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Finding The Perfect Home



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Platinum Mortgage Company Home Buyer's Guide™

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Finding the Perfect Home

When house hunting, always look for a home that is close to schools, a grocery store and easy access to the highway, which will be easier for you to rent out if you ever convert the home to a rental property. Always remember any home can become a dream home. If buying a home that needs updating keeps you in your budget, than overtime mini projects can make the home specially designed for you and your family. There are conventional and government home renovation loans programs that that are available for purchases and refinances. Just keep in mind the rate will be higher and over the life of the loan it will cost you quite a bit more. You could always refinance once you build back equity into a regular fixed loan program with preferred rates. Very few banks are lending home equity lines of credit that are secured against the home since being in second position is more risky to them. If you ever foreclose on the property in most cases they will lose and not get repaid on the loan.

The House Hunt

The house hunt begins! Now that it is time to start looking for homes, you should consider whether you should find a real estate agent for help and what kind you need. Yes, there are different types!

Finding an Agent

First-time buyers should have professional help in searching for a home. The real estate world has changed dramatically over the last few years. Home prices have declined in most parts of the country, and many of the mortgage rules have changed as well. An experienced agent can help you navigate the process from start to finish. Again, make sure you get pre-approved for a mortgage loan before you try to find an agent. Real estate agents are hesitant to work with first-time buyers who have not been pre-approved by a lender yet. That doesn't mean they won't *talk* to you; it just means they probably won't spend a lot of time helping you.

It may be in your best interest to find an agent that specializes in helping first-time home buyers. Some agents prefer to work with sellers only, because it is less work for them. The buyer's agent typically does a lot more legwork. They have to drive their clients around, look at lots of different houses, write up the offer, etc. You want to find an agent who is not only *willing* to help first-time buyers, but one who *specializes* in it. You will also want an agent that focuses on your target area, meaning the particular neighborhoods or districts you are interested in buying in. This will take some of the research burden off of you. The agent will be very familiar with local schools, neighborhoods and other factors that are important to you. You should make a list of these

factors beforehand (see 'Housing Needs'). The agent will also be better equipped to locate a neighborhood or subdivision that matches your lifestyle. Some agents will list their areas of focus on their websites. Another consideration is whether you should use an exclusive buyer agent (EBA). This is a real estate agent who works with home buyers exclusively. In some cases, an agent might work with sellers and buyers at the same time. This can create a conflict of interest. When using an EBA, you know that the agent truly has your best interests at heart. You can find an exclusive buyer agent in your area by visiting their organization's website.

There is abundance of information available on the internet these days. More and more businesses and professionals are sharing their knowledge with readers and potential customers. Find an agent that publishes a real estate blog for two main reasons. First, you can get a feel for the agent's knowledge and expertise. Second, you will also be able to research the local housing market. Many agents offer first-time homebuyer tips and advice from their blogs as well. This information will likely be tailored to your local housing market. It also shows you that the agent is savvy and up to speed on current developments.

Another great way to find an agent is to get referrals from family, friends or coworkers. The obvious benefit is that the recommendation comes from someone you know and trust. Do you use Facebook? If so, you can post a note about your home-buying plans. You will be surprised at how many people want to help you. If the recommended agent specializes in your target area, you may have hit the jackpot.

Finding the Perfect Home...or Three

Now that you've found an agent, you are ready to start looking at houses, which is the most exciting part of the process for most home buyers.

Before you start looking at homes, get a feel for property values in your area of choice. You can do this by looking at [recent sales data](#) online; your real estate agent should help you with this. It is important to have some familiarity with home prices in the area so you can spot a good value versus an overpriced home.

Housing Needs

Make a list of your housing needs. This is a critical item for the first-time homebuyer. Add this list to your housing file, which should include the other paperwork we've discussed in this article. This list is particularly useful because you can simply give a copy to your real estate agent when it is time to start the search. Your housing needs should include your desired location, the size of the house, the types of features you need, etc.

If you are going to be driving to and from work every day, you need to consider the commute time. This is especially important when you start to zero in on a particular house. Before you make an offer on a home, you might want to commute to work from the house during rush hour. It is an easy drive at 1:00 PM, but what about 7:30 AM? This is a serious quality of life issue that should not be dismissed. It is common for first-time home buyers to overlook such factors when they find the “house of their dreams.” It won’t be your dream house for long if it takes away from your quality of life.

Consider the quality and desirability of schools in the area. This is important even if you don’t have children. Schools go hand-in-hand with property values. Your home is more likely to appreciate in value if it is located within a desirable school district and the opposite is true as well. This factor is even more important for first-time buyers who have school-aged children. Your real estate agent should be able to help in this area, but don’t rely exclusively on your agent. Use the web to research schools in your desired location.

