Florida Post Licensing Course (15 Hours)

Marketing Specialties

Section 1

- Course Orientation
- Navigating the site
- Expectations

Section 2
Going Green

- Going green refers to making lifestyle and resource changes to reduce one's carbon footprint and become more environmentally friendly.
- A carbon footprint is a component of your ecological footprint and represents the impact you have on the environment in terms of the energy you use and the carbon emissions that are generated through the use of that energy.
- Your ecological footprint, which is measured in global hectares, can be broken down into the following consumption categories: food, shelter, mobility, and goods and services.
- Everything we do leaves an ecological footprint. Ecological footprints are the consequences to the environment for the things we use and the choices we make.

Building to Green Standards

- The NAR headquarters building in Washington, DC, was built to green standards and resides on a triangular piece of land that was a once a brownfield contaminated site (an undeveloped industrial area rife with environmental complications).
- Biological wastes (such as crop residues), landfill waste, and waste generated by the human economy contribute to ecological footprints.
- Homes are one of the biggest contributors to carbon gas emissions.
- Landscaping can help make a property more environmentally friendly and reduce the urban heat island effect.
- While a sustainable home may seem like a utopian dream, it’s possible to reduce a home’s consumption of natural resources through the use of sustainable energy sources and water conservation.
- When the earth has enough natural resources to sustain the human race, and the human race does as much as it can to renew those resources, the planet is in a state of sustainability.

Leadership in Energy & Environmental Design LEED Program

- Leadership in Energy and Environmental Design (LEED) is a governing body that certifies homes and commercial buildings as green. LEED for Homes is a rating system that promotes the design and construction of high-performance green homes.
- The Partnership for Advancing Technology in Housing (PATH) is a resource that provides information about green remodeling projects.

PATH Resource

The Partnership for Advancing Technology in Housing (PATH) is a resource that provides information about green remodeling projects.

U-Factor

- The u-factor is a scoring system that allows consumers to compare energy efficiency for doors, windows, and skylights.
- Tubular skylights transport natural light to places where light is not readily available and cost far less than traditional skylights.
- Incandescent lighting and CFL lighting is being replaced by LED lighting as the eco-friendlier and cost-saving bulb.

Energy Star Logo ®

- The ENERGY STAR® logo now appears on more than 60 product categories (such as major appliances, office equipment, lighting, home electronics, and more) and on thousands of models.
- New homes that meet strict guidelines for energy efficiency can qualify for ENERGY STAR® certification. An ENERGY STAR® qualified home is at least 15% more energy efficient than a standard home.

Renewable Sources

Photovoltaic (PV) systems use solar panels to convert sunlight into electricity, providing a renewable source of electricity.

Solar tile roofs are a recent advancement Compact wind turbines shift the necessary energy source from a non-renewable, oil-based source, to wind—a source that doesn't deplete.

Finding alternative insulations is one of the more effective changes homeowners can make in turning their properties into green homes.

Landscaping

- A xeriscape yard features plants whose natural requirements (i.e., water, soil, and light needs) match that of the local area and climate.
- Landscape watering options include watering cans, sprinklers, rain barrels, and drip irrigation systems.
- Timers on sprinklers can help reduce runoff from overwatering.
- Watering at night reduces evaporation issues.
- Smart sprinkler systems can measure soil in moisture and even work with weather forecasts to determine appropriate times to water.

Rainwater

- Some communities encourage residents to remove their downspouts to reduce water flow into public water treatment facilities.
- Rain barrels collect rainwater runoff from the roof that may then be used for landscaping.
- Grey water is water that’s been used once and reused for another purpose such a dishwater or bath water then used on landscaping.

Water Conservation

Tankless water heaters only heat water as it is needed and where it is needed, so the heaters do not waste gas heating the water that is only sitting in a tank

Low-flow shower heads reduce the amount of water used, which in turn reduces demands on water heaters.

Faucet aerators are inexpensive investments that can reduce an average home's water usage.

Green Real Estate Practice

- Look for ways to reduce your paper use by going paperless or recycling when the use of paper is necessary.
- Your clients will look to you, their real estate professional, to be an expert and an example of eco-friendly living.
- Be prepared to recommend green changes your client can make, such as installing a programmable thermostat and purchasing energy-efficient appliances.
- Consider getting a green certification.

Green Real Estate
(cont.)

