

# FIRST TIME HOME BUYING

Hewlett-  
Packard

Roseville Site  
February 17, 2010

Presented by:

John Hughes  
Guidant Realty

Courtesy of:

Peggy Nault  
Addison Avenue



## Presentation:

- 🏠 About the Speaker
- 🏠 Market Overview
- 🏠 The Foreclosure Process
- 🏠 The Buying Process
- 🏠 Available Tools
- 🏠 Assistance Programs
- 🏠 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

Phone: 916-746-6906

Mobile: 916-317-5476

Fax: 866-537-7134

E-Mail: [Peggy\\_Nault@AddisonAvenue.com](mailto:Peggy_Nault@AddisonAvenue.com)



# About John



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

## HIGHLIGHTS:

- Director, Placer County Association of Realtors
- Broker, Guidant Realty
- 2008 & 2009 Masters Club – Top Performing Realtors
- 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
- Now applying big business skills to properly represent you!

**John Hughes**

Broker / Owner

DRE License # 01726716

Phone: 916-663-5959

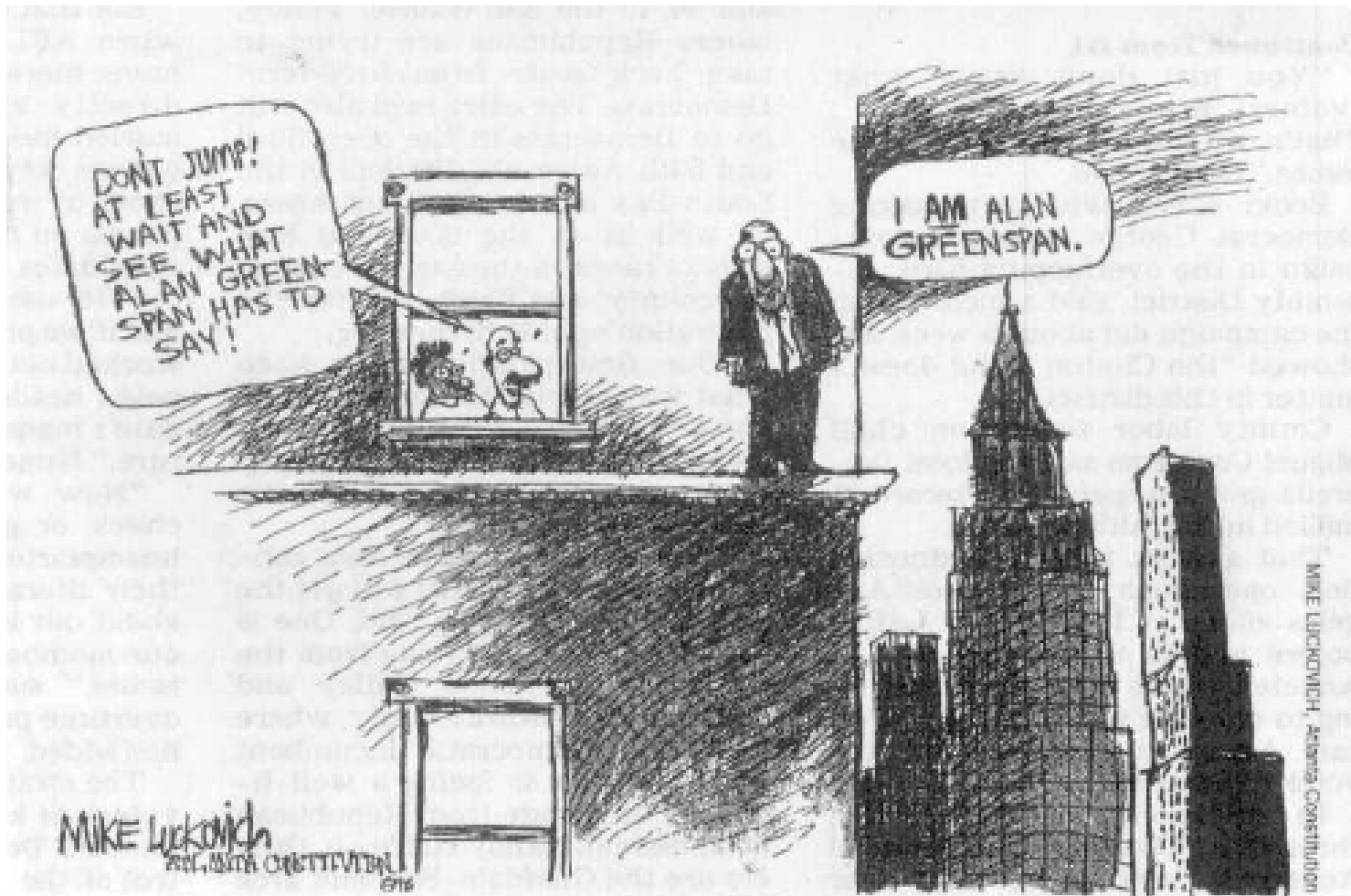
Fax: 916-237-4477

E-Mail: [John@GuidantRealty.com](mailto:John@GuidantRealty.com)