While viewing potential homes, it is important to be flexible and open-minded. Don’t expect a single home to check all the boxes for you. Most first-time home buyers have to make a compromise of some kind. It is rare to find a house that meets every single item on your wish list. It is okay to be modest on your first home and go with a great deal on a condo, townhome or fixer-upper. Making your home a rental and upgrading later is always an option. You should also expand your horizons in terms of price, location, and the features of the house. There is a very good chance you will have to compromise on one of these factors as well. For example, you may find a house that meets all of your needs and falls within your budget, but it is a few miles outside of your desired area. Or maybe it is a little above your budget. You will have more homes to choose from if you expand your horizons.

First-time home buyers often have a hard time looking past the decor of a house. You should not be concerned about the curtains, the carpet, or the color of paint on the wall. These things can easily be changed, and often for very little cost. You should be more concerned with things that are difficult or impossible to change—the size of the house, the location, the number of bedrooms and bathrooms. Don’t be turned off by the stylistic choices of the current homeowners. Open your mind to the possibilities.

Searching Online

First-time home buyers should use multiple tools when searching for houses. Don’t just rely on your real estate agent to provide you with a list of homes for sale. Be proactive about searching online to find suitable homes. I recommend that you use three websites simultaneously: Realtor.com, Zillow.com and Trulia.com. Your agent will also be looking for homes on the

Multiple Listing Service, or MLS. While searching online, don't make a yes-or-no decision solely by what you find in the summary, unless the home is completely outside of your parameters. If it meets most of your requirements, it is worth visiting in person and scratching below the surface. You may be surprised to find that the home has additional features that were not included on the online listing.

Bank-Owned Homes/REOs

Bank-Owned Homes are foreclosed properties, also known as Real Estate Owned (REO) is a home that was once customer-owned, but has been turned back to the mortgage holder as the result of a foreclosure action or acceptance of a deed-in-lieu of foreclosure.

A foreclosure can occur when mortgage payments are not made over a period of time and efforts to resolve the default are unsuccessful. While the bank makes every effort to help their customers remain in their homes, sometimes foreclosure becomes the only option. Many of these properties are in poor condition and the banks assign a REO Asset Management representatives to maintain the property the best they can, but keep in mind these are usually sold as is. Many first-time home buyers shy away from bank-owned foreclosures, but there is a potential for savings that should not be ignored. These homes are often sold for less than their true market value. Normally, you can view REOs on the banks websites or ask your real estate agent to send you the listings by email. The Asset Management representative usually waits for the best offer. It is harder to get an accepted offer, but well worth it if you give it a shot and win.

Offers

What does a first-time homebuyer need to know about making an offer? First of all, you should realize that home prices are lower than they were a few years ago — at least, in most parts of the country. So, you will have to give some extra scrutiny to the seller's asking price.

Before you make an offer, you should have a good feel for what homes are selling for in the area. This information is readily available online. Just visit some sites such as Zillow.com and Trulia.com and look at homes that have recently sold in the area. You can also see the recent sale prices for the homes you're interested in, if any. If you do enough of this research, you will be able to tell the difference between a reasonably priced home and one that is overpriced.

First-time home buyers must realize that homeowners frequently overprice their homes. They might do this for a variety of reasons. Some homeowners set their asking price based on the amount they still owe on the mortgage, but these two numbers have nothing to do with one

another. Remember, it is called an “asking price” for a reason. You need to compare it to other homes that have sold recently in the same area. Is it priced comparably—or is it overpriced?

Making an Offer

Submit a letter of justification with your offer. Show the seller the data you are using to justify your offer amount. A good real estate agent will handle this for you. It is rarely a good idea to submit an offer without supporting data. Otherwise it leaves the seller to believe that you pulled the number out of thin air. You want the seller to know that your offer is based on current market data. They will be more inclined to accept your offer if you back it up with such data.

When you make an offer, you should be prepared for three possible responses. The seller will either accept your offer as is, make a counter offer of some kind, or reject it outright. It is highly recommended that you have a plan for each of these scenarios. You should also know the maximum amount you are willing to pay for a house, *before* you submit an offer. That way, if the seller comes back with a counter offer for a higher amount, you will be prepared for it. This relates back to the fair market value of the house. If the seller makes a counter offer that is still within reason, you should consider accepting. If they refuse to budge on a price that is clearly set too high, you should be prepared to walk away.

