



Financial Readiness for Homeownership – Part 4

Work with a real estate agent, shop for a home, understand the purchase contract, and learn about home inspections

**Before you
shop...**

Get Pre-Approved!

**Know what 'your' comfortable
price range is**

Your lender letter is important!

**Communicate this with your
Real estate agent and stick to it!**

Benefits of a Realtor

- Provide accurate information and access to all housing databases
- Showing homes when it's convenient for you – Don't wait for the open house
- Negotiate price for you



Benefits of a Realtor

- Write up contract
- Offer knowledge of market and laws
- Serve as referral source
- Provide emotional support



Working Relationships

Buyers Agent

Sellers Agent

Transaction Broker

Realtor vs Real Estate Agent

Working Relationships

Agency Agreements

- Do I need one?
- How does my agent get paid?
- Can I fire my agent?
- What are my options for paying my agent



How to choose and hire a Real Estate Agent

- Ask friends/family for referrals
- Referrals through affordable programs
- Select your realtor before you shop seriously
 - Not an option to bring realtor in halfway through transaction
- Make sure you feel comfortable before signing anything

Interviewing a Realtor

- Do you work nights/weekends?
- How many buyers are you currently working with?
- How often can you show me properties?
- How will you communicate with me?
- What price range and what areas do you normally work in?
- How often have you worked with first time homebuyers?
- How familiar are you with affordable housing?
- How will you help me with home searches?



Researching Online

MLS search sites

- www.coloproperty.com
- www.recolorado.com

Borrower friendly search sites

- www.redfin.com
- www.zillow.com

Searching for Foreclosed Properties

- www.hudhomestore.com
- www.homepath.com

What Do You Want in a House?

1

**Consider house
size and style
(current/future)**

2

**Assess living
needs**

3

**Determine
personal/family
interests**

Types of Homes

- Single-family
- Townhome
- Condominium
- Modular/Mobile/Manufactured
- Affordable homes
- Distressed (“fixer-upper”)
- Foreclosed
- Pre-foreclosure/Short Sale
- HUD owned property
- Deed Restricted Property

Types of Homes

New construction

- Can I use my own lender?
- How much earnest money will I need?
- Is the real estate contract the same?
- Should I get an inspection?
- Should I bring my realtor when looking?

Special Taxing Districts

Tax certificate provided by county treasurer
on or before record title deadline

May increase escrow amount or increase fees

Potential for increased mill levies/tax in the
future

Important to investigate the special taxing
district where property is located

If unsatisfactory, buyer can terminate contract
prior to record title objection deadline

Homeowners Associations (HOA) or Common Interest Community Investigation



What do fees include? Historical increases?



Review of budget/financials and minutes



What are rules and restrictions?



Special Assessments

Assessment Insurance



Finding YOUR Neighborhood

Discover surrounding amenities

Check local schools (www.greatschools.net)

Commute from neighborhood to work/visit different times of day

Explore walkability/public transportation/biking options

Research average utility costs

Call local police/fire department for crime rate information

Talk to neighbors (who knows, you may end up with some honey!)

Types of Markets

- Buyers Market vs Sellers Market
- What type of market are we in?



Elements in a purchase contract

Price

Earnest money

Legal names of buyers/sellers/tenancy

Address & legal description of house

Type of loan/down payment

Closing date

Contingencies

Contingencies

Home inspection

- Home Warranty

Title work

HOA info

Appraisal

- What happens if it doesn't appraise?

Contingencies

Financing

- Homeowners/Hazard Insurance

Disclosures from Seller

Survey (depending on property)



Real Property Disclosures, Attachments to the Contract & Agreements

- Lead based paint
- Mold (not required)
- Soils report (new construction)
- Bank Addendums
- Square footage disclosure
- Source of water disclosure

How to Take Title

Joint Tenancy

Tenants in common

In Severalty

Closing Time!

Final Walk Through

- Do as close to closing as possible!
- Make sure home is in the condition it is supposed to be in
- Contract survives closing

Review mortgage related documents with lender

Review Title Documents

- Can be done before or at closing

Closing time and expectations

- Often scheduled for an hour
- Can be longer if desired – discuss with real estate agent

Questions?



