

FIRST TIME HOME BUYING

Hewlett-Packard

Roseville Site

April 22, 2009

Presented by:

John Hughes
Guidant Realty

Courtesy of:

Peggy Nault
Addison Avenue



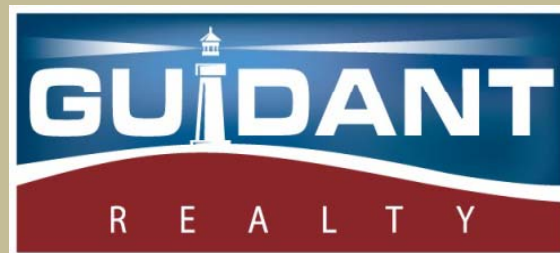
Presentation:

- 🏠 About the Speaker
- 🏠 Market Overview
- 🏠 The Foreclosure Process
- 🏠 What to Look For in a Home
- 🏠 The Buying Process
- 🏠 Available Tools
- 🏠 Assistance Programs
- 🏠 Negotiating Distressed Properties
- 🏠 Websites to Note

John Hughes

Broker / Owner

DRE License # 01726716



Peggy Nault

Mortgage Consultant



About Peggy



- Over 20 years of lending experience with Addison Avenue, with over 10 years in residential lending.
 - Personal mission is to develop and maintain long term relationships with each client by providing highest level of personal and exceptional customer experience.
 - Buying a home is one of life's biggest transaction and you deserve to have a mortgage consultant dedicated to watching out for your best interest. Peggy's goal is to provide that level of service to her clients.
- I passionately believe in the Credit Union's philosophy of "People Helping People". I love to inform and educate my clients so they can make the best financial decision for their home loan needs, whether it's to buy their first home, buy an investment property or refinancing their current mortgage."

Peggy Nault
Mortgage Consultant

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About John



PRIMARY GOAL: Representing clients best interests at all times with professional habits, value-added tools, and strong contractual expertise

HIGHLIGHTS:

- 🏠 Founding member - HP Customer Experience Initiative
- 🏠 Largest deal – Bid Mgr on \$3 Billion Svcs. Contract
- 🏠 Contracts Mgmt – Managed up to \$460 Million Contract
- 🏠 Strategic Planning - Competitive Market Gathering and Services Improvement
- 🏠 2008 Masters Club - Top Performing Realtors
- 🏠 Now applying big business skills to properly represent you!

BOTTOM LINE: I work by referral, and clients give my name because I treat them with respect and competence.