Some sellers may be more willing to make concessions (such as loan processing fees, attorney's fees, transfer taxes, title insurance costs, inspection fees, and more), rather than reducing the sale price. Talk to your agent about these types of scenarios before you make an offer. Be open-minded about it. For example, a homeowner may be willing to make a contribution to your closing costs from the proceeds of the sale or they might be willing to throw in some furniture, in lieu of a price reduction.

You've Got Options

Never go with the first offer; it is best to get at least three offers and narrow it down. This limits your ability to spot the best deal. How do you know if you're getting the best terms if you only have one offer? Make sure to compare the APR listed on the Truth-In-Lending disclosures. Compare the 'total payments made' figure on the top right section of the disclosure. Fast talking loan officers will pitch you the rate and not disclose upfront all of their other junk fees, so take the time to consider all of your options and weigh the pros and cons. Having more options is best so you don't ever have to feel like you're settling on your new home.

Trust Your Own Instincts

As a first-time homebuyer, it can be tempting to follow your agent's advice blindly. However, you should not rely on your agent too heavily when making important decisions. Your agent is your advisor and not your decision maker. These are *your* finances that are on the line, and it is *your* potential home. Research the market and use the data to validate the asking price. Trust your own instincts.

Banks

When shopping for the best mortgage deal, consider using a mortgage broker who can find you the best wholesale rate. If you decide to use a retail entity, consider smaller banks, local lenders and credit unions. Don't limit yourself to the "BIG NAME" mortgage lenders, such as Bank of America, Wells Fargo and Chase (JP Morgan). Many first-time home buyers have experienced being turned down by a major lender, due to strict guidelines, but are later approved by a smaller bank - don't limit yourself to the larger lenders. Many banks also wrap their fees into the rate and tend to be .25% or higher than a wholesale lender. For example, on a \$200,000 loan amount at .25% could be a savings of \$7,596 over the life of the mortgage.

Importance of a Home Inspection

A home is one of the most important purchases one will ever make. A home inspection is an inexpensive way to discover the universal condition of a home. It is important to conduct a home inspection to avoid a costly mistake by purchasing a property in need of major repairs. A home inspection is an objective visual examination of the physical structure and systems of a house, from the roof to the foundation. The report will cover the home's heating system; central air conditioning system (temperature permitting); interior plumbing and electrical systems; the roof, attic and visible insulation; walls, ceilings, floors, windows and doors; the foundation, basement and structural components.

Make sure that you chose a state licensed home inspector. You can search for a certified inspector through The American Society of Home Inspectors (ASHI) site www.ashi.org. ASHI's inspectors abide by their [Standards of Practice](#) and [Code of Ethics](#), which outlines what you should expect to be covered in your home inspection report.

Many home buyers try to cut expenses and this is one that should not be omitted. The fee can range from \$300-\$500.

You can find out more helpful information about home inspections on the [HUD website](#). They also have a list of [HUD approved inspectors](#).

Property Insurance

There are several types of homeowner's insurance. Lender's will require insurance be carried for the home.

- **Dwelling Policy** provides property coverage only (protection for individuals and families against loss to a dwelling or personal belongings). Dwelling policies may be used to insure homes that do not qualify for homeowner's insurance. For example, they are commonly used to insure seasonal homes that are unoccupied for portions of the year. To qualify for dwelling insurance, a building does not have to be occupied by the owner, and it may even be under construction.
- **HO-1 Policy** Coverage is limited and resembles a dwelling policy.
 - **Broad Form (HO-2)** covers only those **perils** as itemized in your policy. A peril is the cause of a possible loss; a covered peril is a peril for which the policy provides coverage (fire/lightning, windstorm/hail, theft, glass breakage and smoke)
 - **Special Form (HO-3)** provides comprehensive coverage for "all risks" *except* for certain specified perils, such as earthquake or flood. It is the most popular policy sold today.
- **Condominiums – Unit Owner (HO-6)** offers protection of two separate insurance policies 1) one purchased by the condominium association and 2) you purchase yourself. The association master policy covers the building, including any common walls and grounds, and includes personal liability protection associated with common properties. You have the right to examine the association policy. To protect the contents and the interior walls of your unit, you may purchase a unit-owner form (HO-6). An individual unit-owner policy is similar to the renter's insurance policy. The HO-6 provides coverage for a condo owner who wishes to insure his property or to cover any items not covered by the association's policy, such as personal property, wall, floor and ceiling coverings and any accessories not originally installed in the unit. It also provides personal liability protection. The condominium HO-6 policy also provides loss assessment coverage, which will pay the unit-owner's share of any assessment charged to all unit owners by the condominium association when the assessment is a direct result of a physical loss or damage to the common property which is not covered by the association's insurance policy. The standard unit owner's policy automatically provides a limit of \$1,000 for each assessment relating to the residence's premises; however, higher limits of coverage may be purchased. It should be noted that major assessments for large complexes can be as much

as \$50,000 per unit owner; therefore unit owners may wish to consider a higher coverage option.

