

First Time Home Buyers Presentation

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TOPICS FOR TONIGHT'S FORUM

- The Benefits of Home Ownership
- Why work with a Realtor and How to chose one?
- Finances/Getting pre-approval letter
- Home Buying Process

**LIVE THE AMERICAN DREAM, BECOME A
HOME OWNER!!!**

THE BENEFITS OF HOMEOWNERSHIP

Things to consider

RENTING

Less property maintenance
Possible lower costs
Restrictions on Usage
Can be given notice
No return on investment

vs

Owning

Pride of Ownership
Freedom & Stability
Tax Break
Forced Savings
Future Appreciation
Equity

WHY RENT WHEN YOU CAN OWN?

Advantages of Home Ownership detailed

- **FREEDOM**: to decorate **YOUR** Home as you see fit and enjoy your investment for as long as you own it.
- **STABILITY**: Creating **Firm** roots for your family to grow and feel a sense of belonging. **Providing your children with educational continuity**

- **TAX BREAK:**

Interest paid on the mortgage, property taxes paid, and some of the costs involved in the purchase of **YOUR** Home are tax deductible.

- **FORCED SAVINGS:**

Ready-made saving plan.

After the sale of Your Home, you can take

\$250,000 for a single person or \$ 500,000 for a married couple as **gain** without owing any federal income tax.

- **Equity:**

Mortgage payments enable you to build equity ownership interest in your home.

Why work with a Realtor?

2 main reasons

- Home buying is one of the **biggest** purchases you'll ever make.

An expert provides the relevant information at the right time to facilitate the right decision!

- An **empathic** and **objective** real estate agent can help you stay focused on both the business and emotional issues most important to you.

A Professional Real Estate Agent can help because he/she:

- Works only for the best interest of his/her principal and the seller picks up the tab.
Free service to you!
- Is a **certified experts** in the home buying process and is familiar with the associated legal aspects.
- Has access to properties.
- Is an **expert** in the area he/she services.

WHERE TO FIND THE RIGHT PROFESSIONAL?

- Through referrals from family, friends, neighbors, colleagues who have purchased or sold a home recently.
- Open Houses
- Websites
- **Educational Forums**

MAKE SURE AND DO NOT

- Make sure that the agent specializes in the area where you want to buy.
- Make sure that the agent has time for you.
- Do Not hire an out of area agent. He/She may not be informed about the intricacies of the pricing and subtleties of homes that are bought and sold locally.

~SOUNDS GOOD BUT I CAN'T AFFORD TO BUY A HOUSE~

Financial Options

- 0 Down payment can get you in a home.
The higher the down payment, the lower the interest rate/mortgage payments!
- Loan duration can be 5-15-30 years.
- Loans can be **filled using** stated or non-stated income.
- Different loan types have different benefits.

Refinancing is always an option!!!!

~~ I STILL can't afford to buy a house ~~

Then consider the following:

- Look into local, state, and national down payment assistance programs.
 - National programs: <http://www.getdownpayment.com>
 - American Dream downpayment fund from the Department of Housing and Urban Development:
<http://www.hud.gov/news/release.cfm?content=pr02-014.cfm>
- Financing provided by seller.
- Shared-appreciation or shared equity arrangements.
- Borrow some money from your family. Get someone to be a **co-signer**.
- Lease with the option to buy.
- If you qualify get a short-term second mortgage and use the money to make a higher down payment.

TIPS FROM MORTGAGE EXPERTS

Once you decide to buy a house,

- **Don't make any big purchases** over the next couple of months.
- As a rule of thumb, your **total monthly obligations should not exceed** 40% of your gross income.
- Don't aim to get a 6 bedrooms house in the Los Altos Hills, if it is going to be too much of a **STRECH** in your current budget.
- **Know your credit score** and if you have any problems, try to take care of them first.
- Don't get just pre-qualified. **GET PRE-APPROVED.**

Now we are ready to buy Our Dream Home! where do we start?

- Select an area or areas where you would like to live and get to know it/them.
- If relevant, check out local School Accountability Report Cards (SARC's)
-eg for Fremont visit:
<http://www.fremont.k12.ca.us/schoolsdirectory.html>
- Create a **realistic** wish list **but** be prepared to **comprise** if necessary.
- Don't be hasty, but be ready to act when needed.
- Be organized.
- Know your buying power: credit score, down payment and closing costs, be in control of your money...

Things to consider when buying your dream home...

School District

Crime Rate

Future Needs

Commute Time

Transportation

Lifestyle

Shopping

Community Services

Neighborhood Property Values

Thank You!

The key to successful home ownership is to be a **knowledgeable** home buyer working with an **empathic** and **objective** real estate agent!

Happy home shopping!