John Hughes

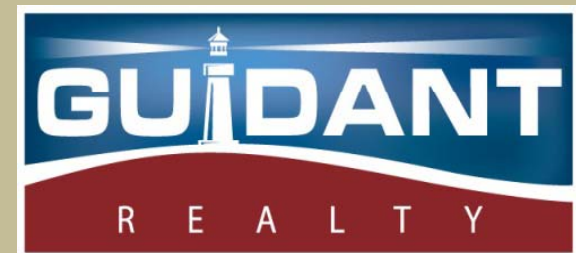
Broker / Owner

DRE License # 01726716

Phone: 916-663-5959

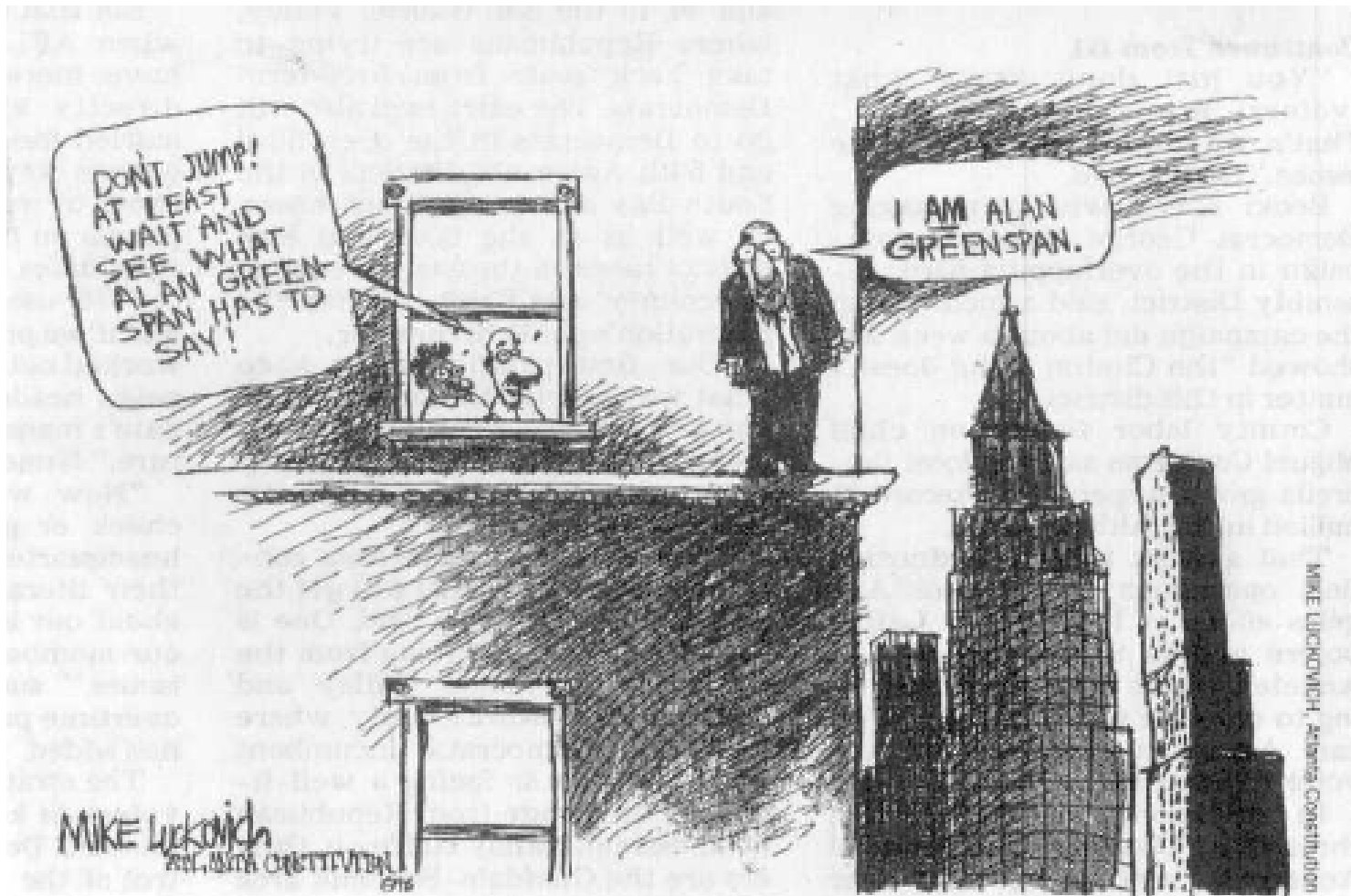
Fax: 916-237-4477

E-Mail: John@GuidantRealty.com



Market Overview

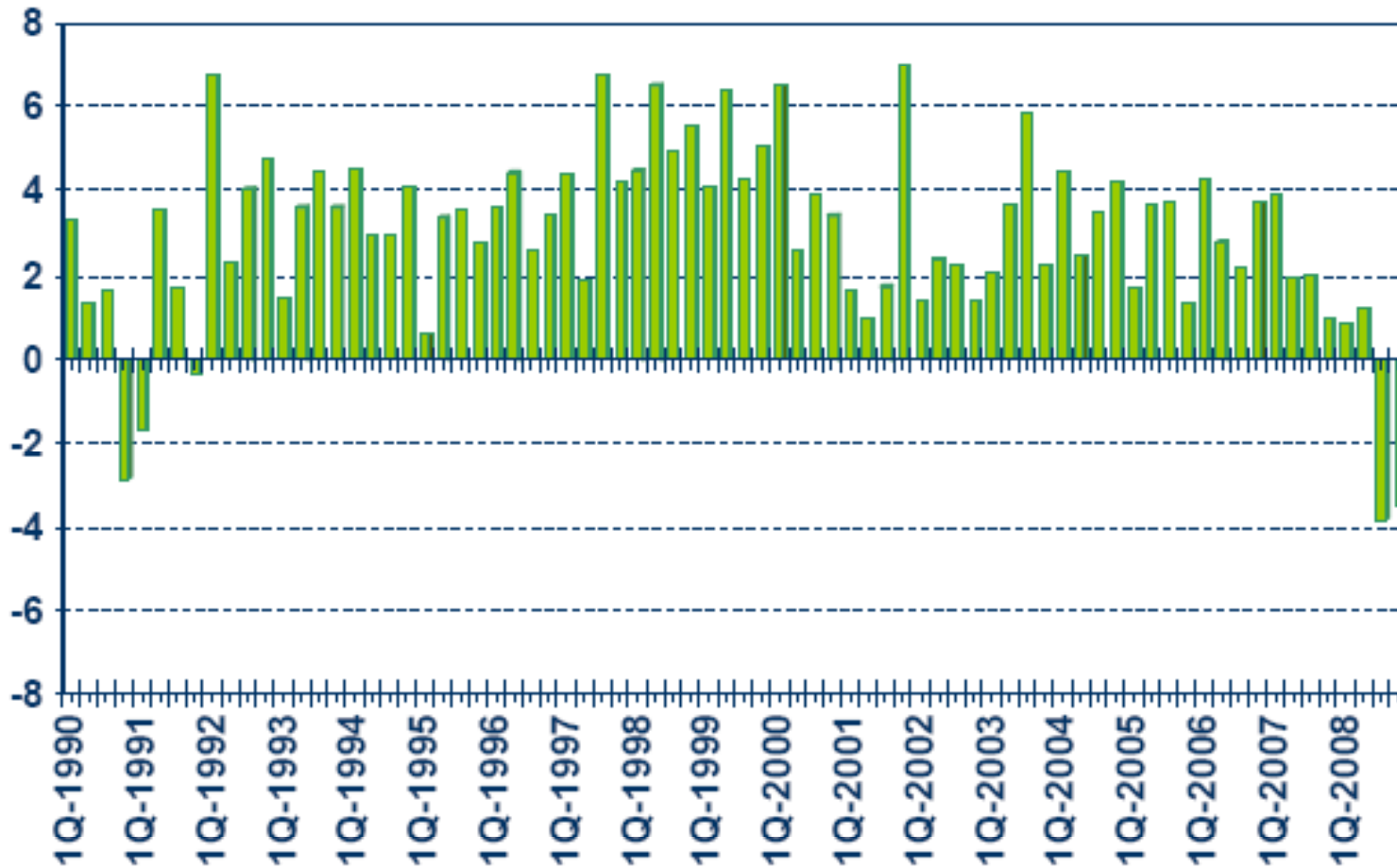