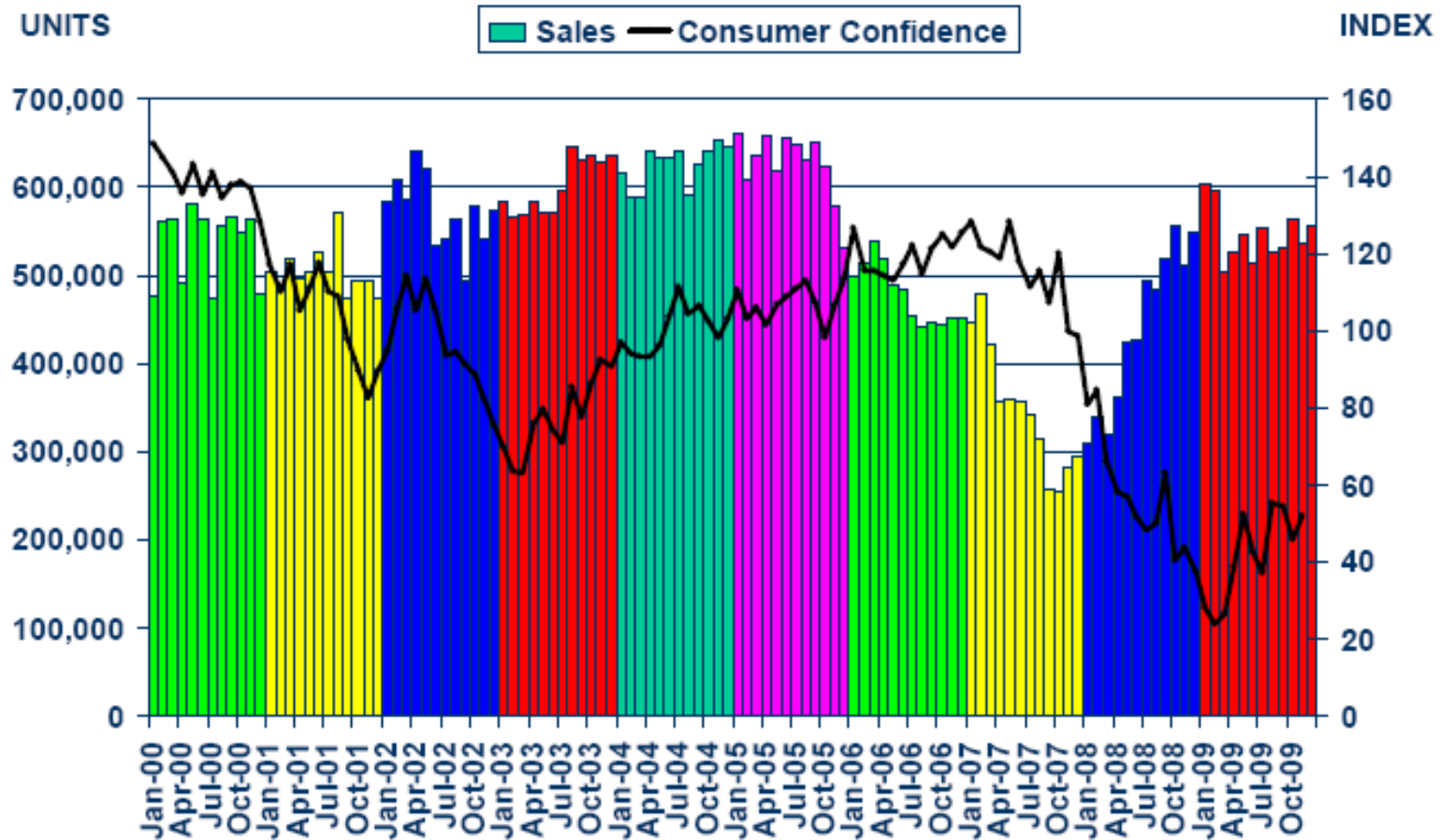
# Market Overview

There Is Always Humor Somewhere



# Market Overview

## Home Sales vs. Consumer Confidence



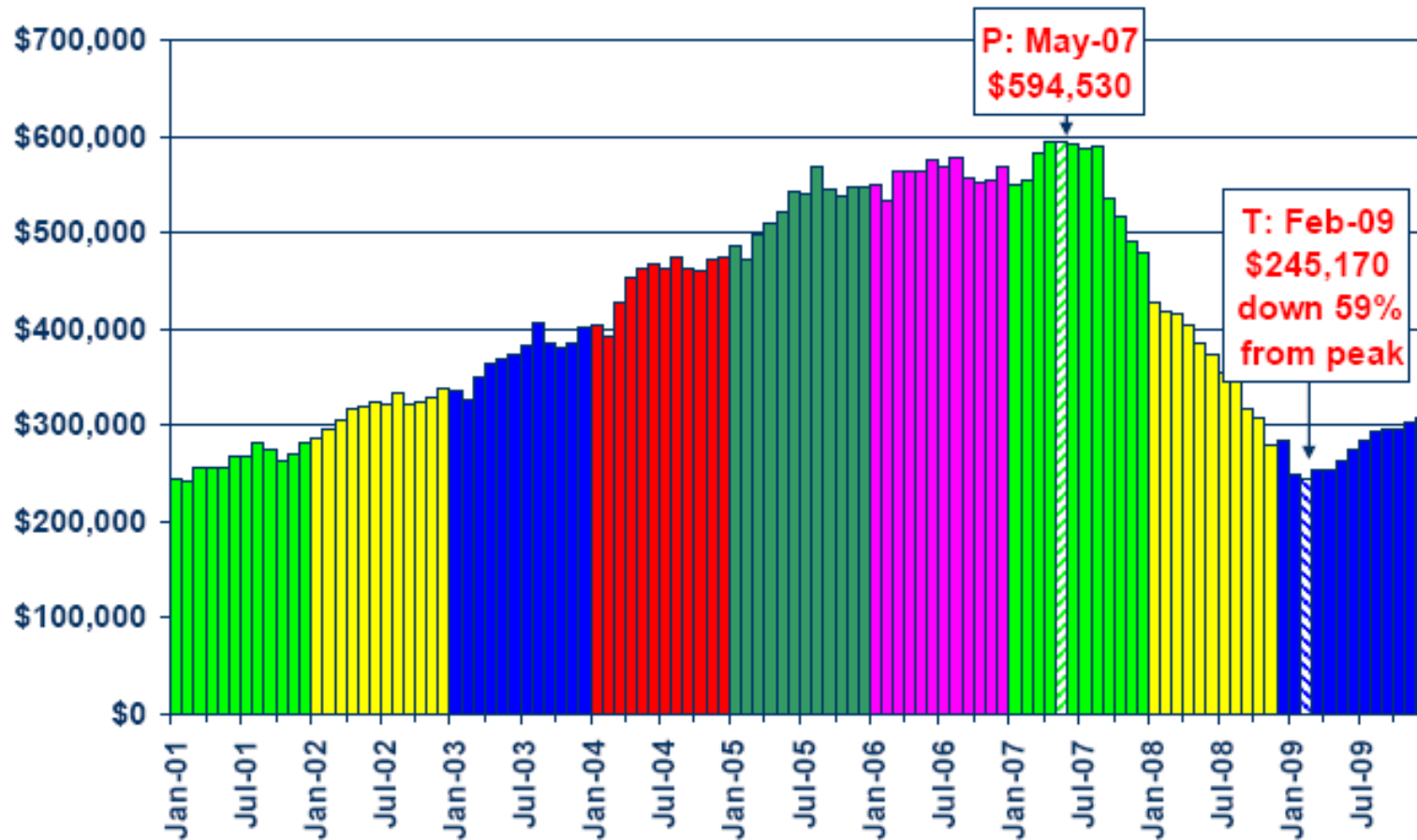
