



# Your First Home



The Proven Path to Home Ownership



Welcome 🏠



Brought to you by  
**1000 Families of Color Inc** and the local  
chapter of the  
**National Association of Real Estate Brokers**  
**R.O.W.M.A**

2023

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**1000 Families of Color Inc and the local  
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R.O.WM.A**



Must have access to zoom to attend\*

## Free Virtual Homebuyer Workshop

Jay Kilgo

President - Realtists of West Michigan Association  
(231) 327 - 5332

Tanya Powell - May

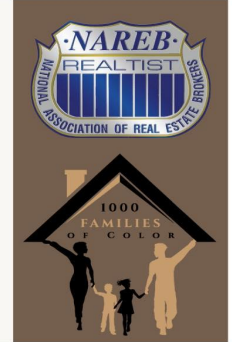
Executive Director - 1000 Families of Color  
(616) 229 - 0303

### Workshop Topics

- Prequalified vs. Preapproved
- Dos & Don'ts
- Finding Your New Home
- Making Your Offer
- Negotiating the Terms
- Under Contract - Now What?
- Before You Close
- Closing Day: What to Bring
- Closing Day: What to expect
- Q & A

### → Select Your Desired Date

- Monday, June 12th, 2023 (6-6:30 PM)
- Friday, June 16th, 2023 (12-12:30 PM)
- Monday, June 19th, 2023 (6-6:30 PM)
- Friday, June 23rd, 2023 (12-12:30 PM)
- Monday, June 26th, 2023 (6- 6:30 PM)
- Friday, June 30th, 2023 (12-12:30 PM)



**Eventbrite**

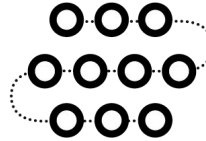
# What We'll Cover Today



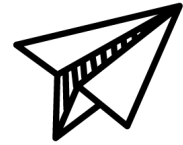
Fears vs. facts  
about buying a  
home



Realities of our  
market today



10 simple  
steps to  
homeownership



Next steps

# Fears vs. Facts About Buying a Home

1.



Fear: I can't afford to buy a home right now.



Fact: Until you do the math, you don't know what you can or can't afford.

2.



Fear: I should wait until the market gets better.



Fact: There is never a bad time to buy the RIGHT home.

3.



Fear: I don't have the money for the down payment.



Fact: There are a variety of down-payment options available to you.

4.



Fear: I can't afford to buy a home because my credit isn't very good.



Fact: There are always options.

## Fears vs. Facts *Continued*

5.



Fear: I can't afford to buy my dream home.



Fact: The best way to get closer to buying your dream home is to buy your first home.

6.



Fear: I should wait until I'm certain about my domestic future.



Fact: You do not have to wait until you are married, partnered, or ready to have children to buy a home.

7.



Fear: Buying a home seems way too complicated.



Fact: No one would ever tell you that buying a home is easy.

8.



Fear: I should pay off my student loan debt before buying a home.



Fact: Student loan debt doesn't prevent you from buying a home.



## Owning

Purchase a home for \$250,000  
and pay **\$1,200 per month** toward your  
mortgage

**Total over 30 years:  
\$432,000**

**You own an asset** that has grown in  
value well over this amount



## Renting

Pay **\$1,200 per month\***  
toward your  
landlord's mortgage

**Total over 30 years:  
\$432,000**

**You own nothing!**  
(\*assuming your rent never goes up!)

# Ten Easy Steps to Homeownership

1. Decide to Buy
  2. Find Your Agent
  3. Secure Financing
  4. Identify Your Criteria
  5. Find Your Home
  6. Make An Offer
  7. Perform Due Diligence
  8. Close
  9. Move in and Protect Your Investment
  10. Enjoy Service for A Lifetime
- 







## **STEP 1**

Decide to Buy



Homeownership lays the foundation for a life of financial security and personal choice.



## STEP 2

Find Your Agent

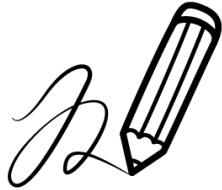
## 🏠 Step 2: Hire Your Agent

### **As your buyer agent, I...**

1. Educate you about the market.
2. Analyze your wants and needs.
3. Steer you to homes that fit your criteria.
4. Coordinate the work of other professionals.
5. Negotiate on your behalf.
6. Solve any problems that may arise.



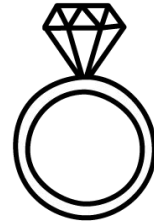
# 🏠 Buyer's Representation Agreement



Sets mutual expectations in writing.



Commits me to finding the perfect home for you.



Confirms exclusivity between both of us.



## **STEP 3**

Secure Pre-Approved Financing





# Seven Steps to Financing a Home

1. Establish your budget.
2. Choose the right lender.
3. Apply for a loan and get approved.
4. Decide among your mortgage options.
5. Submit an accepted purchase contract to the lender.
6. Get an appraisal and title.
7. Obtain funding at closing.






# Apply for a Loan and Get Approved

## Pre-Approval:

-  Formal application with a lender
-  Formal commitment from a lender
-  States how much you can borrow and at what rate
-  Makes you a “stronger” buyer in multiple-offer situations

## Pre-Qualifications:

-  Not a formal or lengthy process
-  Not a commitment from a lender
-  Rough estimate of how much you can borrow





## Get an Appraisal and Title

### **Appraisal:**

An appraisal is how the lender understands the value of your property before finalizing your loan.

