

# BUYING A HOME



Presented by:

Tamara Lindemann

CENTURY 21 Looking Glass

517.853.7032

[Tamara.Lindemann@century21.com](mailto:Tamara.Lindemann@century21.com)



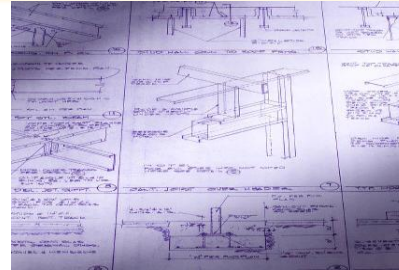
# Basics of Buying a Home



## Common Financing Options



## Home Characteristics & Desired Location



## Common Terminology



## 2009 Tax Credit to 1<sup>st</sup> Time Home Buyers



## Online Resources



# COMMON FINANCE OPTIONS

## Cash

- Proof of funds are required. Payment made with certified check.

## Conventional Loan

- A long-term loan a lender makes for the purchase of a home. Typically requires more down to finance (i.e. usually 20%).



## FHA Loan

- This government agency operates a variety of home-loan programs. Its most popular is the Sec. 203(b), program, which provides low-rate mortgages to buyers who make a down payment as small as 3%.

## Rural Housing Loan

- **100 % No Money Down.** This loan is used by borrowers to purchase a rural home they will personally occupy. This 30 year fixed rate mortgage is offered to families whose income does not exceed 115 % of the median income for the area.

## VA Loan

- A loan that allows most veterans to purchase a home without a down payment.



QUIZ



# COMMON FINANCING OPTIONS QUIZ

1. An FHA loan allows the buyer to purchase a home with zero down payment?

[True](#)

[False](#)

2. Which loan requires a higher down payment?

a. [Conventional](#)

b. [FHA](#)

c. [Rural Housing](#)

d. [None of the above](#)