SOURCE: California Association of REALTORS®; The Conference Board

\*Sales are seasonally adjusted and annualized



# Market Overview

## Median Sales Price: California



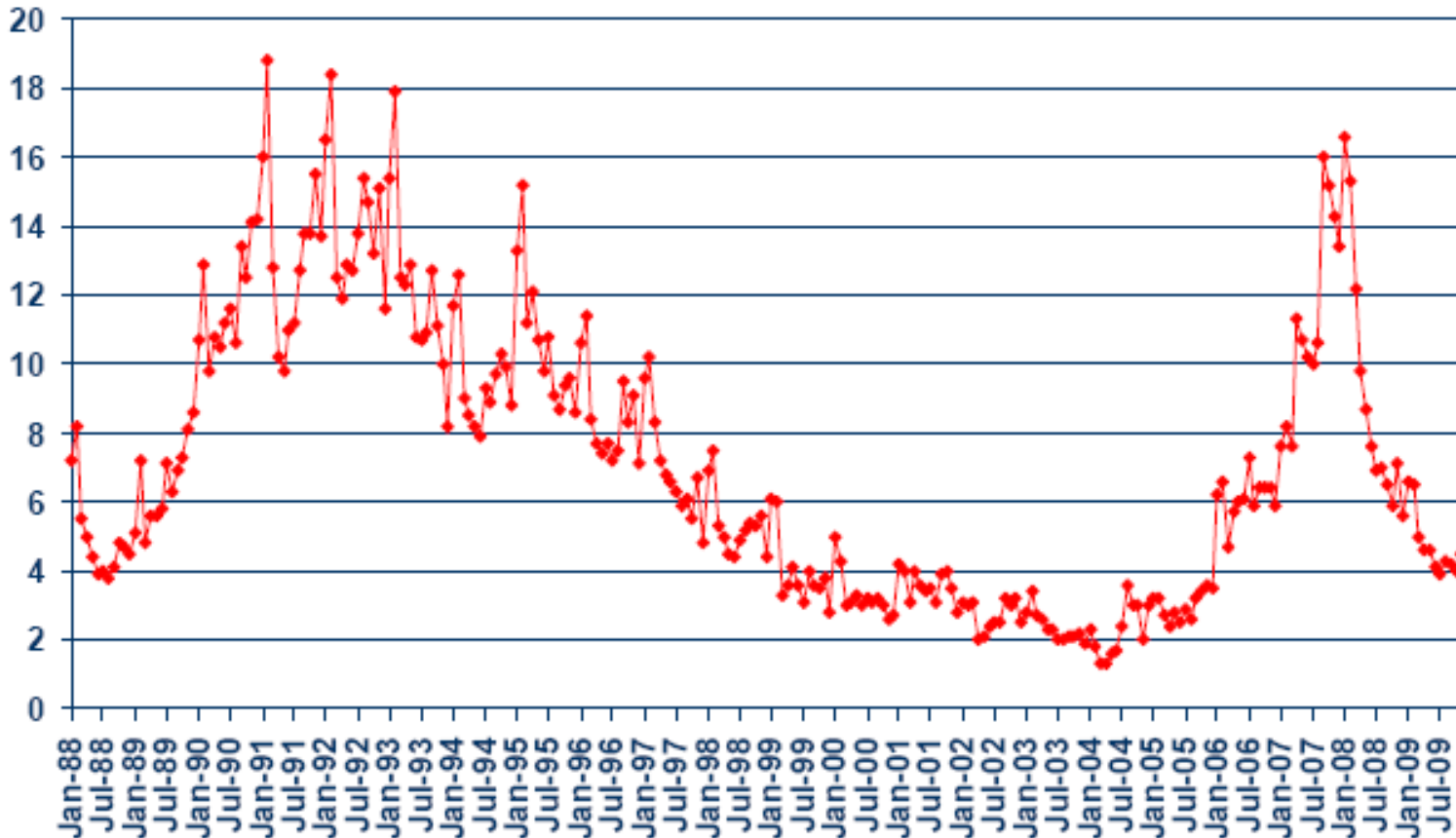
SOURCE: California Association of REALTORS®