- **Rent Guarantee Insurance** protects a landlord when a tenant doesn't pay his rent. Rent loss insurance is recommended when you can't afford to lose your rental property or money made from it.
- **Rent Loss Insurance** protects when a home that is rented out to others has been damaged by a covered cause of loss. Coverage is also provided for the fair rental value of the portion of the premises occupied by the insured.
- **Flood Insurance** protects when a home is damaged from flooding. About 20% of US homes are at risk of flood damage. If the homes are listed on FEMA's flood watch list the home is required to have flood insurance by lenders if there is a mortgage being issued on the home.
- **Earthquake Insurance** protects a home when there is earthquake damage. Typically a earthquake policy carries a high deductible and can be expensive.

Moving Checklist

There are so many things to think about when moving! Here's a comprehensive checklist to help you stay on track.

2 Months Before Moving

- Create a "move file" to keep track of estimates, receipts and other important information.
- Check with the IRS to see what expenses can be deducted on your next tax return.
- Start researching your new community. The Internet is a great resource for finding online community guides and newspapers.
- Contact your new Chamber of Commerce for their new resident packet.
- Draw out a floor plan of your new home and start deciding which function each room will serve.
- Budget for moving expenses and start collecting estimates
- Read up on moving tips and topics at our Moving Resource Center.

6 Weeks Before Moving

- Start pulling together medical and dental records - including prescriptions and shot records. Ask your existing doctors if they can refer you to a care provider in your new city.
- Arrange to have school records transferred to your children's new school district and/or daycare.

- Get copies of any legal and financial records you need.
- Arrange for veterinarian records to be transferred.
- Call your insurance agent to see what changes to expect in your policies for changing states. Ask if moving is covered and arrange for insurance for your new home.
- Contact health clubs or other organizations you have joined. Ask how you can end, sell or transfer your membership.

5 Weeks Before Moving

- Make a list of things that are valuable or difficult to replace. Plan on shipping these by certified mail or carrying them with you.
- Make a list of friends, relatives and businesses who need to be notified of your move.
- Start working your way through each room taking inventory and deciding what to get rid of. Start planning a yard sale or contact your local charities.
- Think about subscribing to the newspaper in your new hometown to start learning about events and the local culture.
- Start to use things that can't be moved, such as frozen foods, bleach and aerosol cleaners.
- Start collecting boxes and other packing supplies. You can order a wide selection of boxes to be delivered to your door.
- Start packing items you don't use often. Also start disposing of the items you've designated for a yard sale, donation or the junk yard. If you donate, be sure to get a receipt for income tax purposes.
- Start pinpointing a "drop date" for your truck/trailer. This will be the day you receive your trailer and have it left for loading. Try to take advantage of the lower rates offered Tuesdays through Thursdays and during the first three weeks of the month.
- Plan ahead for parking. Remember you will be receiving a 28 foot commercial trailer, which will require a 14 foot overhead clearance. You may need your reserved space for up to two business days and should contact your property manager or local authorities to ensure you will be complying with any rules or restrictions.
- Plan for short-term or long-term storage at destination if needed.

4 Weeks Before Moving

- Reserve your truck/trailer online. Reservations should be made at least two business days prior to your move date. Please keep in mind that reservations are based on availability. Companies have ramps for rentals that you can reserve at the time of reservation. If you will need other loading equipment, make reservations with a local equipment-rental yard.

- File a change of address. If you are unsure of your new address will be, ask the postal service to hold your mail in their office in your new city.
- Schedule disconnection of all utility services at your old home, and connection of them at your new one. Be sure to disconnect the day after you leave and connect the day before you arrive. If you have "last month" deposits with services, such as the water or gas company, request your refund.
- Make travel arrangements for your pets, do not forget to include necessary medical and immunization records.
- Advertise and host your garage sale.
- Call your newspaper courier and set a date to cancel your subscription.

3 Weeks Before Moving

- Make sure all library books have been returned and all dry cleaning or items out for repair have been picked up. Also retrieve any items out on loan.
- Contact your utility companies on both ends of the move to order dates for termination or turn-on.
- Decide if you will keep your plants or give them away. Remember plants cannot be loaded with your other household goods.
- Dispose of flammables, corrosives and poisons.
- Have your automobile(s) serviced.
- Prepare auto registration to be transferred.
- If you are moving into or out of an apartment, arrange to use the elevator on your move day.