**Great Job!**



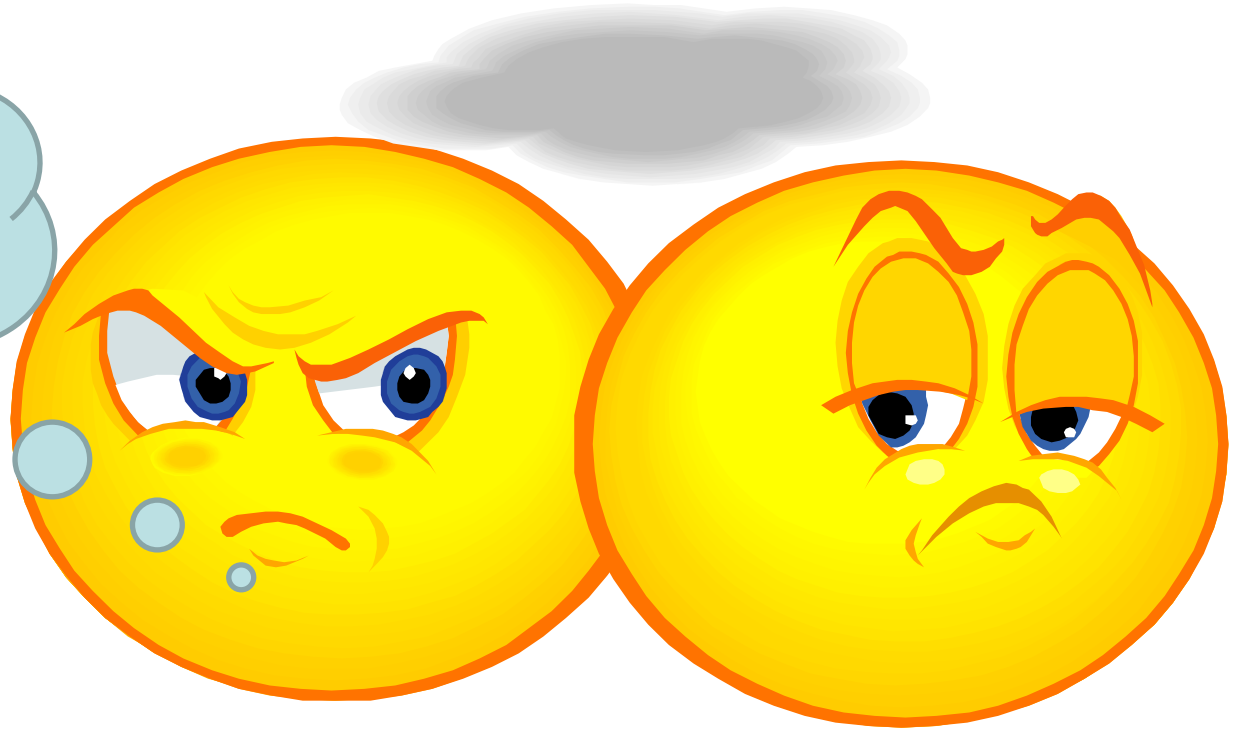


**Sorry,  
Try Again!**





I told you it  
was the other  
one.







# First Time Home Buyer Tax Credit

- Congress enacted legislation providing a tax credit of up to \$8,000 for first-time home buyers. This tax credit applies to qualified first-time homebuyers purchasing a principal residence.

## Tax Credit at a Glance:

- Only for first-time homebuyers.
- Does not have to be repaid.
- Equal to 10% of the home's purchase price up to a maximum of \$8,000.
- Available on or after January 1, 2009 – December 1, 2009.
- Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit.
- Visit [www.federalhousingtaxcredit.com](http://www.federalhousingtaxcredit.com) to learn how you can take advantage of this tax credit to the home of your dreams.



QUIZ



# Tax Credit Quiz



1. The tax credit applies to:

- a. All new mortgages
- b. First time home buyers
- c. 2<sup>nd</sup> residence purchases
- d. All of the above

2. The tax credit is available from 1/1/09 – 12/1/09?

True

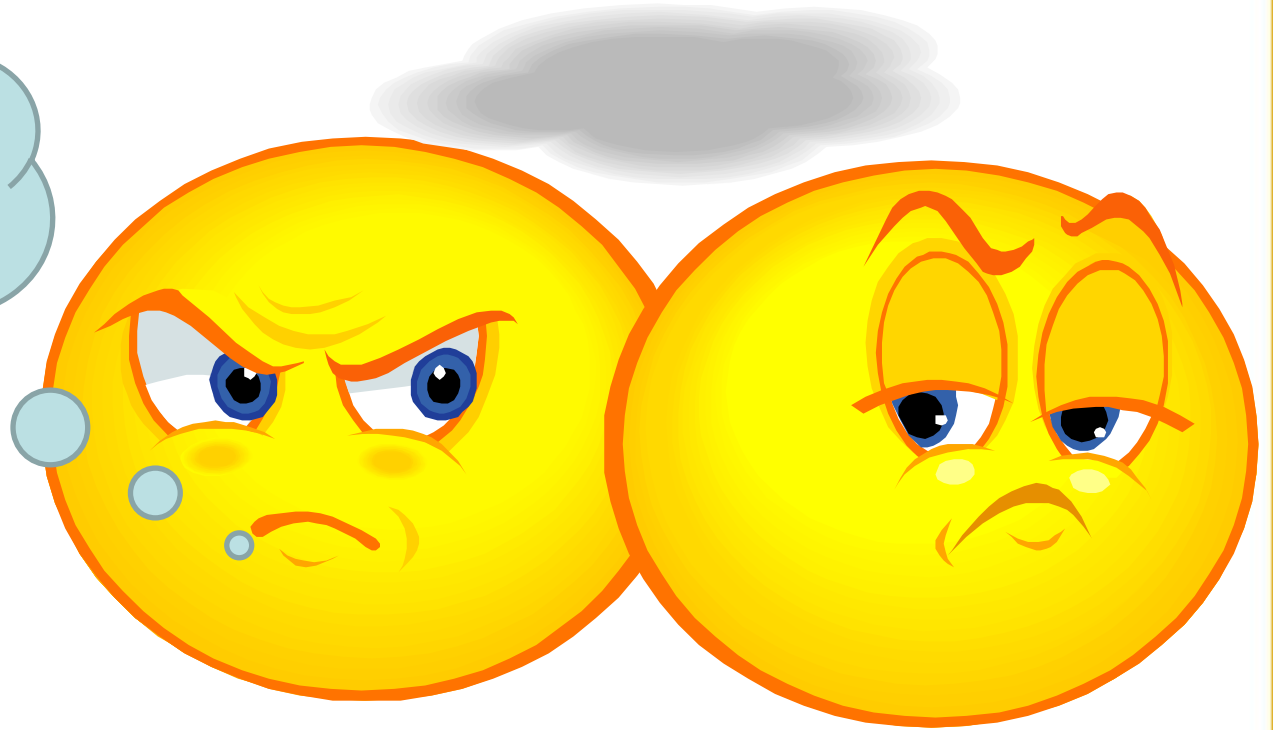
False







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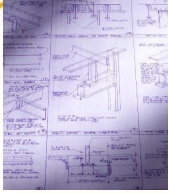