There Is Always Humor Somewhere



Market Overview

Consumer Spending

QUARTERLY PERCENT CHANGE

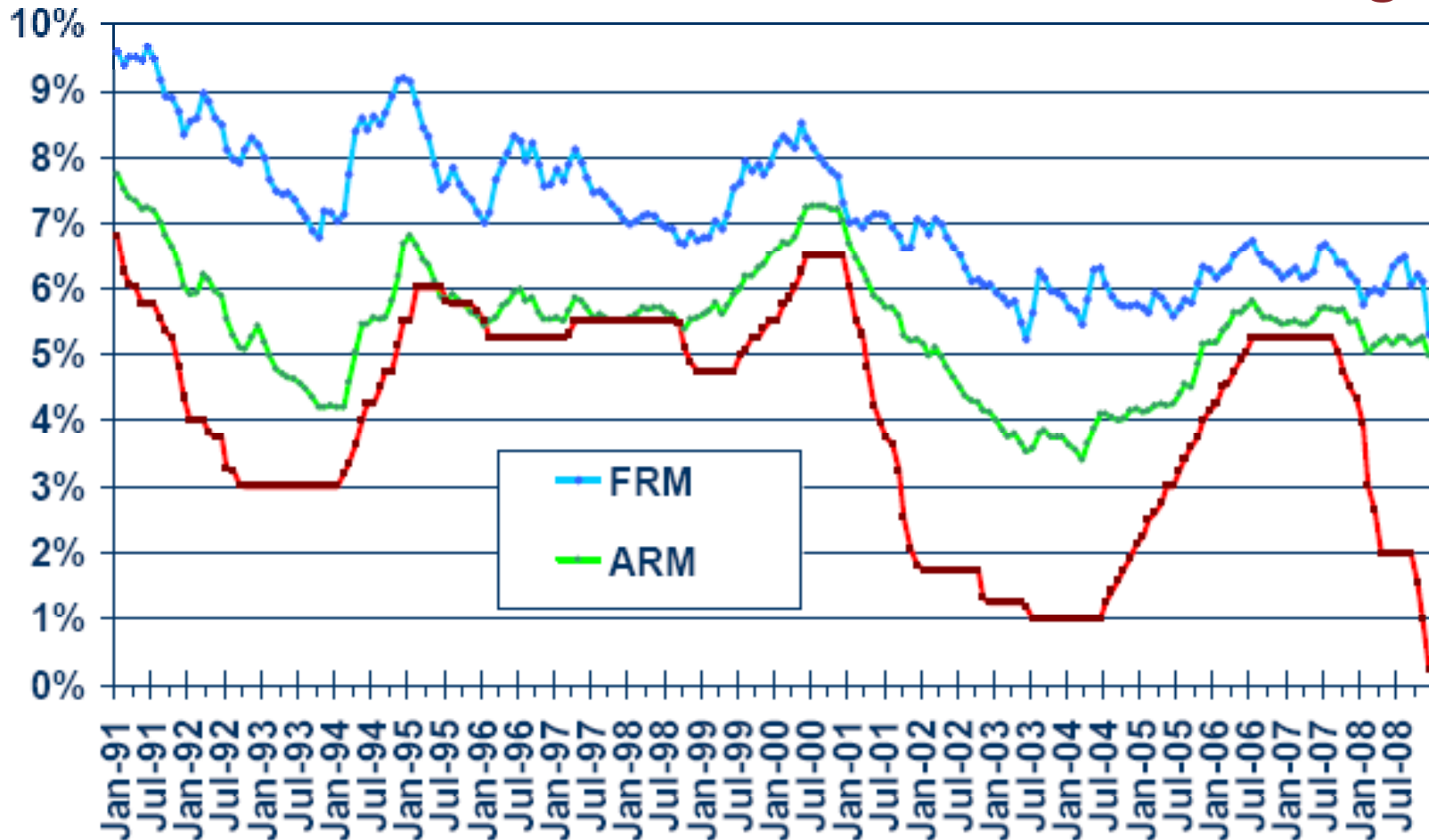


SOURCE: US Dept of Commerce, Bureau of Economic Analysis



Market Overview

Federal Funds & Mortgage Rates