This protects the lender from loaning too much or too little) for the property.

### **Title:**

Title is the legal rights to a property. You need to make sure that the people selling it to you, well, can.

# 🏠 Understanding Mortgages

## Three Decisions:



Down payment:  
How much?



Interest payment:  
At what rate?



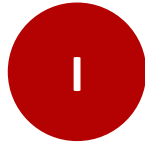
Term:  
How long?

# Monthly Mortgage Payment



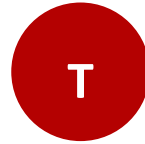
## **Principal:**

pays toward the equity on your home



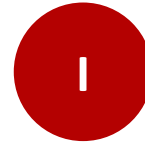
## **Interest:**

pays the lender for the loan



## **Taxes:**

pays the state and local entities for owning a home



## **Insurance:**

pays to protect your investment

# Down Payment



Based on your pre-approval amount.

Depending on the loan, can vary from 3% to 20% down.

Where will these funds come from?

- side jobs
- savings
- parent/in-law gifts

# Maintain Pre-Approval



No big purchases!



No new credit or debit added!



No job changes!



Protect your down payment.





## STEP 4

Identify Your Criteria



# Identify Your Criteria

What Do I Want My Home To Be Close To? What Do I Want My Neighborhood to Be Like?

How Much Space Do I Need? What Do I Need That Space For?

What Is Most Important: Location or Size?

Would I Be Interested In A Fixer-Upper?

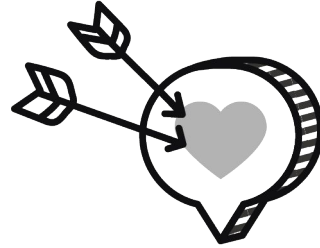
What Kind of Property Should I Buy?

Would I Be Interested in New Home Construction?

What Features Do I Need? What Amenities Do I Want?

What Does My Home Have To Have Now? What Does It Have To Have Potential For?

Of All My Wants and Needs, Which Are The Most Important?



## **STEP 5**

Find Your Home



# 🏠 Find Your Home

## 4 Step Process

1. Determine what houses you want to see.
2. Check out homes that match your criteria.
3. Create a rating system.
4. Decide to make an offer.





## STEP 6

Make an Offer

# Make an Offer



## Price

Offer must reflect true market value of the home

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## Terms

Six basic categories address timing and financial considerations.

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## Contingencies

Often referred to as “conditions” that allow you to opt out of a deal if the home has a problem.



## **STEP 7**

Perform Due Diligence



## Option Period

- Three to 10 days after offer
- Property inspection exposes any structural or hidden issues

## 🏠 Repairs and Renegotiation

### It's the **BIG** stuff that matters:

- cracks or crumbling in the foundation
- cracks inside the house over windows
- water stains in ceilings, floors, or walls
- faded or worn shingles
- plumbing or electrical problems
- mold or termite issues





## **STEP 8**

Close

## Keep yourself mortgage worthy!

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### Budget for additional expenses

- Closing costs (2%–3% of loan amount, includes lender and title fees, appraisal, etc.)
  - Earnest money (1% of purchase price)
  - Option period money (\$100–\$400)
  - Inspections (\$300–\$600)
  - Survey (\$400)
  - Miscellaneous fees
  - One year of homeowners insurance
  - Reserves for improvements and repairs after the sale
- 

**Do a final walk-through of the home.**



# Pre-Closing Verifications

As closing day approaches, your lender and agent will do most of the work. However, to help the process go smoothly, you should make sure you do the following:

1. Stay in control of your finances.
2. Return all phone calls and paperwork promptly.
3. Communicate with your agent at least once a week.
4. Several days before closing, confirm with your agent that all your documentation is in place and in order.
5. Obtain certified funds for closing.
6. Conduct a final walk-through.



# Close

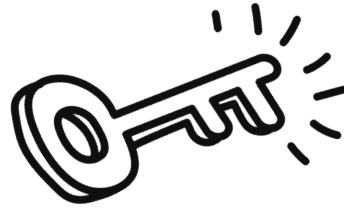


## Bring

- certified funds
- evidence of insurance
- valid ID

## Get

- settlement statement
- transfer of clean title
- keys to your new home



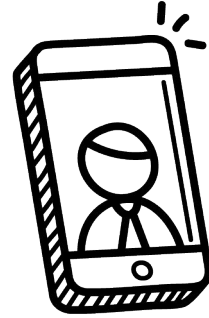
## **STEP 9**

Move In and Protect  
Your Investment

# 🏠 Protect Your Investment

1. **Maintain** - perform routine maintenance on your home's systems, depending on their age and style.
2. **Keep an eye on it** - watch for signs of leaks, damage, and wear. Fixing small problems early can save you big money later.
3. **Keep a file of receipts** for your repairs.
4. **Warranty** - consider a home warranty.





## **STEP 10**

Enjoy Service for a Lifetime



# Getting Started

Questions and Aha's?

# My Commitment to You



1. Educate you about the market.
2. Analyze your wants and needs.
3. Steer you to homes that fit your criteria.
4. Coordinate the work of other professionals.
5. Negotiate on your behalf.
6. Check and double-check paperwork and deadlines.
7. Solve any problems that may arise.