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## Home Characteristics & Desired Locations



Before beginning to search for your dream home it is important to establish criteria of what you want as far as home characteristics.

- Where do you want to live? (i.e. city, subdivision, country, specific neighborhood, etc)
- What type of home do you want? (i.e. ranch, two-story, cape code, bungalow, etc.)
- How big of a home do you want or how many square foot are you looking for?
- What is the minimum number of bedrooms and bathrooms you want?
- Do you want a garage or a basement?







# Online Resources for Real Estate

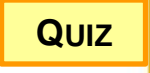


Knowing where to look for a home is essential. There are numerous web resources that enables a buyer to search for a home 24/7.

My company, Century 21 Looking Glass advertises homes they list to at least 24 online web resources. This gives buyers the advantage to see many different homes without ever leaving home. Some online resources we advertise to are:



Other resources for calculating mortgage payments or open houses are:



## Online Resources Quiz

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1. Century 21 advertises to at least \_\_\_\_\_ online web resources?

- a. 20
- b. 22
- c. 24
- d. 18





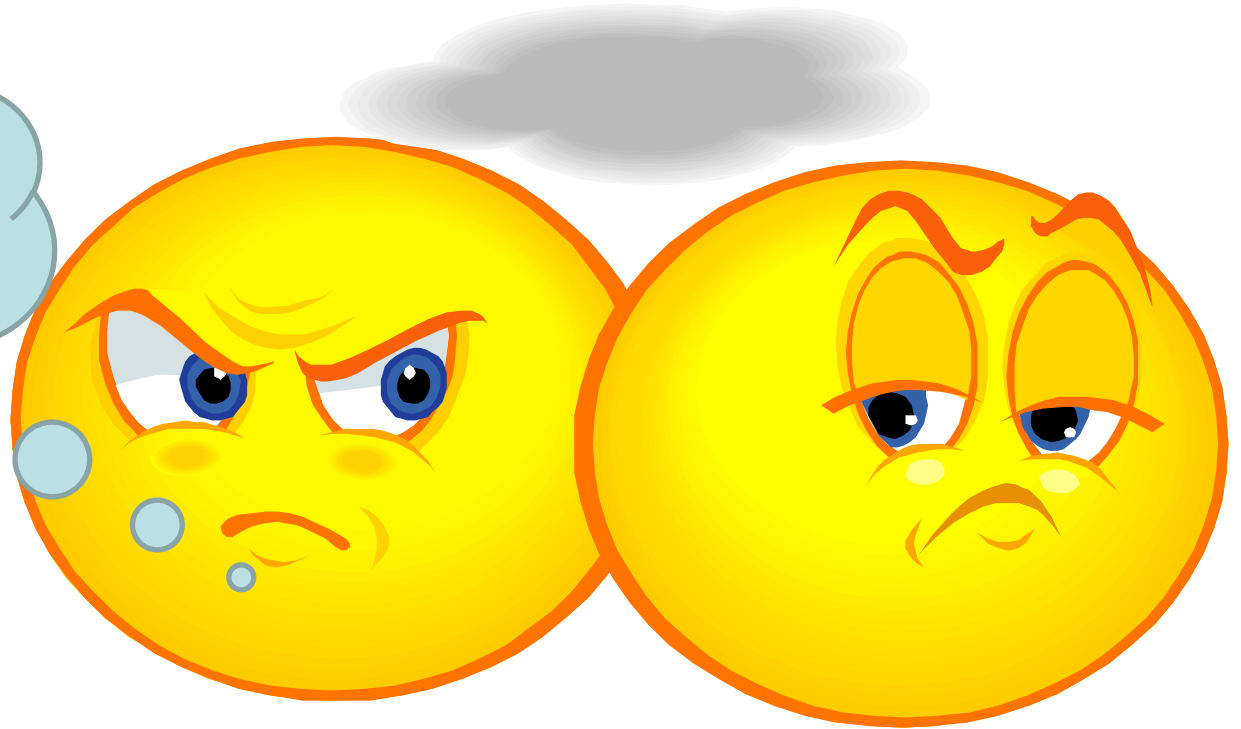
**Great Job!**







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# Common Terminology



## LTV

- Loan to Value ratio is the total amount of the mortgage divided by the appraised value of the property.