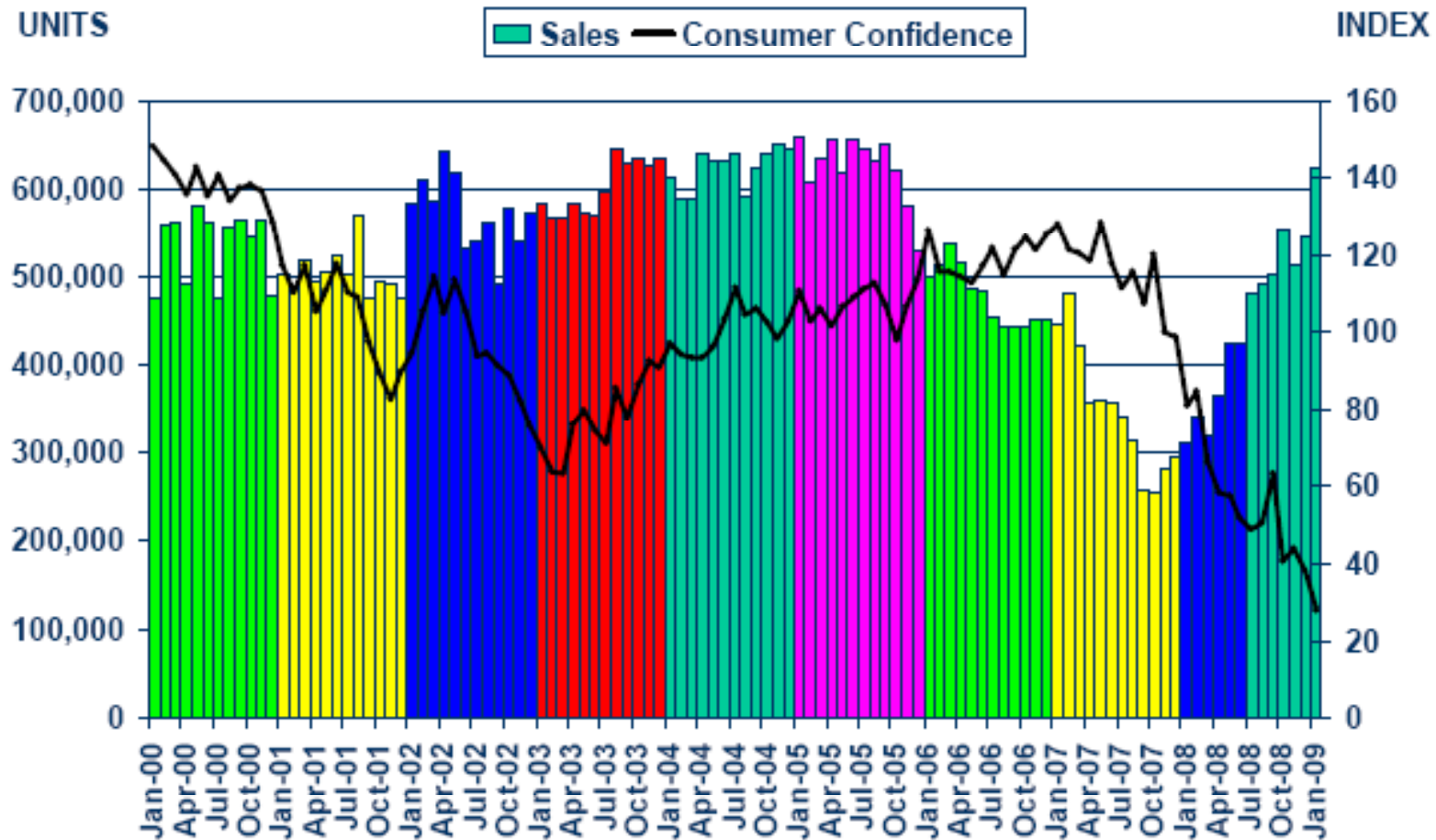


SOURCE: Federal Home Loan Mortgage Corporation



Market Overview

Home Sales vs. Consumer Confidence



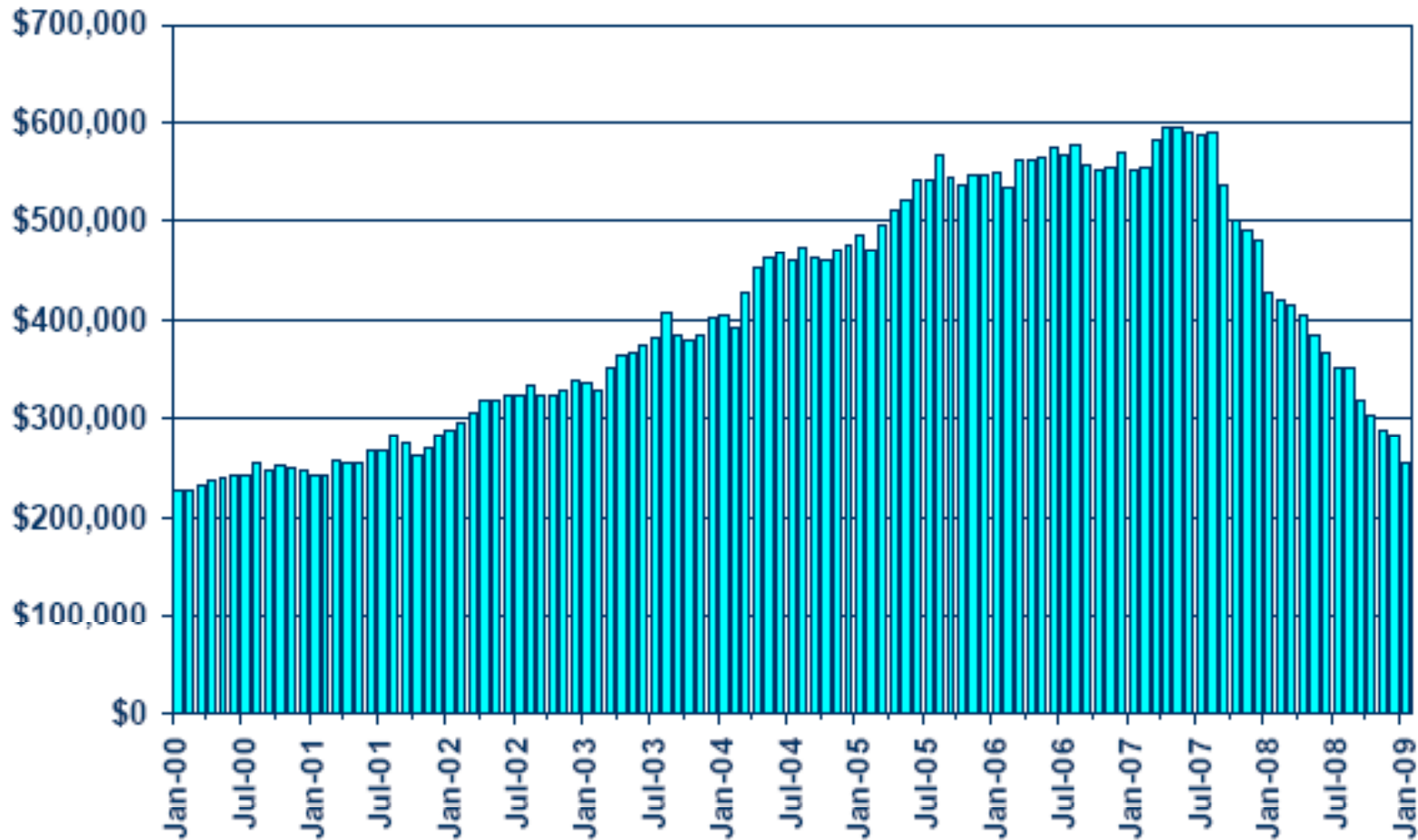
SOURCE: California Association of REALTORS®; The Conference Board