In addition to your client's green remodeling efforts, there are some easy staging strategies you can employ to accentuate a home's green factor.

Encourage clients to consider using paints with minimal or no volatile organic compounds (VOCs).

Recycled glass can add a unique look and appeal to eco-savvy buyers. Staging can be easily geared to accentuate a home's green IQ.

Section 3
Short Sales and Distressed Property Transaction

Short Sale

A short sale is a situation in which a homeowner must sell the home for less than is owed for mortgage balance, liens, and closing costs.

In a short sale situation, the seller walks away with nothing and the lender (or lenders) walks away with less than the lender is owed by the homeowner.

“Upside Down” vs “Distressed”

- As the seller’s agent, it’s up to you to negotiate the best outcome possible for your client, the seller.
- When a seller owes more than a home can be sold for, the seller is said to be “upside down.
- ” A “distressed” seller is one who is facing foreclosure, in fear of foreclosure, or who is or soon will be having difficulty making the mortgage payment.

Loan Qualifications

Adjustable-rate mortgages and stated-income, no-documentation loans contributed to the number of distressed properties on the market.

There was a time when mortgage brokers and other lenders routinely processed "stated income, no documentation loans."

This meant a borrower with a solid credit rating could borrow nearly any amount, and the lender would not verify the borrower's financial ability to repay. These loans are now almost unheard of.

Short Sale, Loan Modification, Bankruptcy or Foreclosure

- One alternative to a short sale is a loan modification but beware of loan modification scam artists. Because of the possibility to receive a commission for a short sale transaction, licensees must be careful not to factor their own interests in any advice given a distressed seller.
- Only refer to licensed loan originators.
- A decision to sell short, file for bankruptcy, or go into foreclosure is one that should be made only after thoroughly investigating the options and only after consulting legal, financial, and housing counselor experts.

Notice of Default

- Once a homeowner has been served with a Notice of Default, the foreclosure process is underway.
- With a deed-in-lieu of foreclosure, the seller gives up all rights to the property and transfers the deed to the mortgage holder, who can then proceed with a sale.

Short Sales and Lenders

Short sale packets should be thorough and in the form the lender wants.

The seller's hardship letter should concisely demonstrate the seller's financial plight, and how the seller came to be in the current situation.

Short sales must be at arm's length; there can be no undisclosed relationships between any parties to the transaction.

When dealing with the borrower's short sale lender it is important to be polite, professional and prompt.

Short Sale Approval

- Not everyone will qualify for a short sale.
- Let your buyer know that just because an offer is accepted by the seller doesn't mean it will be approved by the lender.
- A foreclosure is the most common alternative to a short sale.
- Short sales are seen as a "significant derogatory credit event" by FNMA and are lumped with bankruptcies in the way they are evaluated.

Short Sale Property Value

- In a short sale, the seller must accept, and the lender must approve the offer.
- With a short sale, the listing agent will prepare the CMA with the lender in mind.
- You should try to secure your seller's cooperation in the short sale process early on.

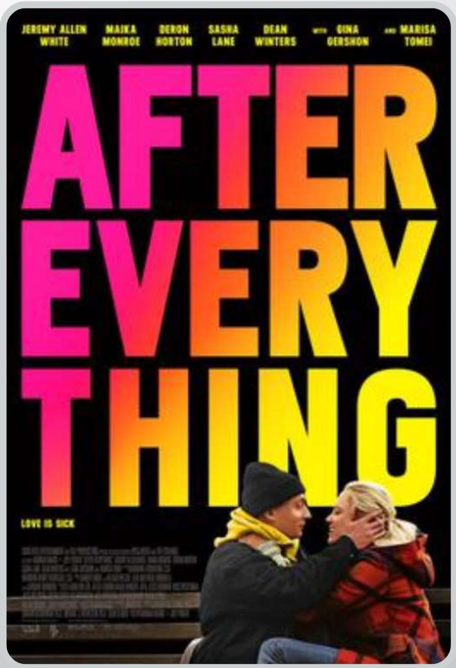
Short Sale Approval (cont.)

Lenders will frequently start foreclosure proceedings even while the short sale request is being evaluated.

Once approval is met on a short sale, the parties should do their utmost to meet all terms, including the closing date; failure to do so could cause the lender to retract its approval.