## Points

- Fees that a mortgage lender charges for the loan. Every point is equal to one percent of the mortgage amount. Buying points usually lowers interest rate.

## Pre-Payment Penalty

- A penalty charged by the lender if loan is paid off early.

## PMI

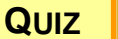
- Private Mortgage Insurance protects the financial institution in the event the person(s) borrowing the funds defaults.

## PITI

- Principle amount, Interest, Taxes, and Insurance

## Quit Claim Deed

- A legal instrument used to release one person's right, title, or interest to another without providing a guarantee or warranty of title.



# Common Terminology Quiz



Fees that a mortgage lender charges for the loan. Every point is equal to one percent of the mortgage amount. Buying points usually lowers interest rate.

- a. [Escrow](#)
- b. [PITI](#)
- c. [Points](#)
- d. [Closing](#)









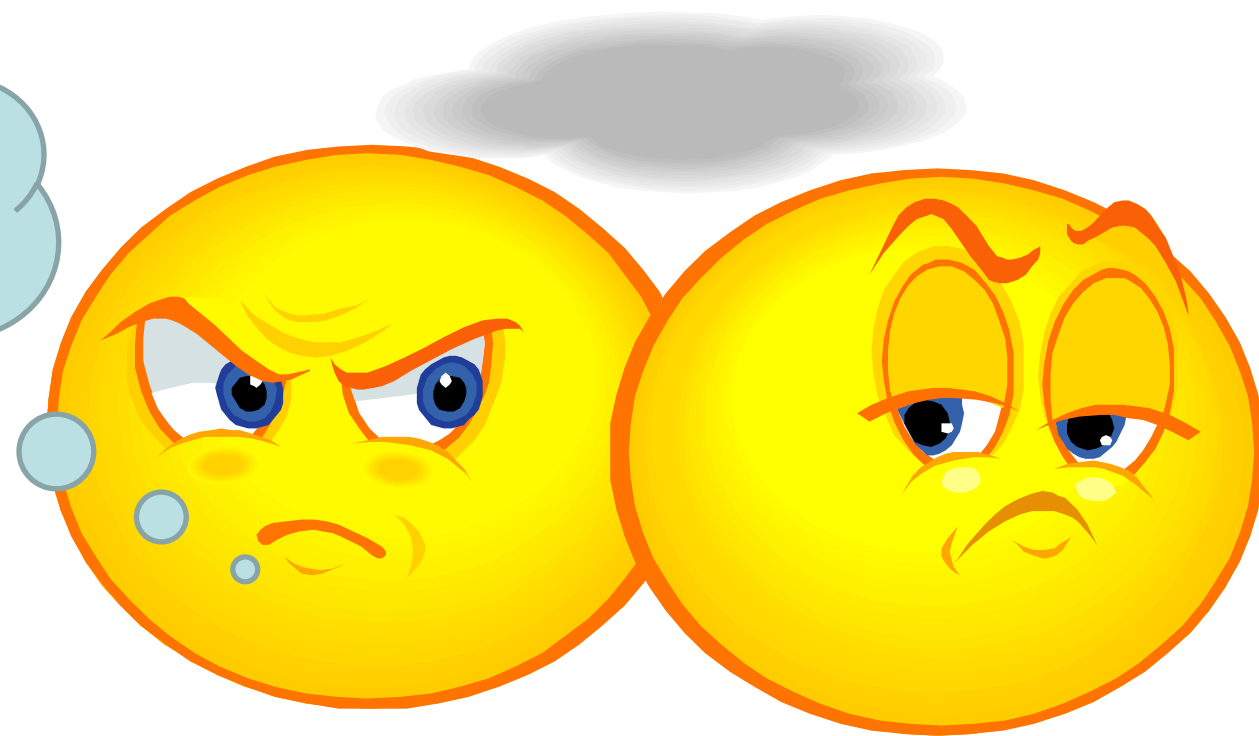
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# Common Terminology



## Closing

- A meeting of parties to a real-estate deal for formally transferring title

## Ernest Money/Good Faith Deposit

- The money a buyer puts down on a home they are trying to purchase when writing an offer.