# Market Overview

## Unsold Inventory Index, CA: Dec '09 – 3.8 Months

MONTHS



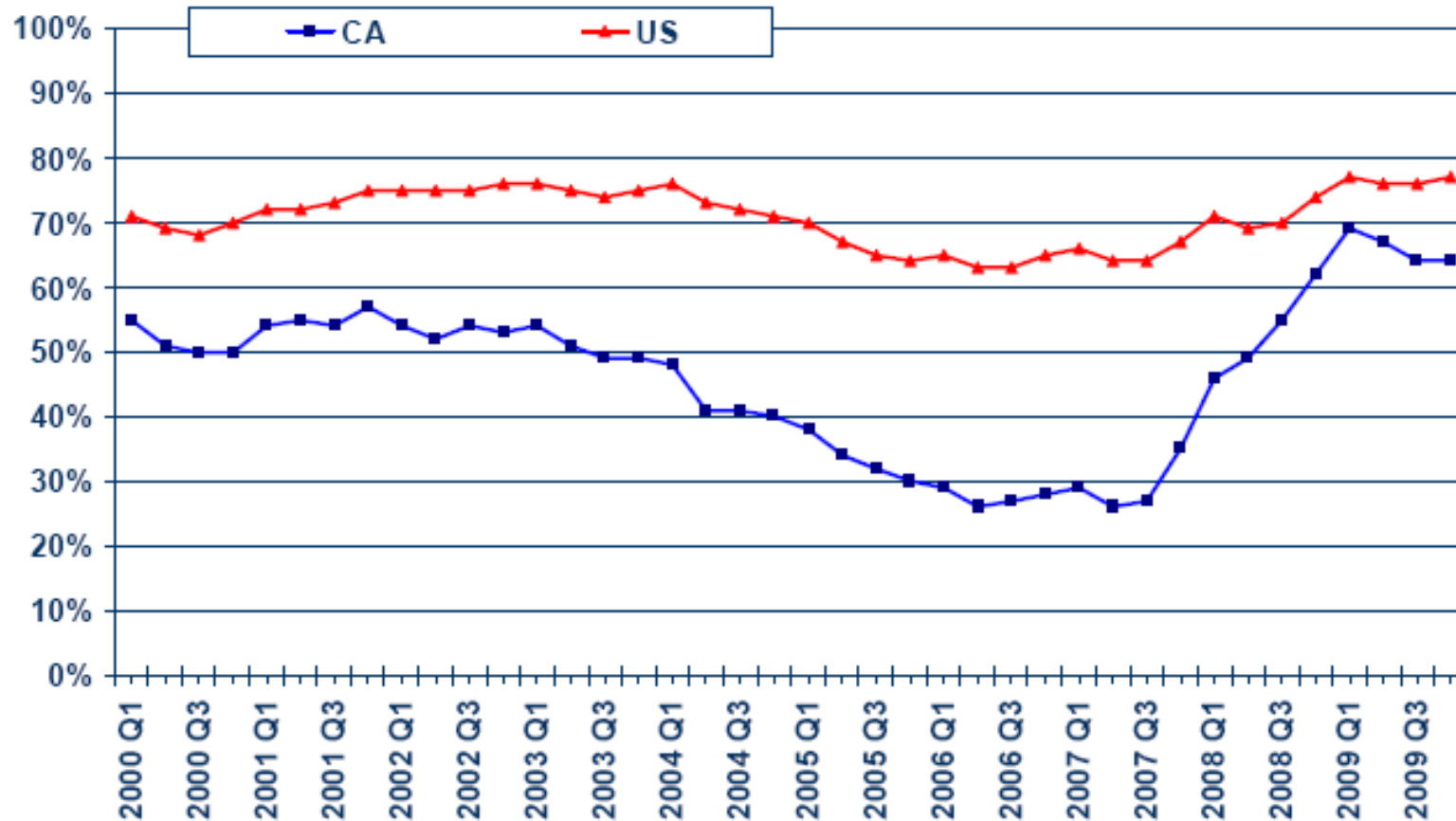
SOURCE: California Association of REALTORS®