*Sales are seasonally adjusted and annualized



Market Overview

Median Sales Price: California

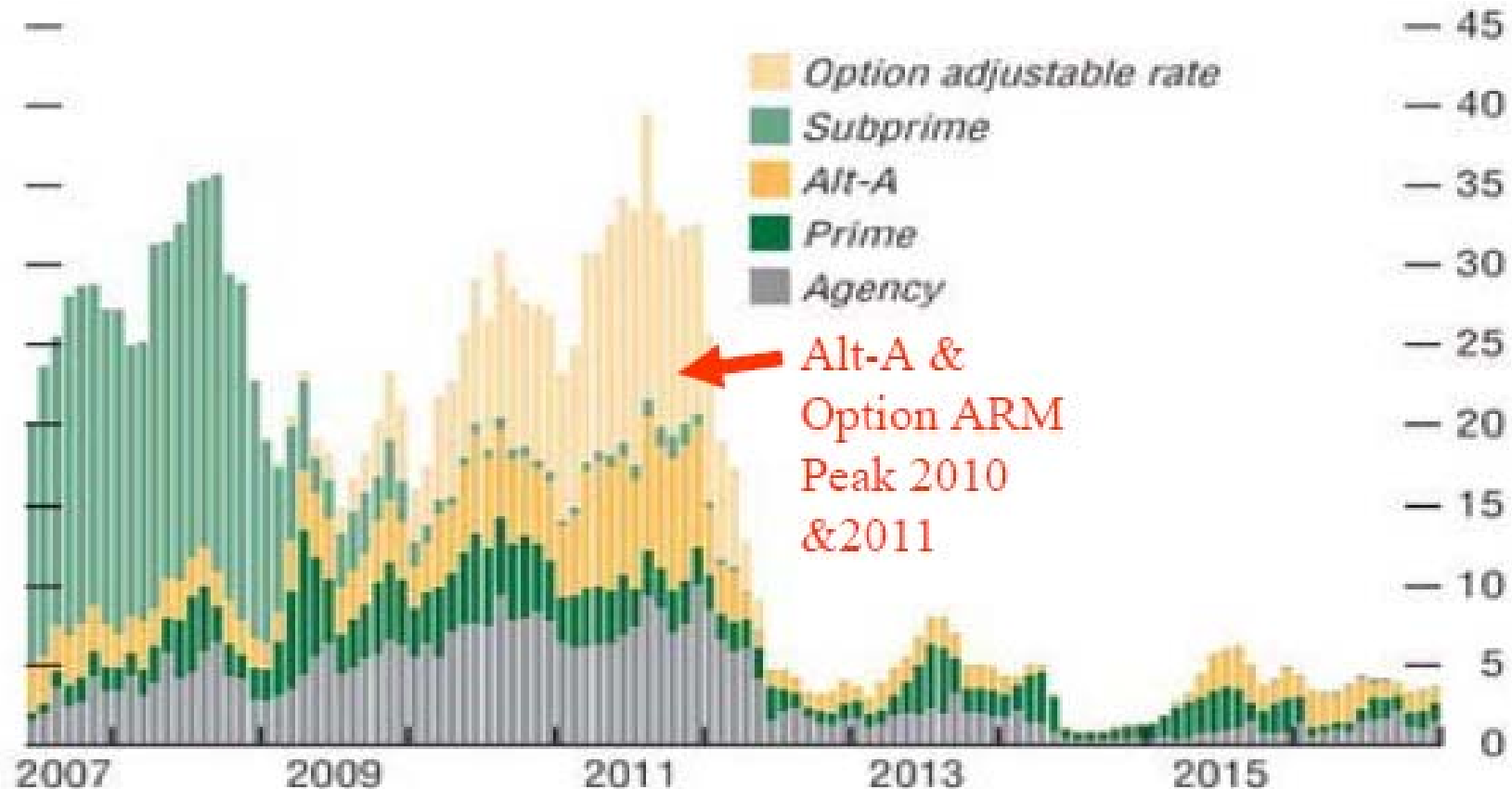


SOURCE: California Association of REALTORS®



Market Overview

Mortgage Resets, \$Billions



Source: Credit Suisse.

Source: Credit Suisse, as reported by IMF



Market Overview

California Housing Market Summary

	2003	2004	2005	2006	2007	2008	2009F
SFH Resales (000s)	601.8	624.7	625.0	477.5	346.9	439.7	475.0
% Change	5.1%	3.8%	0.03%	-23.6%	-27.3%	26.7%	8.0%
Median Price (\$000s)	\$371.5	\$450.8	\$522.7	\$556.4	\$560.3	\$346.8	\$281.1
% Change	17.5%	21.3%	16.0%	6.5%	0.7%	-38.1%	-18.9%
30-Yr FRM	5.8%	5.8%	5.9%	6.4%	6.3%	6.1%	5.1%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.5%	5.2%	4.8%