## Escrow

- Funds held in trust by a third party to be turned over to the grantee only upon fulfillment of a condition (i.e. to pay property taxes and insurance)

## Exclusive Buyer Agency

- An agreement between a Realtor and their buyer that the buyer will work exclusively with the Realtor for a designated period of time.

## Equity

- The money value of a property or of an interest in a property in excess of claims or liens against it

## Points

- Fees that a mortgage lender charges for the loan. Every point is equal to one percent of the mortgage amount. Buying points usually lowers interest rate.



QUIZ



# Common Terminology Quiz

Funds held in trust by a third party to be turned over to the grantee only upon fulfillment of a condition.

- a. [Points](#)
- b. [PMI](#)
- c. [Special Assessment](#)
- d. [Escrow](#)





**Great Job!**

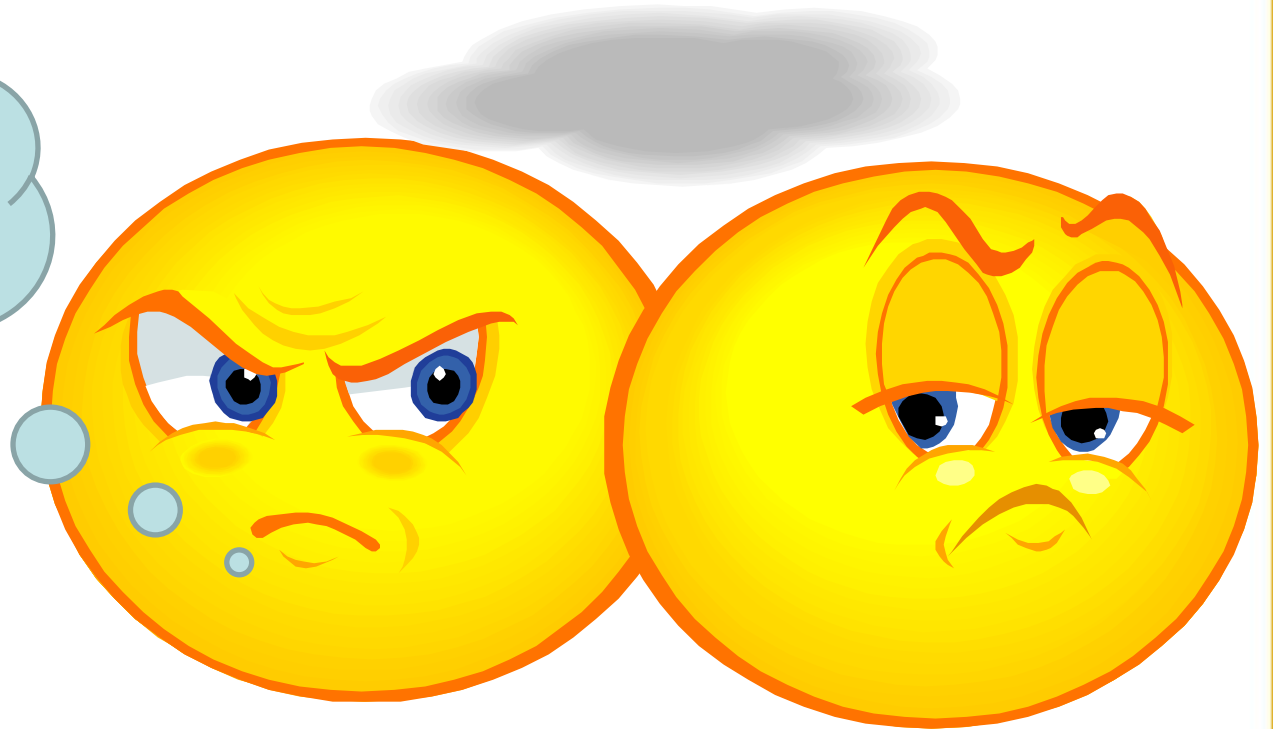








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**Sorry,  
Try Again!**





# Common Terminology



## Quit Claim Deed

- A legal instrument used to release one person's right, title, or interest to another without providing a guarantee or warranty of title.