# Market Overview

## First-Time Buyer Housing Affordability Index

% OF HOUSEHOLDS THAT CAN BUY



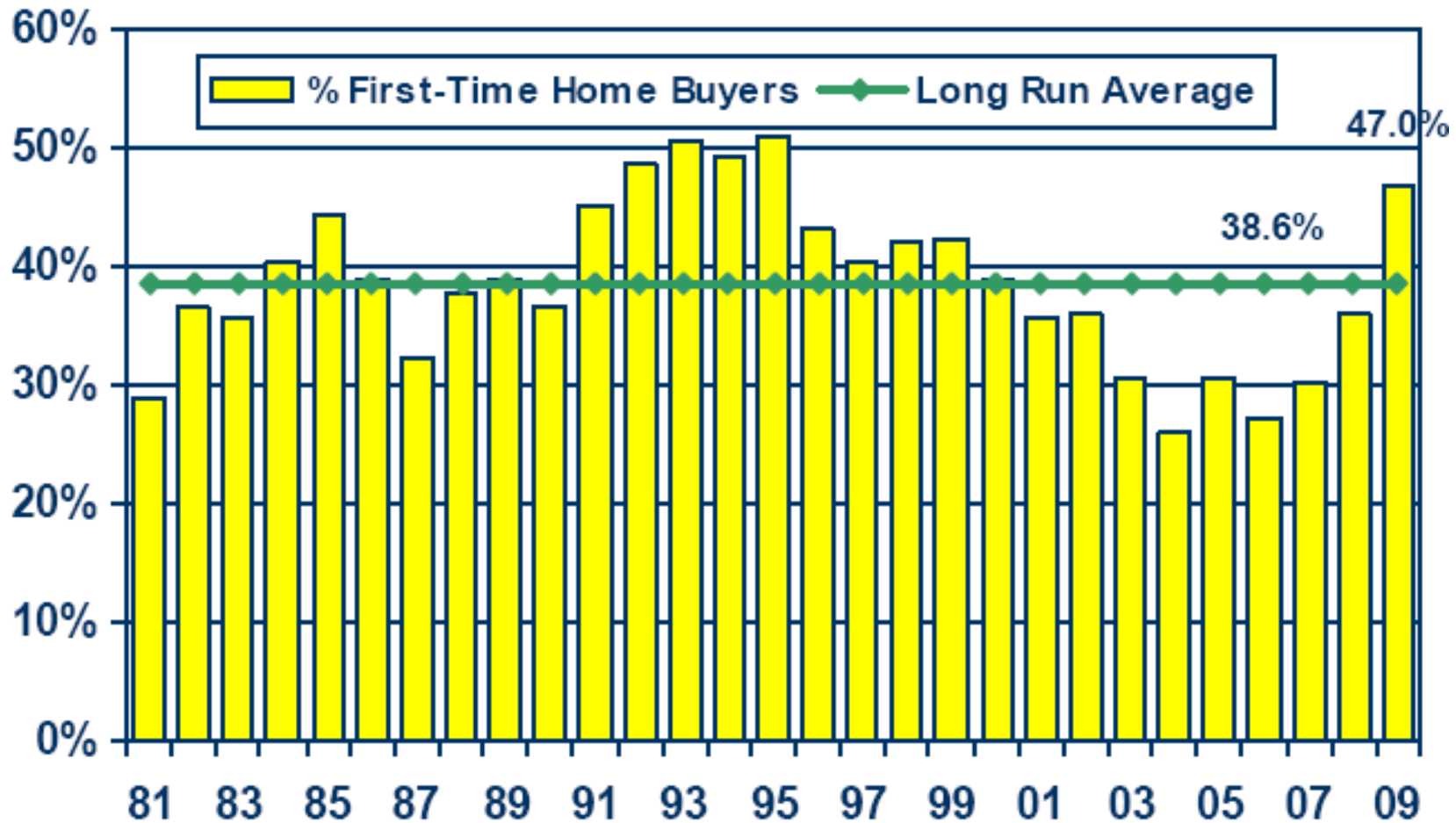
SOURCE: California Association of REALTORS®