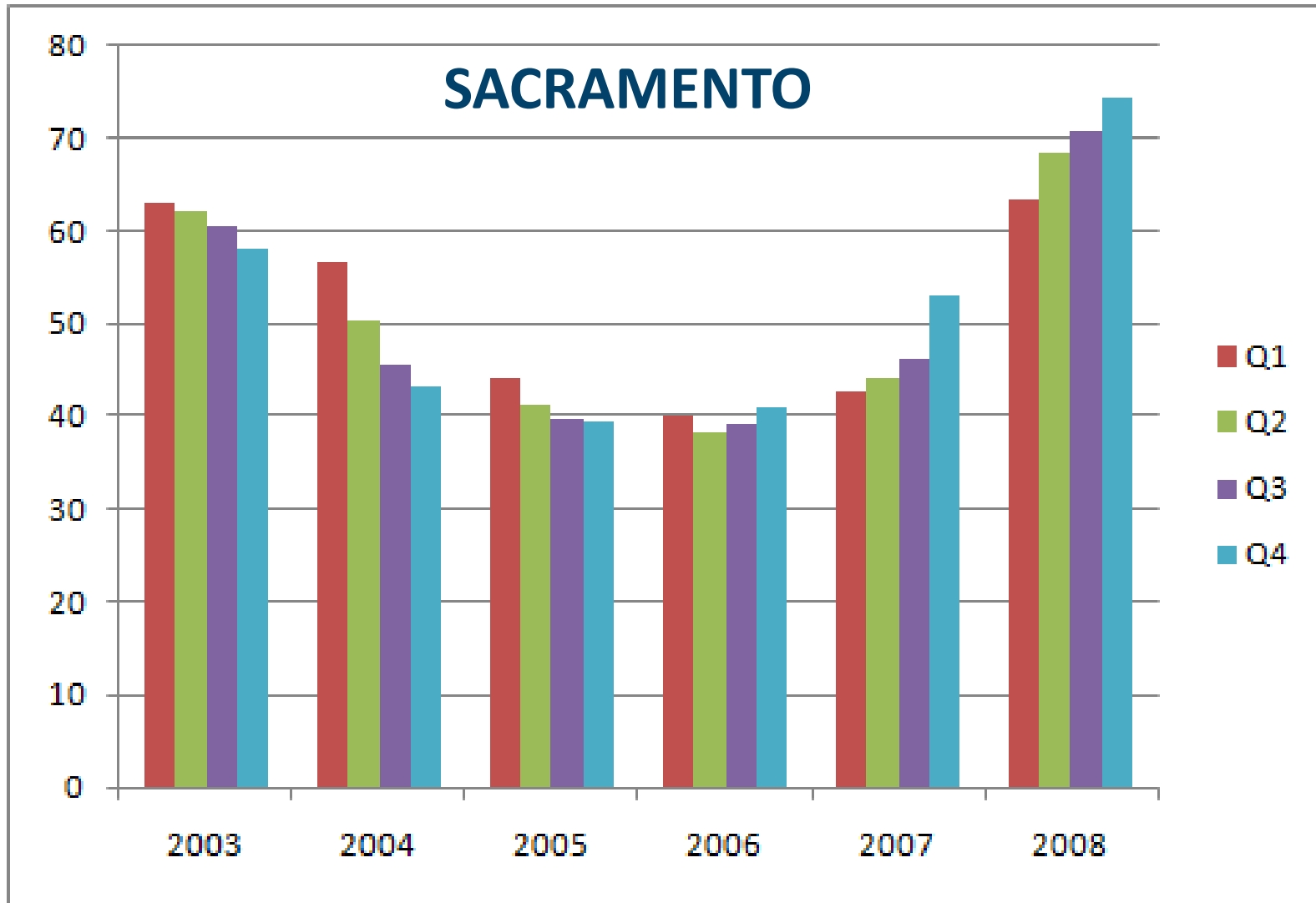
February 2009

Source: California Association of Realtors



Market Overview

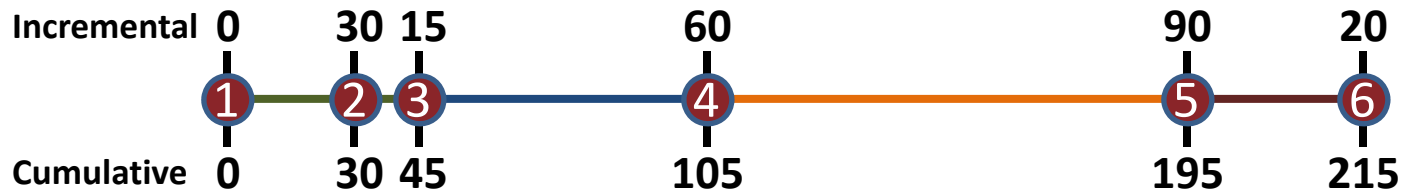
First-Time Home Buyer Affordability



Source: California Association of Realtors

Foreclosure Process

Foreclosure Timeline



- 1 Last Payment Made
- 2 First Missed Payment
- 3 Grace Period Ends From 1st Missed Payment
- 4 NOTICE OF DEFAULT: Commonly End of Grace Period for 3rd Missed Payment, Bank has right to file after 1st missed grace period
- 5 NOTICE OF SALE: Minimum 90 days from Notice of Default
- 6 AUCTION: Minimum 20 days from Notice of Sale, conducted on county courthouse steps

Foreclosure Process

Classes of Sales and Trade-Offs

	Standard Sale	Short Sale	Auction	REO
Foreclosure Progression		+90 Notice of Default +90 Notice of Sale +16 Point of No Return ~ 7 Months	5 Days min. from Point of No Return Auction	~ 10 Days min. from Auction Date
PROPERTY IDENTIFICATION	MLS / Drive-By	MLS	Bank List Title Reports	MLS Comments Bank List
TRANSACTION RISKS or * PROTECTIONS	*Standard Contracts *Set Timing *Motivated Sellers *Consumer Recourse	Unstable Sellers Bank Indifference No Definitive Process Uninformed Agents	No Disclosure Full Cash Pmnt. at Auction No Property Inspection Frequently Rescheduled	No Disclosure Bank Contracts Passive Property Damage
OPPORTUNITY	+5% => +10%	-10% => -20%	-30% => -35%	MARKET PRICE!
PRICE TRADE-OFFS	CHOICE PREDICTABILITY	WASTED TIME	PROPERTY CONDITION LIENS!	PROPERTY CONDITION DEPOSIT RISK

What to Look For in a Home

Stratify Your Criteria

Basic “Must Haves”

- 🏠 Schools
- 🏠 Neighborhood
- 🏠 Traffic Exposure
- 🏠 Floorplan
- 🏠 Number of Bedrooms
- 🏠 Lot Size
- 🏠 Age of Home
- 🏠 Cabinet Type

“Would Like”

- 🏠 Counters
- 🏠 Flooring
- 🏠 Appliances
- 🏠 Pool, RV, etc.

Resale Considerations

- 🏠 Schools
- 🏠 Floorplan Appeal
- 🏠 Location / Traffic Exposure
- 🏠 Number of Bedrooms
- 🏠 Square Footage
- 🏠 Ability to Reverse Custom Features
- 🏠 Wear on Home
- 🏠 Lot Size
- 🏠 Family Oriented

The Buying Process

Phases and Steps

Getting Prepared

- 🏠 Talk to a Realtor
- 🏠 Complete Paperwork
- 🏠 Identify budget
- 🏠 Gain Pre-Approval
- 🏠 Provide Proof of Funds
- 🏠 Choose a strategy
- 🏠 Write down key criteria

The Search

- 🏠 Initiate electronic searches
- 🏠 Drive neighborhoods
- 🏠 View homes
- 🏠 Don't sign in at builder homes!
- 🏠 Adjust criteria
- 🏠 View more homes!
- 🏠 10 – 15 homes gives good market exposure
- 🏠 Identify potential property

Offer & Escrow

- 🏠 Research the property
- 🏠 Frame an offer
- 🏠 Provide deposit check
- 🏠 Miss some sleep
- 🏠 Yay! - Escrow opens
- 🏠 Inspections! Quick!
- 🏠 Request repairs
- 🏠 Provide final loan info
- 🏠 Property walkthrough
- 🏠 Final approval
- 🏠 Get the keys!

The Buying Process

“Dials” You Can Turn In the Offer

Price: OK, this one is obvious.

Escrow Period: The shorter, the better, but make sure your lender can actually close in that amount of time. This is a big hitter for foreclosure homes.

Deposit: “Skin in the Game”, the amount you will pledge to prove you are serious. 1% - 3% is standard. Your deposit is not truly at risk until you remove contingencies (loan, inspection, etc.).

Pre-Approval Letter: “Show me the money”, the biggest reason a home falls out of escrow is that the buyer does not get their loan. Show them you have yours.

Proof of Funds to Close: “Show me the rest of the money”, you are bringing some amount as a down payment and to cover closing costs, prove it exists.

Pest Inspection: Not asking for one is more attractive, but for the \$100 you should still do it on the side.

Home Warranty: Unless it is a standard deal, go hard on price and cover this your self. It is one of the most hated line items by the banks.



