal property to be included
 - Period of time to get a mortgage commitment
 - Price confirmed by appraisal
 - Date, time and place of closing



Legal

- The Closing - Documents to be signed:
 - HUD-1 Settlement Statement
 - Truth-in-Lending Statement
 - Note
 - Mortgage
 - Affidavits
 - Deed
 - Homestead Declaration
 - Other



Legal

- **Before the Closing:**

- Check that seller will be out of the house
- Confirm moving date
- Landlord notice
- Notify utility companies
- Confirm amount of money needed for closing
- Get paid insurance binder
- Collect all receipts
- Property walk-through



Legal

For all real estate transfers on Nantucket, the Nantucket Land Bank collects 2% of the sales price from the purchaser at closing. These monies are used to purchase open space for public use.

First-time home buyers are eligible for an "M" exemption of up to \$500,000 of the purchase price.

If the first time home buyer sells the property within five years, this fee will be due to the Land Bank with interest & penalties.



Legal

- Title Insurance
 - In case liens are discovered
 - Owner's title insurance
- Homestead Declaration
 - Homeowners may protect \$500,000 of the equity in their principal residence against the claims of some unsecured creditors



Home Inspection

■ How to Find a Good Home Inspector

- Referrals from friends
- Call ASHI (1-800-743-ASHI)
- Ask about training and experience
- Ask for and check references
- Look in the Yellow Pages
- Don't ask seller's agent



Home Inspection

- What a Home Inspection Includes
 - An evaluation of the structural and mechanical condition of the property
 - Go with the home inspector
 - Verify access
 - Evaluate structure, mechanicals, septic, ventilation, insulation,, etc.



Home Inspection

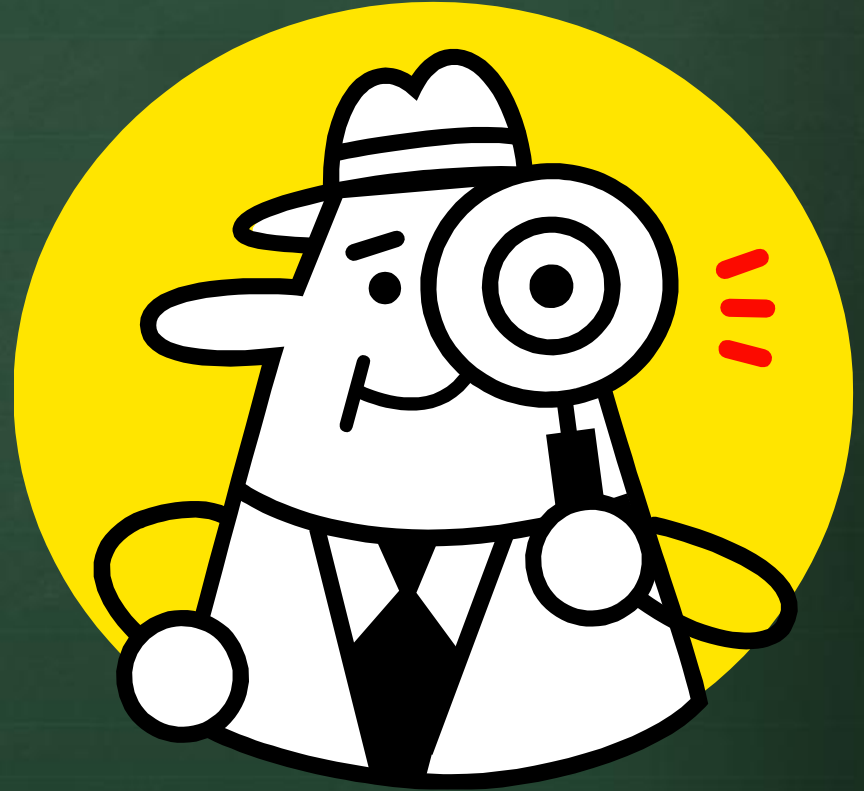
- **Inspection Report Can be used to:**
 - Identify problems before purchase
 - Get out of a purchase agreement
 - Help negotiate an adjustment in purchase price
 - Have repairs done before closing
 - Increase confidence in going ahead with the purchase
 - Provide information for future budgeting
 - Will NOT provide recommendations about whether or not to purchase house
 - Will NOT provide recommendation about purchase price

Keep a copy of the inspection report!



Home Inspection

- Other Inspections
 - Termites
 - Radon
 - Lead paint
 - Asbestos
 - Title V



Second Session Wrap-up

- Questions?
- Contact Housing Nantucket at:
 - 508-228-4422 or
 - housingnantucket@gmail.com
 - www.housingnantucket.org

See you in TWO WEEKS!

6pm Wednesday April 27th