# Market Overview

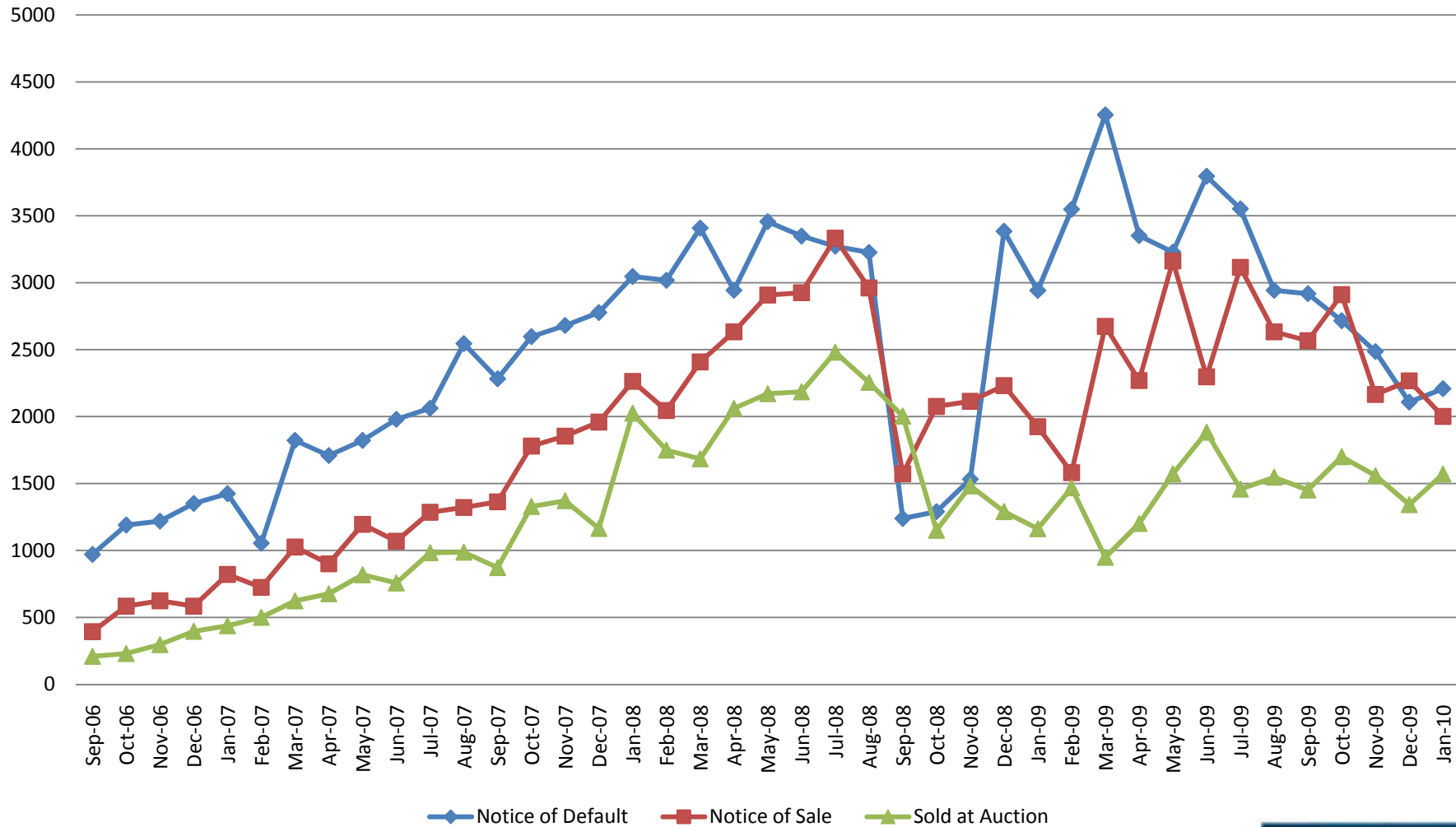
## Proportion of First-Time Home Buyers - California