2 Weeks Before Moving

- Contact your bank and/or credit union to transfer or close accounts. Clear out safety deposit boxes. Pick up traveler's checks or cash for "on the road" expenses.
- Confirm travel arrangements for pets and family.
- Confirm parking for your trailer.
- Notify any creditors of your move.
- Plan meals for the last week of the move to help empty the refrigerator and avoid using appliances that will already be packed.
- Assemble a folder of important information about the house for the new owner of your home.

1 Week Before Moving

- Finish packing and prepare an "essentials" box. Designate several boxes and items as "last load" items. Pack your suitcases and valuables separately.
- Drain all gas and oil from your mower and other motors. Gas grills, kerosene heaters, etc. need to be emptied as well.
- Drain water hoses and waterbed.
- Empty, defrost and clean your refrigerator at least 24 hours before moving day. Prepare all appliances for loading.
- One or two business days before your move, contact your local ABF terminal to confirm a time to receive your trailer.
- Fill any prescriptions or medications you will need for the next couple of weeks.
- Make childcare arrangements for moving day.
- Notify friends and family of your new address and phone number.

Move Out Day

- It is necessary for you to be present when your truck/trailer is delivered. You will need to show the driver where you want the trailer parked and sign for delivery.
- Inspect your trailer for cleanliness and leaks before signing for delivery.
- Measure your space on the trailer, so you know where your boundary is. If you need more or less space, you can take it and simply adjust your base rate by your "per foot" charge.
- You are ultimately responsible for how your goods are packed and loaded in your trailer. Be familiar with our packing and loading tips and personally supervise hired labor.
- Load your goods in a pre-designated order, saving "last load" items for the rear of your shipment. This might include your vacuum cleaner or bed sheets.
- Check every room, closet and cabinet one last time before deciding everything is loaded.
- Once your goods are loaded, install the bulkhead.
- Take note of utility meter readings.
- You should have received a copy of your Bill of Lading, or BOL, when you received your trailer. Look this document over carefully and contact your moving coordinator with any questions or concerns.
- Make sure the destination address and contact information on your BOL is correct and write in the number of feet taken by your shipment. This is very important, as an accurate BOL ensures an accurate rate.
- Call the local truck/trailer terminal when your trailer is ready to be picked up.

- When the company picks up your truck/trailer, verify the footage with the driver and sign the BOL.
- The day after your trailer is picked up call your local terminal to verify charges and to get your "pro" or tracking number. You can use this number to track your shipment around the clock.
- Leave a note with your new address in the house so that future residents can forward any stray mail.
- Keep a friend or family member informed of your plans and "whereabouts" in case of an emergency or unforeseen event.

Moving In

- You are likely to arrive at your new home ahead of your shipment. Take this time to look things over and to ensure your new utilities have been connected.
- Check appliances and systems to ensure all are working properly, and arrange for repairs if necessary.
- Check to see if your mail is making it to your new address or pick up any mail being held.
- Consider drawing out your new floor plan and decide where you want furniture and appliances placed.
- Keep track of your shipment and work with the local terminal to schedule delivery of your trailer. Plan ahead for parking.
- As at origin, make a point to be present when the company delivers your truck/trailer. Show the driver where you want the trailer parked and sign for delivery. If you are unable to do this, work closely with a friend or representative to accept your shipment.
- Unless you are paying by credit card, have a cashier's check or money order ready for the driver.
- After your goods are unloaded, contact your local terminal to have your trailer taken away. Be sure to remove all debris, leaving only the bulkhead in the trailer.

After You're All Moved In

- Keep all receipts and documentation in your move file and store the file in a safe place. Be sure to include your Bill of Lading and delivery receipt. You will be glad to have everything in one place at tax time.
- Make an appointment online with the DMV to get an updated driver's license and your vehicle registration for your automobile with your new address.
- Register to vote.
- Contact the local paper for a new subscription.

Our goal is to find you the best financing available to save the most money. As the experts. Email your scenario to info@pmccanhelp.com.

Make sure to visit our website: www.pmccanhelp.com

PMC Blog – Stay Current on Mortgage, Real Estate, Credit and Finance
www.pcmortgageloans.wordpress.com

FOR A FAST PRE-APPROVAL: Complete a loan application on our website [**APPLY ONLINE**](#)

A hand in a blue sleeve holds a set of keys, offering them to another hand held palm up. The background is a blurred wooden door with a decorative arch and a hanging light fixture above it.

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