After Approval

- Even when the lender approves the short sale, it doesn't mean the seller won't have to make up the deficiency in the debt repaid.
- When a lender forgives a short sale seller's debt, the lender will file a 1099-C, which is a Cancellation of Debt. This could mean the debt will become taxable; sellers should be advised to check with their accountant.

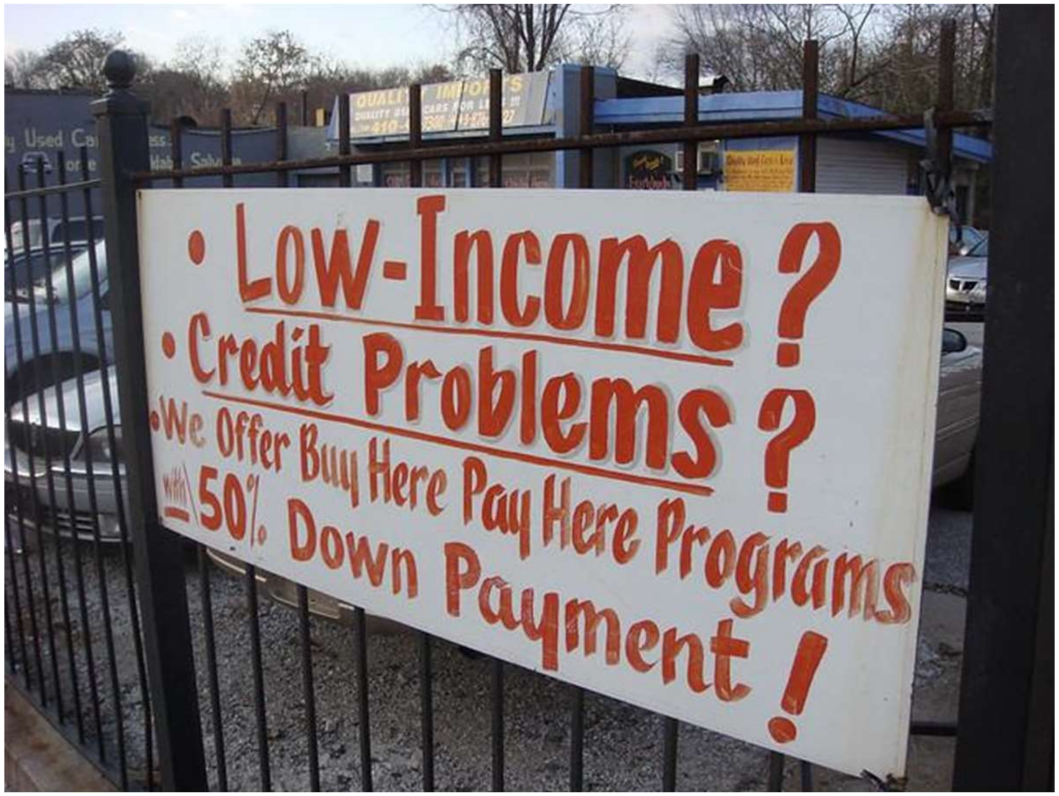


Home Values and Debt Settlements

- An O&E (preliminary title report) should be obtained early in the short sale process to determine ownership and encumbrances.

Mortgage Fraud

- Two types of mortgage fraud are property fraud and fraud for profit.
- Flopping is a means of artificially lowering the perceived value of a property in order to purchase it and make a quick profit; it is a form of mortgage fraud.
- Any transactional funds should appear on the closing paperwork; if they do not, it could be mortgage fraud.



Section 4 Housing Issues Impacting Low-Income & First-Time Home Buyers

Housing Prices

Housing prices are rising at twice the rate of inflation and income—a trend that's expected to continue.

Housing prices rose 6.2% during 2016–2017, while wages rose only 2.6%.

HUD considers families that pay more than 30% of their income for gross housing costs, including utilities, to be cost burdened.

More than 18 million households (renters plus homeowners) now spend more than 50% of their income on housing, qualifying them as severely cost-burdened.

This represents more than 25% of renters (11 million people), and 10% of homeowners (7.6 million).

Affordability doesn't simply mean how expensive housing is. It has more to do with how expensive housing is compared to how much income area residents receive.