# Market Overview

## Foreclosure Leading Indicators

### Foreclosure Pipeline



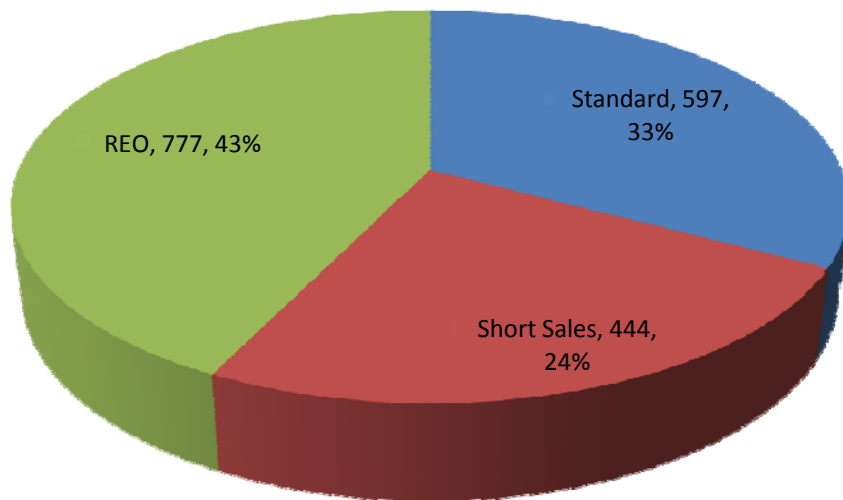
Source: ForeclosureRadar.com



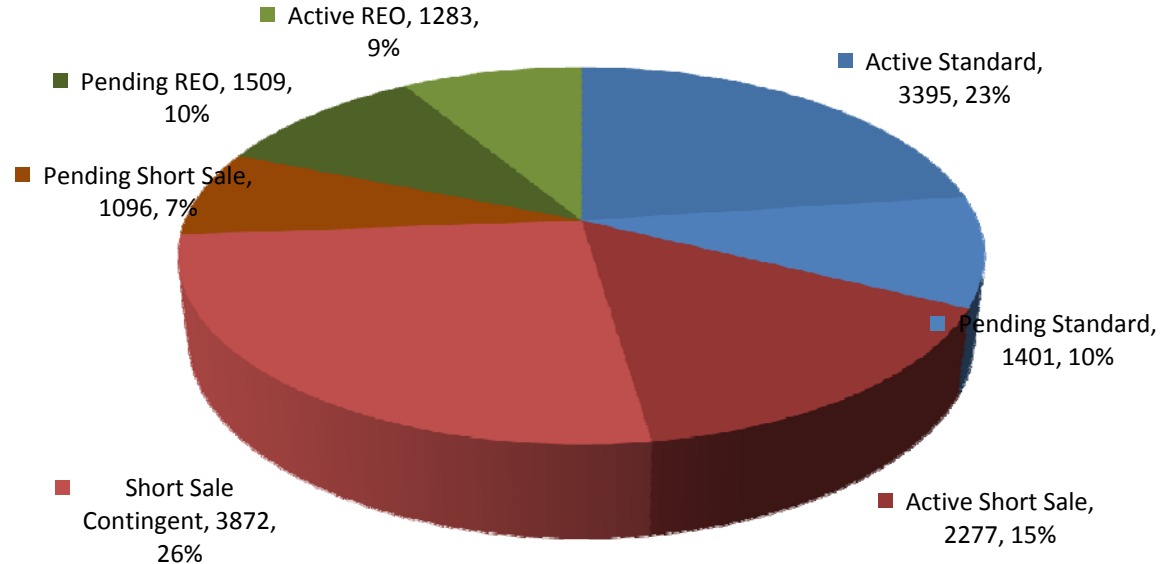
# Market Overview

## Inventory Split vs. Actual Sales Split

### Sales Split, January 2010



### Inventory Split, February 2010



Source: Metrolist MLS

# 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%	-5% => -10%	-25% => -30%	MARKET PRICE!
PRICE TRADE-OFFS	CHOICE PREDICTABILITY	WASTED TIME	PROPERTY CONDITION LIENS!	PROPERTY CONDITION DEPOSIT RISK

# The Basic 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 Basic 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 Basic Buying Process

## What is “Mello Roos”?

### Mello-Roos / Community Facilities District Act

- 🏠 Often referred to as the “hidden fee”
- 🏠 Financial bond enforced on the property tax bill
- 🏠 Used to bring infrastructure to new areas: roads, utilities, public services
- 🏠 Commonly 17 – 40 years in length
- 🏠 Can be paid off early

### TIP: Comparing Homes with Differing Mello-Roos Amounts

- 🏠 Take the annual Mello Roos amount and divide by 12 for the monthly difference
- 🏠 For every \$50 reduction, it is equivalent to being able to afford \$10k more on loan
- 🏠 This also works for comparing properties with Home Owner Assoc. (HOA) dues

# The Basic 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

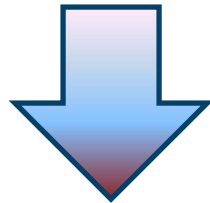
Loan = \$200,000

Down = 3% or \$6000

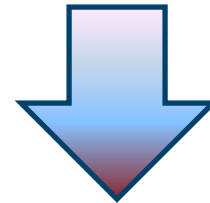
Amount Fin. = \$194,000

Rate = 4.50%

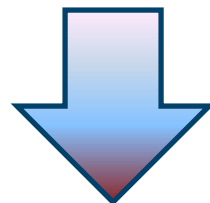
Payment (P&I) = \$983



Difference = \$125 or 10.2%



Difference = \$119 or 10.8%



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

!!!