The Buying Process

How Rates Affect Your Buying Power

Scenario 1

Loan = \$200,000

Down = 3% or \$6000

Amount Fin. = \$194,000

Rate = **6.50%**

Payment (P&I) = **\$1,227**

Scenario 2

Loan = \$200,000

Down = 3% or \$6000

Amount Fin. = \$194,000

Rate = **5.50%**

Payment (P&I) = **\$1,102**

Scenario 3

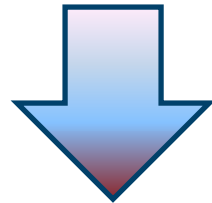
Loan = \$200,000

Down = 3% or \$6000

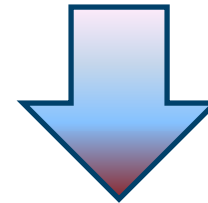
Amount Fin. = \$194,000

Rate = **4.50%**

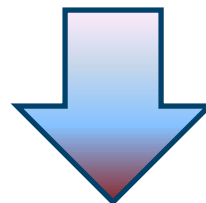
Payment (P&I) = **\$983**



Difference = **\$125 or 10.2%**



Difference = **\$119 or 10.8%**



Overall 6.5% to 4.5% Difference = **\$244 or 19.9% !!!**

Available Tools

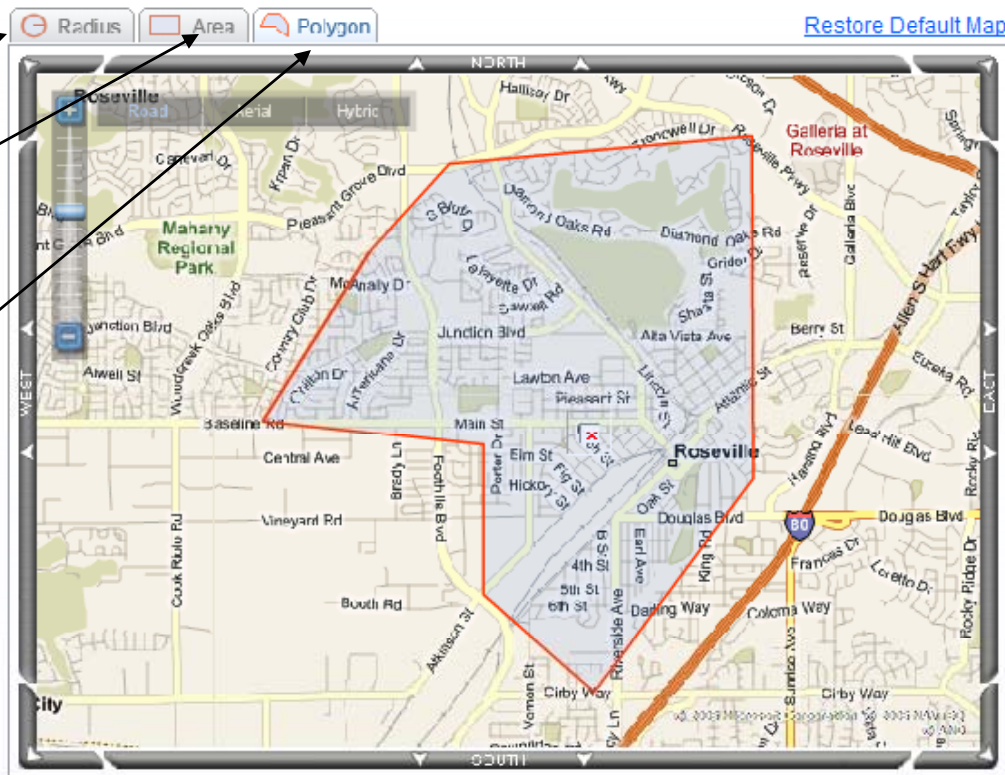
Property Alerts

Radius Searches from a single midpoint address (ie., .75 miles around your current home)

Area Searches for a basic neighborhood search

Polygon Searches for complex searches of several neighborhoods, or those bordering unusual land features

Deeper in the Search Criteria: Single Family, Multiple Units, Income Property, Commercial Property



Radius/Map Target Criteria

<input checked="" type="radio"/> Address	Street #	Direction	Street Name	Suffix	Unit #
<input type="radio"/> Listing Number	382		circuit		
<input type="radio"/> APN	City	State	ZIP		
	roseville	ca		<input type="button" value="Recenter Map"/>	

Searches also available at www.GuidantRealty.com



Available Tools

Pending Foreclosures







- ➊ Upcoming Foreclosures
- ➋ Timing of Auction
- ➌ Delayed Auctions & Reason
- ➍ Auction Sale Amounts
- ➎ Bank Properties

Searches also available at www.GuidantRealty.com



Available Tools

County Records

-  **Owner of Record**
-  **Ownership Chain**
-  **Mortgage History**
-  **Registered Home Stats**