Minority Homeownership

- Minorities of all types are disproportionately shut out of homeownership. The U.S. Census Bureau reported 2Q18 homeownership rates as follows: U.S. average: 64.3%; non-Hispanic whites: 72.9%; Blacks: 41.6%; Hispanics (of any race): 46.6%; Asian, Native Hawaiian, and Pacific Islanders: 58%; all other races: 55.7%.
- According to the Monroe Group (cited earlier), the families of 15 million children (21% of all children in the U.S.) have incomes below the federal poverty level.
- Extremely low-income renter households accounted for 26% of all U.S. renter households and nearly 10% of all households in the U.S.
- Per the NLIHC, 71% of ELI renter households are severely cost-burdened and account for 72.6% of all severely cost-burdened renter households in the U.S.

Millennials

Millennials (currently 21–37 years of age) have a homeownership rate of just 34.7%.

The percentage of millennials living with their parents increased almost 15% between 2006 and 2013.

One likely reason for lower homeownership rates is millennials' penchant for choosing urban living, which is where housing prices tend to be highest.

Other reasons cited for lower ownership rates for millennials include delayed marriage (the median age for a first marriage is now 30 years old) and student debt.

The gap in millennial homeownership rates between college and high school graduates widened from 3% to 10% as compared to the prior generation.

Who's Buying

- Single women are buying homes at twice the rate of single men in many markets, but in general, they can only afford two-thirds as much house as single men.

Housing and Mental Health

A lack of safe, affordable housing is associated with declines in mental health, reduced parental enrichment spending and cognitive achievement for low- and moderate-income children, and reduced educational attainment among children.

Some studies suggest that improved housing and neighborhood quality can have a corresponding reduction in mental health care costs for the people who live there.

Housing Quality

- Approximately a half million U.S. citizens are homeless.
- Some studies suggest that improved housing and neighborhood quality can have a corresponding reduction in mental health care costs for the people who live there.
- The Partnership for America's Economic Success found that children's development was significantly impacted by their living environment and that "housing quality and neighborhood characteristics are among the most fundamental aspects of that environment.

Affordable Solutions

Condos are usually offered in apartment style, with a governing board of the homeownership association serving the owners' needs and enforcing rules.

Co-ops can be financed like real property, but purchasers become a shareholder in a corporation that owns the property, and owners receive a proprietary lease on their individual units.

Accessory Dwelling Unit

- An accessory dwelling unit (ADU) is a secondary residence on the same grounds, or attached to, a single-family home. They can’t be sold separately.
- Like condominiums and co-ops, tiny homes, small homes, and shipping containers come in smaller, more affordable packages.

Tiny Homes

- A tiny home is defined as a home that's 400 square feet or smaller, and no more than 8.5 feet wide and 13.6 feet tall (so it can travel on the highway).
- Small homes cost more per square foot than larger homes (because of packing expensive amenities into a smaller space) but are more affordable overall, plus their heating and maintenance costs are much less.

Shipping Containers

- Shipping container homes are shipping containers that have been converted into houses.
- They usually come in one of two sizes: 20 × 8 feet or 40 × 8 feet (160 square feet or 320 square feet) and range in cost from $50,000 to $80,000.

Modular Homes

- Modular homes are factory-built homes that can be used as ADUs, stacked, or placed on in-fill lots in communities aiming for increased density.
- One advantage is that site work can occur at the same time the unit is being built, reducing development time.

Manufactured Homes

- Modular homes are factory-built homes that can be used as ADUs, stacked, or placed on in-fill lots in communities aiming for increased density.
- Again, one advantage is that site work can occur at the same time the unit is being built, reducing development time.

Co-Living

- Co-living involves a shared living space and separate furnished bedrooms, and most co-living situations are rentals.
- Some enterprising homebuyers will gather roommates in advance and qualify for financing the purchase of a home based on anticipated rental proceeds, then use the rent received to pay the mortgage.

Affordable Housing Finance Solutions

- Rising interest rates tend to have a downward pricing pressure on appreciation. So even when interest rates are on the rise, buyers are likely paying less for a home than if interest rates were lower.
- The timing of a home purchase will have little impact on the big picture.
- Homeowners generally come out ahead of renters in the long run.
- Homeowners on average have a higher net worth than renters by a rate of 40.5 to 1.