## Special Assessments

- A specific tax levied on private property to meet the cost of public improvements that enhance the value of the property.

## Warranty Deed

- A deed warranting that the grantor has a good title free and clear of all liens and encumbrances and will defend the grantee against all claims.



[QUIZ](#)



# Common Terminology Quiz

A deed warranting that the grantor has a good title free and clear of all liens and encumbrances and will defend the grantee against all claims.

- a. [Quit Claim Deed](#)
- b. [Warranty Deed](#)
- c. [Special Warranty Deed](#)
- d. [None of the above](#)







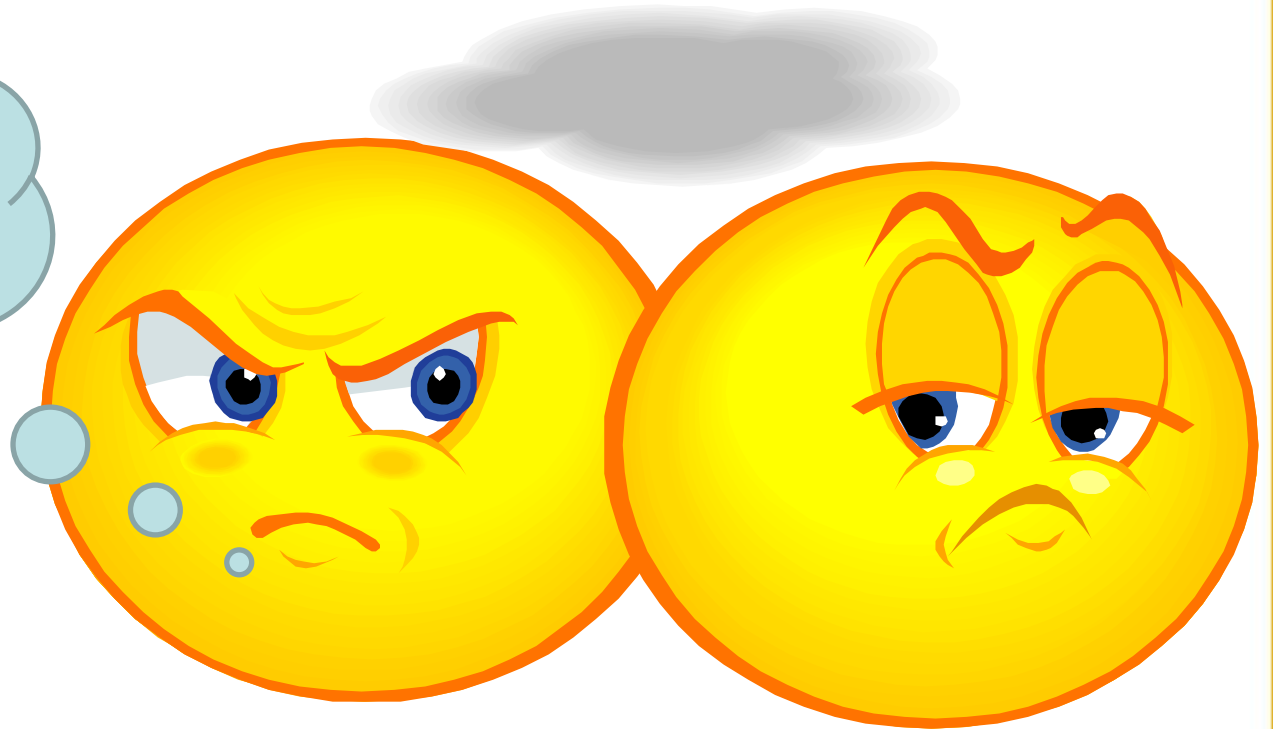
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# Congratulations!

- You are now more educated and prepared to purchase a home.

***Good Luck and Happy Home Hunting!***

- For help with your home ownership needs, please contact:



**Tamara Lindemann, REALTOR**

**Century 21 Looking Glass**

3490 Belle Chase Way, Ste. 130

Lansing, MI 48911

**Direct Line: 517.853.7032**

Email: [tamara.lindemann@century21.com](mailto:tamara.lindemann@century21.com)