Tax Billing Address:	11841 Stone Hollow Way	Annual Tax:	\$3,022	
Tax Billing City & State:	Rancho Cordova, CA	County Use Code:	1 Family Residential	
Tax Billing Zip:	95742	Universal Land Use:	SFR	
Location Info:		Panel Date:	09/30/1988	
School District:	Elk Grove Unif	Flood Zone Code:	X	
Subdivision:	Anatolia I Village 03	Zoning:	Rd 5	
Census Tract:	87.01	Map Page/Grid:	320-D1	
Carrier Route:	H004			
Flood Zone Panel:	0602620240C			
Tax Info:		Total Assessment:	\$519,927	
Tax ID:	067-0460-061-0000	% Improv:	71%	
Tax Year:	2006	Tax Area:	08004	
Annual Tax:	\$3,022	Legal Description:	Anatolia I Village 3	
Assessment Year:	2007	Lot Number:	212	
Land Assessment:	\$150,000			
Improved Assessment:	\$369,927			
Characteristics:		Full Baths:	4	
Lot Acres:	.1578	Half Baths:	1	
Style:	L-Shape	Cooling Type:	Central	
Gross Bldg Area:	3,179	Heat Type:	Central	
Building Sq Ft:	3,179	Garage Type:	Garage	
Ground Floor Area:	1683	Garage Capacity:	3	
2nd Floor Area:	1496	Garage Sq Ft:	612	
Stories:	2	Roof Material:	Concrete Tile	
Condition:	Average	Construction:	Wood	
Quality:	Average	Floor Cover:	None	
Total Rooms:	9	Year Built:	2006	
Bedrooms:	4	Other Rooms:	Foyer	
Total Baths:	5			
Last Market Sale:		Deed Type:	Grant Deed	
Recording Date:	08/16/2007	Owner Name:	Conover Frank W	
Settle Date:	08/10/2007	Owner Name 2:	Conover Micaela G	
Sale Price:	\$504,000	Seller:	Brinton William A	
Document No:	70816-67			
Sales History:				
Recording Date:	08/16/2007	10/06/2006	10/06/2006	09/15/2005
Sale Price:	\$504,000	\$520,000		
Nominal:			Y	
Buyer Name:	Conover Frank W & Micaela G	Brinton William A	Brinton William A	Lennar Renaissance Inc
Seller Name:	Brinton William A	Lennar Renaissance Inc	Brinton Bonnie	Gmac Model Home Finance Inc
Document No:	70816-67	61006-975	61006-974	50915-1415
Document Type:	Grant Deed	Corporation Grant Deed	Interspousal Deed	Quit Claim Deed
Mortgage History:				
Mortgage Date:	08/16/2007	08/16/2007	10/06/2006	10/06/2006
Mortgage Amt:	\$403,200	\$75,000	\$415,500	\$30,000
Mortgage Lender:	Addison Ave Fcu	Addison Ave Fcu	Sirva Mtg Inc	Sirva Mtg Inc
Mortgage Type:	Conventional	Conventional	Conventional	Conventional



Available Tools

Property Tax Records





Assessment Info

Assessment # 328-140-034-000
 Taxyear 2007
 Feepercol 328-140-034-000
 Roll Cat CS

Taxes	1st	2nd	Total
Paid Status	PAID	DUE	
Due/Paid Date	12/05/2007	04/10/2008	
Total Due	\$3,081.92	\$3,081.92	\$6,163.84
Total Paid	\$3,081.92	\$0.00	\$3,081.92
Balance	\$0.00	\$3,081.92	\$3,081.92
Pay On-line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="Add to cart"/>

Taxcode Info

Tax Code	Rate	1st	2nd	Total
00001	1	\$1,700.72	\$1,700.72	\$3,401.44
Property Tax-1% Rate				
36200	0.0134	\$22.83	\$22.83	\$45.66
W Placer Unif B&I 1993				
59700	0	\$11.08	\$11.08	\$22.16
Placer Mosquito & Vector Control				
61300	0	\$108.00	\$108.00	\$216.00
City of Lincoln LLD				
61400	0	\$941.75	\$941.75	\$1,883.50
City of Lincoln Line Crossing CFD 03-1MR = Mello Roos				
64520	0	\$297.54	\$297.54	\$595.08
W Placer Unif CFD 03-1MR = Mello Roos				

-  **Mello Roos**
-  **Other Bond Measures**
-  **Estimate Your Bill**
-  **Basis for Comparison Across Properties**

Assistance Programs

Purchase-Oriented Programs

American Recovery & Reinvestment Act:

- 🏠 Have not owned a home in the last 3 years
- 🏠 10% of the purchase price up to \$8000
- 🏠 Tax Credit, may restate 2008 taxes to receive immediately

California New Home Purchase:

- 🏠 Home has never been lived in
- 🏠 5% of the purchase price up to \$10,000
- 🏠 Tax Credit, must be taken over 3 years, can not exceed taxes for each year

Addison Avenue HLPB Loan:

- 🏠 First-time Buyers
- 🏠 5% - 10% down, gift money allowed
- 🏠 No PMI and reduced adjustment caps

Negotiating Distressed Prop.

Things You Need to Know BEFORE You Offer

Short Sales

- 🏠 Banks will typically accept an offer as low as 90% of market value
- 🏠 You will wait months for an answer
- 🏠 No more than 3% credit to Buyer
- 🏠 Do not ask for a pest clearance
- 🏠 Do not ask for a home warranty
- 🏠 Offer to pay for items “on the side”
- 🏠 Ask if yours is the only offer being sent to the bank
- 🏠 These properties have become extremely competitive since Mar. '09

Foreclosures / REOs

- 🏠 THIS IS THE MARKET
- 🏠 Reduce your escrow period if possible
- 🏠 Deposit amount matters, minimum 1%
- 🏠 No more than 3% credit to Buyer
- 🏠 Do not ask for a pest clearance
- 🏠 Do not ask for a home warranty
- 🏠 Do not ask to choose title & escrow
- 🏠 Be prepared to offer over list price
- 🏠 Read the bank addendum closely
- 🏠 Escrow will be pathetic
- 🏠 Only lowball listings over 30 days on market

Websites to Note

These are Worth Bookmarking

www.Realtor.com Articles & Searches

www.GuidantRealty.com Reports, Property Alerts, Foreclosure Searches, Local Info

www.AddisonAvenue.com Daily Rates, Rate Watcher, Mortgage Calculator

www.federalhousingtaxcredit.com/2009/glance.php Federal Tax Credit

www.ftb.ca.gov/individuals/New_Home_Credit.shtml#def2 State Tax Credit

www.schoolperformancemaps.com Mapped School Rankings

www.placertitle.com/client_services/resource_documents.cfm All About Title & Escrow

www.Zilpy.com Local Rental Properties

www.MegansLaw.ca.gov Sex Offender Registry

www.DRE.ca.gov Real Estate License Status & Lookup, Mortgage Scams

Websites to Note

How GuidantRealty.com Can Help

Guidant Realty Has Built a Site to Help YOU Learn More

- 🏠 Listing searches
- 🏠 Property Alerts – Enter your criteria and be emailed listings when they hit the market! No more searching MLS every day to find the new ones before they are gone.
- 🏠 One-click lists of active Foreclosure/REO properties.
- 🏠 Investigate properties in the foreclosure process.
- 🏠 Explanation of a short sale.
- 🏠 A myriad of reports and advice for prospective Buyers and Sellers.
- 🏠 Local community and schools information.