Interest Rates

- The best rates go to those with the best credit, and when it comes to conventional financing, that usually means a score of 740 and up.
- A credit score is a number that, to lenders, signifies credit risk. That number is calculated from information in the consumer's credit file. Lenders use it to assess the consumer's credit risk at a given moment in time.
- Some consumers won't have a FICO score if they've never applied for credit.
- To have a FICO score, consumers need at least one credit account that's been open for a minimum of six months, and it must have been reported to the credit bureau.

Improving Credit Score

To improve a credit score, buyers should pay bills on time, avoid going into collection, not close accounts or open new accounts just before applying for a loan, pay down total debt, and pay down balances on each credit card.

Some buyers think that once their loan is approved, their credit won't be pulled again prior to closing. It will. Counsel buyers not to open or close accounts or put anything on layaway until after their transaction closes.

A co-signer (usually a family member) can assist with qualifying but must meet the lender's qualifying standards.

Credit bureaus will provide consumers with a free copy of their credit report annually. Buyers can obtain their free annual credit reports from AnnualCreditReport.com

Down Payment

Buyers who struggle with saving for a down payment should pay off debt, set up an automatic savings deposit, reduce rent costs, eliminate unnecessary expenses, and take on a second job or contract work for added income.

Low and no down payment options include FHA (3.5% down); conventional (as low as 3% down); VA (0% down); USDA (0% down).

Down payment grants are available when the borrower and the property meet certain criteria, which varies by program.

Property qualifying criteria for a down payment assistance program includes that it must be a primary residence; it's a single family detached home, townhome, condo, or (in some cases) small multi-family home; and it's under area price limits.

VA Loans

- The U.S. Department of Veterans Affairs (VA) guarantees VA loans. These zero-down-payment loans are available to veterans, active-duty personnel, and their spouses.
- However, applicants must qualify, and the property must qualify for the loan amount.
- The VA doesn't make loans but instead guarantees them through qualified lenders.
- VA loans offer 100% financing with no mortgage insurance requirement and flexible qualifying standards.
- A VA appraisal is called a certificate of reasonable value (CRV).

VA U.S. Department of Veterans Affairs

VA Loans (cont.)

Although no down payment is required for a VA loan, a funding fee of 2.15% (2.4% for members of Selected Reserves and National Guard) will apply, but it can be rolled into the loan.

The VA loan program requires the borrower to obtain a certificate of eligibility from the VA.

An exception to the no-down payment feature of a VA loan is when a buyer purchases a home that's above the VA county loan limit. In these cases, the buyer must put down 25% of the difference between the purchase price and loan limit.

USDA Loans

- The U.S. Department of Agriculture (USDA) loan program is a 15- or 30-year fixed-rate loan available to low-income and moderate-income rural and suburban homebuyers.
- USDA loans aren't just for farmers: More than 90% of the country qualifies as “rural” as the USDA defines it.
- USDA loans are issued by qualified lenders and guaranteed by the government—in this case, the Department of Agriculture. The USDA offers $0 down, fairly lenient qualifying standards, and competitive interest rates.

USDA Loans (cont.)

USDA loans require higher credit scores than those insured by the FHA (640 is the minimum, and 660 has a better chance for approval).

For the USDA-guaranteed loan, applicants don't have to be very low income to qualify. They may earn up to 115% of the average median income for the area.

The USDA 502 direct loan has the USDA as the lender. It's only available to very low-income families (50 to 80% of the median income for the area) who must be without safe and sanitary housing conditions and unable to obtain other financing.

FHA Loans

- For borrowers who have some money saved but who don't qualify for either a USDA or VA loan, a loan insured by the Federal Housing Administration (FHA) may be an option.
- Nearly one in five U.S. buyers uses an FHA-insured loan to purchase their home (the FHA 203[b] loan), and only a 3.5% down payment is required, which may come in the form of a gift from a relative, employer, or qualified group or program.

FHA Loan Limits

The FHA strictly limits the closing costs that borrowers may pay so that the loan remains affordable.