Home Inspection

Why have an inspection

An inspection will provide an unbiased condition evaluation of the property

The inspector works on your behalf

A qualified inspector will perform knowledgeable and comprehensive investigations to the overall structure and components of the property

Will help you make knowledgeable decisions about the property

What does an inspection involve

Visual inspection of property

- Structural Integrity
- Foundation to Roof

Overall condition of:

- Foundation
- Exterior and interior walls
- Roof
- Mechanical systems
- Electrical System
- Plumbing system

What does an inspection involve

Exterior building envelope

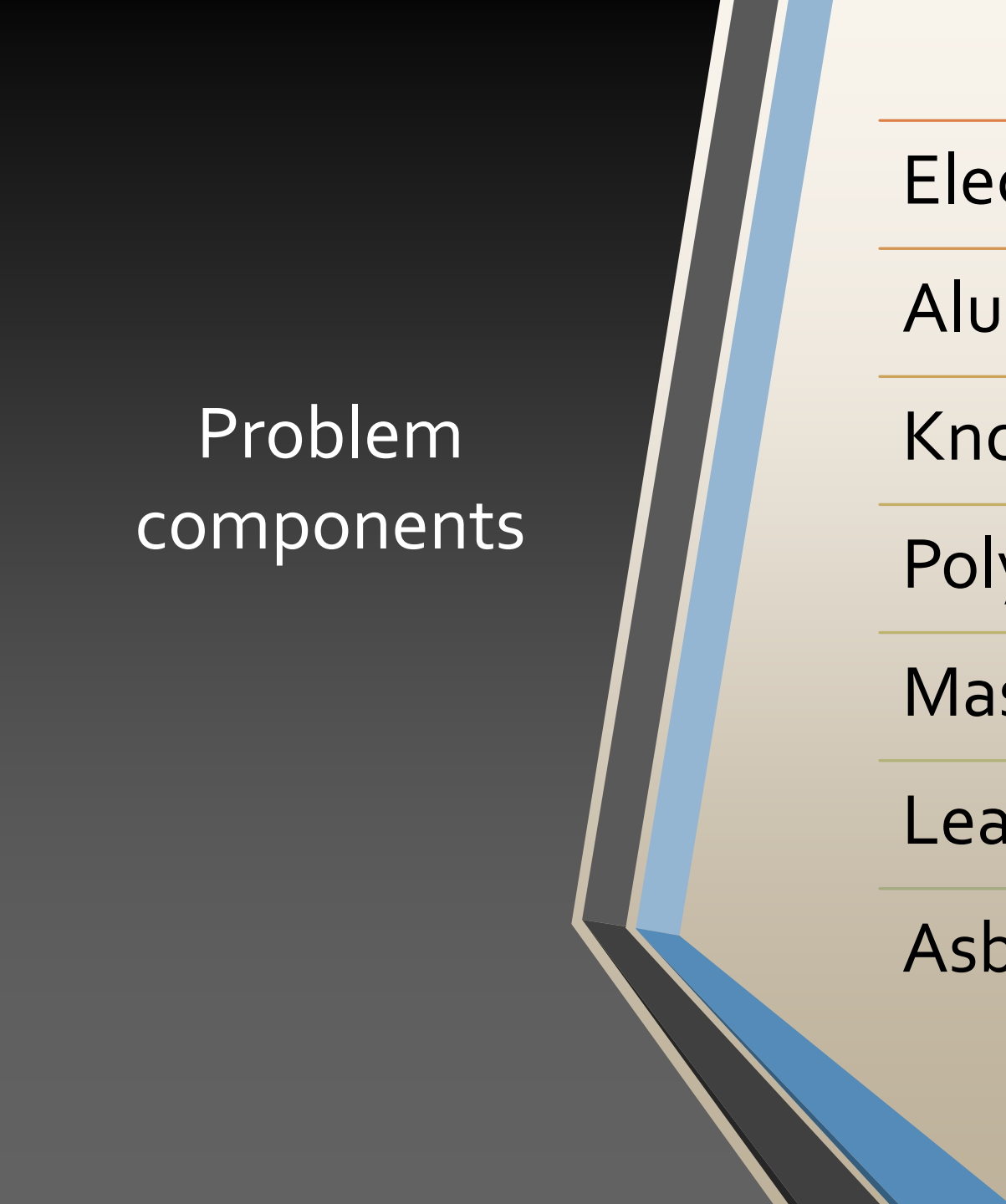
- Siding
- Trim
- Windows

Approximate age and lifespan

- Roof
- Furnace
- Water heater
- Air Conditioning

Grading and drainage

Safety hazards



Problem components

Electrical panels * FPE * Zinsco

Aluminum wiring

Knob & Tube wiring

Polybutylene Plumbing

Masonite Woodruf Roofing

Lead Based Products

Asbestos

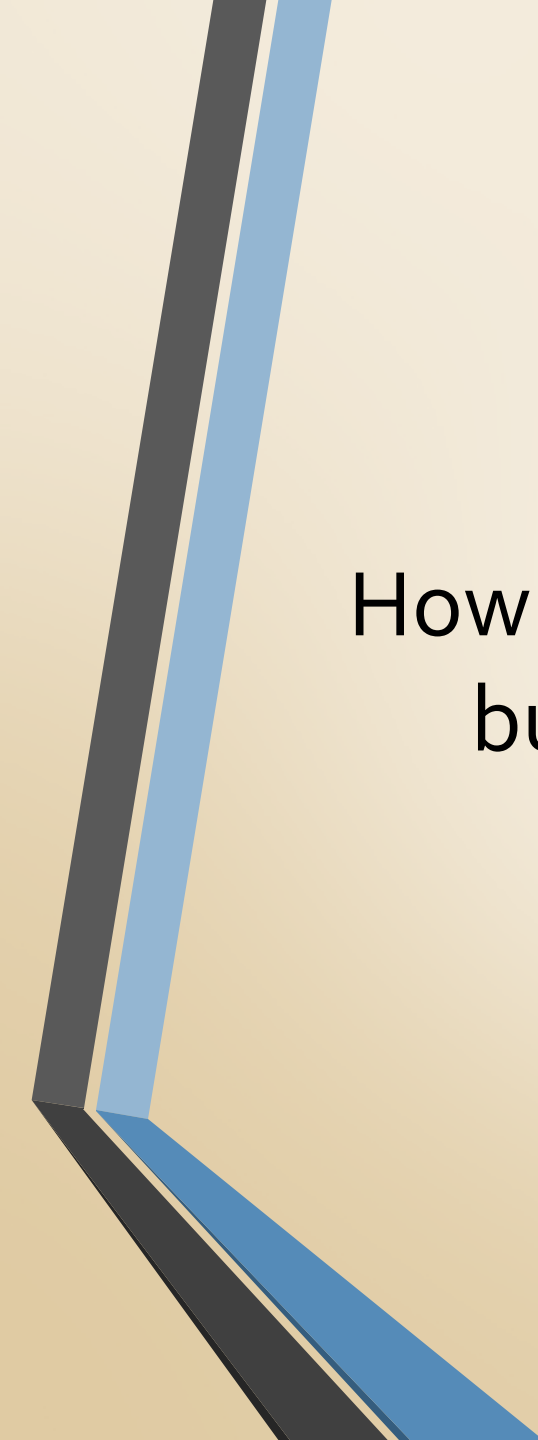
Inspection Should Include

A written and visual report that can be understood by the client and agent/s

Consultation with the inspector to review the report

A summary of the inspection report; are conditions minor, typical or major concerns

Who is recommend to address conditions of concern



How much to budget

Inspections typically range from \$350-\$700

Costs are typically based on:

- Total square footage of the dwelling
- Type of structure; House, Townhome, Condo, Duplex
- Age of home (older homes typically take longer and cost more)
- Additional testing costs; Radon, Indoor Environmental, Well & Septic, Detached Out Buildings

How Long Does It Take

- Most inspections take 3-4 hours (2-3 hours for Condos)
- You can attend entire inspection or recap at the end
 - Great time to 'be' at the property
 - Walk the neighborhood and talk to the neighbors!
- Beware of cheap pricing and inspections taking less than 3 hours. Consider the cost of a low-quality inspection!

- Recommendations from; Real Estate Agents, Friends & Family, Co-Workers, Professional Organizations
- Affiliations with NAHI or ASHI
- Are they a credited certified inspector with NAHI or ASHI or NACHI
- Background experience
- How long in business
- What type of Insurance do they carry

Choosing An Inspector

The End...

End? No, the journey does not end here...