# The Basic Buying Process

## What to Look For: 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

# Available Tools

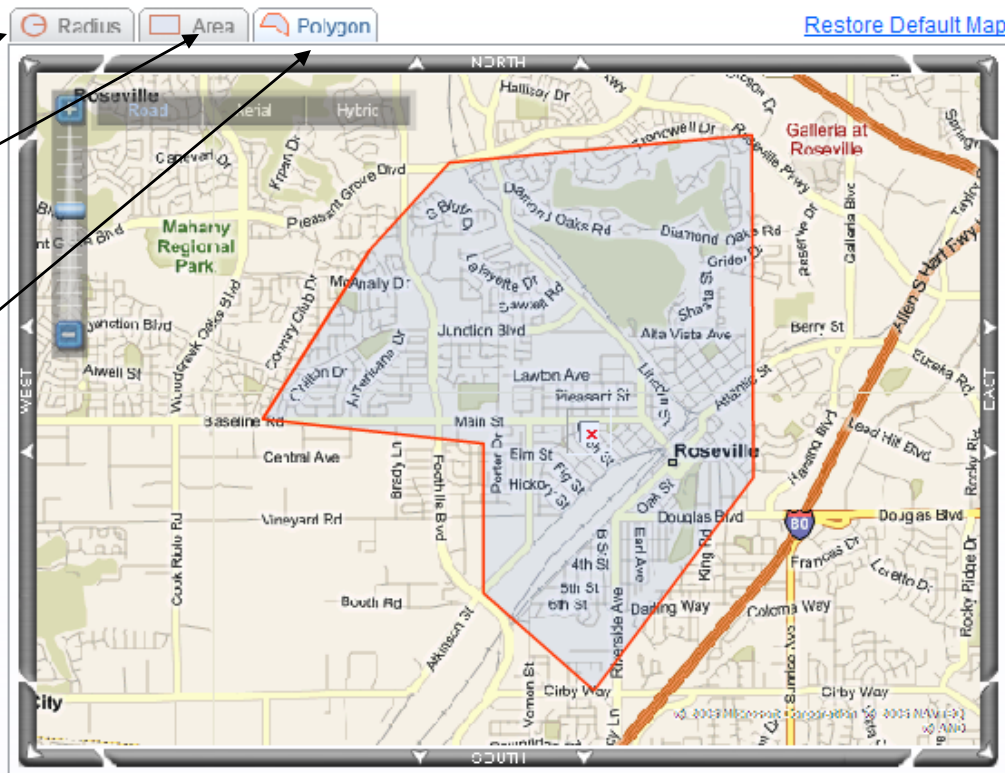
## Property Alerts

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		Recenter Map	

Searches also available at [www.GuidantRealty.com](http://www.GuidantRealty.com)



# Available Tools

## Pending Foreclosures







- Upcoming Foreclosures
- Timing of Auction
- Delayed Auctions & Reason
- Auction Sale Amounts
- Bank Properties

Searches also available at [www.GuidantRealty.com](http://www.GuidantRealty.com)

# Available Tools

## County Records

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

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



# Available Tools

## Property Tax Records





### Assessment Info

Assessment # 328-140-034-000  
 Taxyear 2007  
 Feepercel 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 2009 taxes to receive immediately
- 🏠 Must be in contract by April 30, 2010 & close by July 1, 2010

### USDA:

- 🏠 0% Down!
- 🏠 Income Restricted
- 🏠 Must be in a Qualified Rural Area: Lincoln, Auburn, Newcastle, etc

### Addison Avenue HLPR Loan:

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

# Assistance Programs

## Purchase-Oriented Programs

### FHA:

- 🏠 3.5% down
- 🏠 Assumable Fixed rate mortgage
- 🏠 Expensive up-front costs
- 🏠 Energy Efficiency Add-On
  - Up to 5% of the loan value towards qualified energy efficient upgrades
  - Do not have to qualify for the additional payment
- 🏠 203k Renovation Add-On
  - Up to \$35k towards qualified repairs
  - Up to 110% of “After-Improved” value

### City “Silent Second” Mortgages:

- 🏠 Low to No Interest Loans
- 🏠 Income Restricted
- 🏠 Shared equity for a time period

# Assistance Programs

## Job-Loss Support Programs



## Mortgage Protection Program

FREE program designed to provide peace of mind to first-time buyers who are hesitant to enter the housing market due to concerns about potential job loss. Qualifying buyers can receive up to \$1,500 a month for up to six months in the event of job loss, a qualified co-buyer can also receive a \$750 benefit for up to six months to help pay the mortgage.

**To qualify for the Mortgage Protection Program, applicants must:**

- Be a first-time home buyer – someone who has not owned property in the last three years (includes co-buyer)
- Use a California REALTOR® in the transaction
- Purchase the property in California
- Be a W-2 employee (cannot be self-employed)
- Other requirements apply

Visit [www.carhaf.org](http://www.carhaf.org) for application and additional program details





# Websites to Note

These are Worth Bookmarking

[www.Realtor.com](http://www.Realtor.com) Articles & Searches

[www.GuidantRealty.com](http://www.GuidantRealty.com) Reports, Property Alerts, Foreclosure Searches, Local Info

[www.AddisonAvenue.com](http://www.AddisonAvenue.com) Daily Rates, Rate Watcher, Mortgage Calculator

[www.MakingHomeAffordable.gov/requestmod.shtml](http://www.MakingHomeAffordable.gov/requestmod.shtml) Making Home Affordable Modification Program

[www.FederalHousingTaxCredit.com/2009/glance.php](http://www.FederalHousingTaxCredit.com/2009/glance.php) Federal Tax Credit

[www.SchoolPerformanceMaps.com](http://www.SchoolPerformanceMaps.com) Mapped School Rankings

[www.PlacerTitle.com/client\\_services/resource\\_documents.cfm](http://www.PlacerTitle.com/client_services/resource_documents.cfm) All About Title & Escrow

[www.Zilpy.com](http://www.Zilpy.com) Local Rental Properties

[www.MegansLaw.ca.gov](http://www.MegansLaw.ca.gov) Sex Offender Registry

[www.DRE.ca.gov](http://www.DRE.ca.gov) Real Estate License Status & Lookup, Mortgage Scams

[www.HopeNow.com](http://www.HopeNow.com) Home Retention Assistance



# 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.