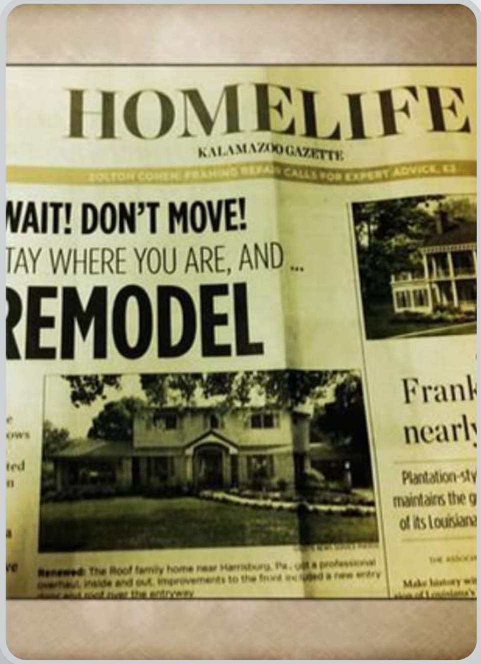
This may increase the costs that the seller will be required to cover in order to make the sale.

The FHA allows the seller to contribute up to 6% of the sales price (or of the appraised value, if that's less) toward the buyer's closing and financing costs.

Reverse Mortgage

- The FHA reverse mortgage is a mortgage loan secured by an individual's own property that enables the borrower to access the equity in the property.
- Reverse mortgage loans are most common among older homeowners who want to age in place.
- HUD's Home Equity Conversion Mortgage (HECM) makes borrowing equity from one's home less expensive and safer for both the lender and the homeowner. HECMs are now the most common form of reverse mortgage.

FHA 203 (K)



- The FHA 203(k) streamline rehabilitation loan program allows homebuyers and current homeowners to roll up to $35,000 of repair, improvement, or upgrade costs into their loan.
- The FHA 203(k) standard rehabilitation loan allows funds for all repairs except for luxury repairs but may include structural alterations, such as converting a one-family home into a duplex or moving the house to a different site.

FHA Good Neighbor Next Door Program

- The FHA Good Neighbor Next Door program is an FHA financing program for allows K-12 teachers, law enforcement officers, firefighters, and emergency medical technicians.
- The FHA Good Neighbor Next Door allows eligible professionals who agree to live in the home for three years to buy foreclosed FHA-insured properties in revitalization areas for a 50% discount with a $100 down payment.

Loan Criteria

- Fannie Mae and Freddie Mac guidelines are based on standardized criteria that makes the loans more easily resalable on the secondary market. More than half of mortgage loans funded are conventional loans.
- Qualified first-time homebuyers seeking a conventional loan will need to meet stricter underwriting standards than those available with FHA, USDA, and VA.
- Most lenders require a minimum credit score of 620 for a conventional loan, but a score of 740 and above earns better interest rates.

Conventional Loans

- Fannie Mae and Freddie Mac guidelines are based on standardized criteria that makes the loans more easily resalable on the secondary market. More than half of mortgage loans funded are conventional loans.
- A conventional loan is one that's not backed by any government agency, but instead conforms to the guidelines set by Fannie Mae and Freddie Mac, making them "conforming loans."
- One caveat with conventional loans is that, in addition to the down payment required, borrowers will likely have higher closing costs than for an FHA, VA, or USDA loan.
- The Conventional 97 allows borrowers to put as little as 3% down. Mortgage insurance is required and may be cancelled when the loan balance is below 78% of the home's original appraised value (80% at borrower request with lender permission).

Piggyback Loan

- A piggyback loan is an 80/10/10 loan where the borrower obtains an 80% first mortgage and a 10% second mortgage, placing just 10% down.
- The advantage to a piggyback loan is that the buyer can avoid paying private mortgage insurance.
- With a piggyback loan, the 80% part of the loan is usually a 30-year fixed rate mortgage, and the second 10% mortgage is a home equity line of credit.

Home Ready Program

- The HomeReady program is a Fannie Mae loan program for first-time homebuyers and repeat buyers.
- It features a 3% down payment option (which can come from a gift or down payment assistance program).
- The HomeReady program allows the borrower to use the income from a non-occupant co-borrower or non-borrowing household member, or rental income from a basement apartment or mother-in-law suite to qualify.

Seller Assistance

- Seller assistance is an option that can help buyers who otherwise wouldn't qualify for typical financing.
- Seller assistance can take many forms: buydown, closing cost assistance, land sales contract, or purchase money mortgage.
- For conventional financing, seller assist amounts are called interested party contributions (IPCs) and are limited to 3% if the buyer is placing 10% or less down, 6% if the down payment is 10% or greater, and 9% for down payments of 25% or greater.
- For an FHA loan, the seller can contribute up to 6% of the sales price. An amount higher than that is considered an "inducement to purchase," and the FHA lender will lower the amount of the mortgage accordingly.

Buy Down

- A buydown is a lump sum cash prepayment of interest to the lender at closing to buy an interest rate down.
- Because the loan is more affordable, the buyer is more likely to meet the lender's qualification standards.

Land Contract

- The land installment contract, also known as a land contract or a contract for deed, is a seller financing option that is a combined purchase agreement, note, and security instrument and is referred to a “Purchase Money Mortgage.
- A purchase money mortgage is often called a seller carry back, because the seller carries back a portion of the sales price via a second mortgage that the buyer assumes.
- With a land sales contract, the seller retains the deed for the property until the buyer has completely paid off the loan.
- The buyer receives equitable title in the property and the right to possess the property, but the seller retains the legal title.

Limits on "Seller Assist"

Most loan programs limit the amount of assistance a seller may pay. Called "seller assist," a buyer can request the seller to pay a certain dollar amount, a percentage of the sales price, or some other combination toward the buyer's closing costs.

For a VA loan, the seller can pay all of the borrower's closing costs but is limited to 4% on seller concessions (e.g., payment of funding fee, inclusion of free-standing appliances, prepaid taxes).

Section 5 Investor Types

Fix-and-flip investors buy properties in need of repairs or updating, fix them up, then resell them for a profit.

Buy-and-hold investors get into properties for their appreciation potential, tax write-offs, and current income through rent.

Wholesalers look for deeply discounted properties, buy them, and then resell them to other investors, pocketing a profit.

Common investment strategies are fix and flip, wholesale, and buy and hold.

FIRPTA

- The Foreign Investment in Real Property Tax Act (FIRPTA) applies to sale of properties by non-U.S. citizens.
- It requires a 15% withholding of the sales price at time of sale until applicable taxes are paid.
- Foreign investors are attracted to NY real estate due to the economic environment, political climate, reputation, quality of life and global purchasing power.

Accreditation Programs

CCIM, SIOR, CPM, BOMA and ISCS are accreditation programs for agents who represent commercial investors.

CIPS is a designation for real estate professionals who work with foreign buyers and sellers.

Commercial Loans vs Portfolio Loans

COMMERCIAL LOANS HAVE HIGHER INTEREST RATES, SHORTER TERMS, AND BALLOON PAYMENTS, COMPARED WITH RESIDENTIAL LOANS.

PORTFOLIO LOANS ARE THOSE FUNDED IN-HOUSE AND ARE USUALLY OFFERED BY SMALLER LENDERS WHO HAVE MORE FLEXIBLE LENDING STANDARDS.

MOST ACTIVE INVESTORS SEEK OUT NON-CONVENTIONAL FINANCING.

Owner Occupancy

- While a VA Home Loan cannot be used to purchase property solely for investment purposes, such as a rental home, the Department of Veterans Affairs does allow a homebuyer to use the VA Loan on a residence that has one to four units – if the homebuyer certifies that they intend to occupy the home.
- Misrepresenting owner occupancy when applying for an FHA loan is a subset of mortgage fraud called occupancy fraud.

1031 Exchanges

- 1031 tax-deferred exchanges involve the following deadlines: subsequent property identification within 45 days of sale of the relinquished property; closing on the subsequent property within 180 days from the closing date on the relinquished property.
- The 1031 tax-deferred exchange allows investors to defer capital gains taxes when selling a property provided the money is rolled into another "like" purchase.

Agent's Role

Licensees should prequalify investors by asking them about their investment goals, partnerships, and service requirements.

When working with a fix-and-flip investor, plan marketing strategy and get marketing vehicles prepared well in advance so you can hit the ground running when the property is ready.

Fix-and-flip investors need to sell quickly to move on to their next deal.

Searching for Investment Properties

- Areas to search for investment properties include the MLS, Craigslist, FSBO sites, foreclosure and REO lists and databases, and newspapers.
- Investment strategies to consider when negotiating for deep discounts include paying cash, closing fast, buying as-is, and waiving the inspection and appraisal.

Buy & Hold Investors vs Wholesalers

Buy-and-hold investors will be interested in renters, not buyers.

A wholesaler will be most interested in an immediate resale to another investor.


The End!