



# **HOME BUYING 101**

# **WEBINAR**

MARCH 16, 2023



# AGENDA

- INTRODUCTIONS
- HOW MUCH HOME CAN YOU AFFORD?
- CREDIT REQUIREMENTS
- IMPORTANCE OF A REALTOR
- HOME BUYING PROCESS
- HOME APPRAISAL
- HOME INSPECTION
- CLOSING ATTORNEY RESPONSIBILITIES
- HOME BUYING TIPS
- Q & A



# MEET YOUR PANEL OF EXPERTS



**JOE MENNA**

Mortgage Originator  
*Credit Union of Georgia*



**BACARI NELSON**

Mortgage Originator  
*Credit Union of Georgia*



**REBECCA COOPER**

Realtor  
*Cooper Southern  
Homes with Atlanta  
Communities*



**ALLAN RAINWATER**

Home Appraiser  
*Allan Rainwater  
Appraisers*



**TIM REED**

Home Inspector  
*Open Eye  
Home Inspections*



**WILLIE PHALEN**

Closing Attorney  
*Sherman & Phalen*



# Your Credit Union of Georgia Mortgage Department

PERSONALIZED, PROFESSIONAL SERVICE

EXPERT KNOWLEDGE

ONLINE APPLICATION PROCESS

CLOSING AT YOUR CONVENIENCE

LOW RATES & FLEXIBLE TERMS

COMPLETE PRODUCTS OFFERINGS

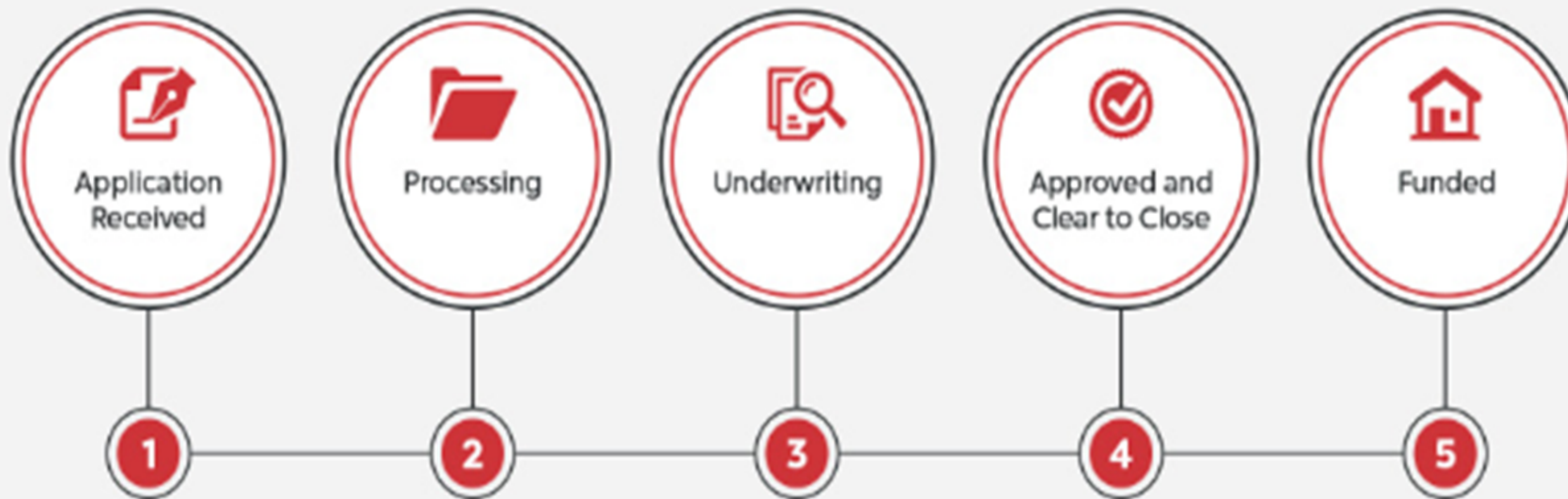
30 | 20 | 15 | 7 YEAR MORTGAGE OPTIONS





# THE MORTGAGE PROCESS

## What Happens During the Mortgage Processing?



# **CALCULATING HOW MUCH YOU CAN AFFORD**

# **CREDIT REQUIREMENTS**



# QUALIFYING FOR A MORTGAGE

## THE 3 C'S IN LENDING

1

### CREDIT

- Credit Score
- Derogatory Credit
- Length of Credit History

2

### CAPACITY

- Income
- Employment History
- Savings History

3

### COLLATERAL

- Appraisal Value of the Home
- Condition of the Home
- Liens on the Home



# CREDIT

1

## CREDIT SCORE

- A tri-merge credit report is pulled and we take the middle credit score. If only 2 scores are reported then we take the lower of the 2 scores.
- Joint credit reports take the middle score for each borrower then the lower of the two borrowers

2

## DEROGATORY CREDIT

- Bankruptcies, Foreclosures, Short Sales, Deed in Lieu of Foreclosure, Late Payments, Collections, Judgments and Tax Liens

3

## LENGTH OF CREDIT HISTORY

- Lenders want to see 3 trade lines that have 12 months recent history

# CAPACITY

1

## INCOME

- Average Over Last 2 Years on W-2
- What is your base income?
- Can overtime be counted?

2

## COMMISSION INCOME

- Average Over Last 2 Years

3

## SELF EMPLOYED INCOME (1099)

- Personal Tax Returns (Last 2 Years)
- Business Tax Returns (If Applicable)
- Unreimbursed Business Expense will be deducted from your income



# COLLATERAL

- An appraisal is ordered to determine the value and condition of the property.
- The appraiser takes the information about the home and compares it with homes that are similar and have sold in the last few months – this will be used to determine the current value of the home you are interested in purchasing.
- The appraiser will note if there are items that affect the safety and/or the value of the home. These items will have to be repaired prior to closing.
- The attorney's office will initiate a title search to determine if the property has liens that would prohibit the title transfer to the new owner.

# **IMPORTANCE OF A REALTOR**

# SHOPPING FOR YOUR NEW HOME

- BEGIN THE PRE-QUALIFICATION PROCESS
- SELECT A REAL ESTATE PROFESSIONAL TO REPRESENT YOU
- SELECT SOMEONE YOU TRUST & YOU LIKE!
- WHO IS BEING REPRESENTED?
- BUYER'S AGENT VS. SELLER'S AGENT
- SIGNS & WEBSITE CALLS
- NEW HOME SUBDIVISIONS
- TYPICALLY COMMISSION IS PAID BY THE SELLER





# THE BUYING PROCESS

- PRE-QUALIFICATION PROCESS
- INITIAL BUYER CONSULTATION
- HOME SEARCH
- MAKE AN OFFER
- REACH AN AGREEMENT WITH THE SELLER
- CONGRATS – YOU'RE UNDER CONTRACT!



# THE BUYING PROCES CONTINUED

- DUE DILIGENCE PERIOD
- INSPECTIONS
- OBTAIN HOMEOWNERS INSURANCE QUOTE
- PREPARE FOR CLOSING
- KEEP IN CLOSE CONTACT WITH THE LENDER
- PROVIDE REQUESTED INFO TO THE ATTORNEY
- SET-UP UTILITIES
- WIRE FUNDS TO CLOSING ATTORNEY
- CLOSING DAY





# BE FINANCIALLY PREPARED

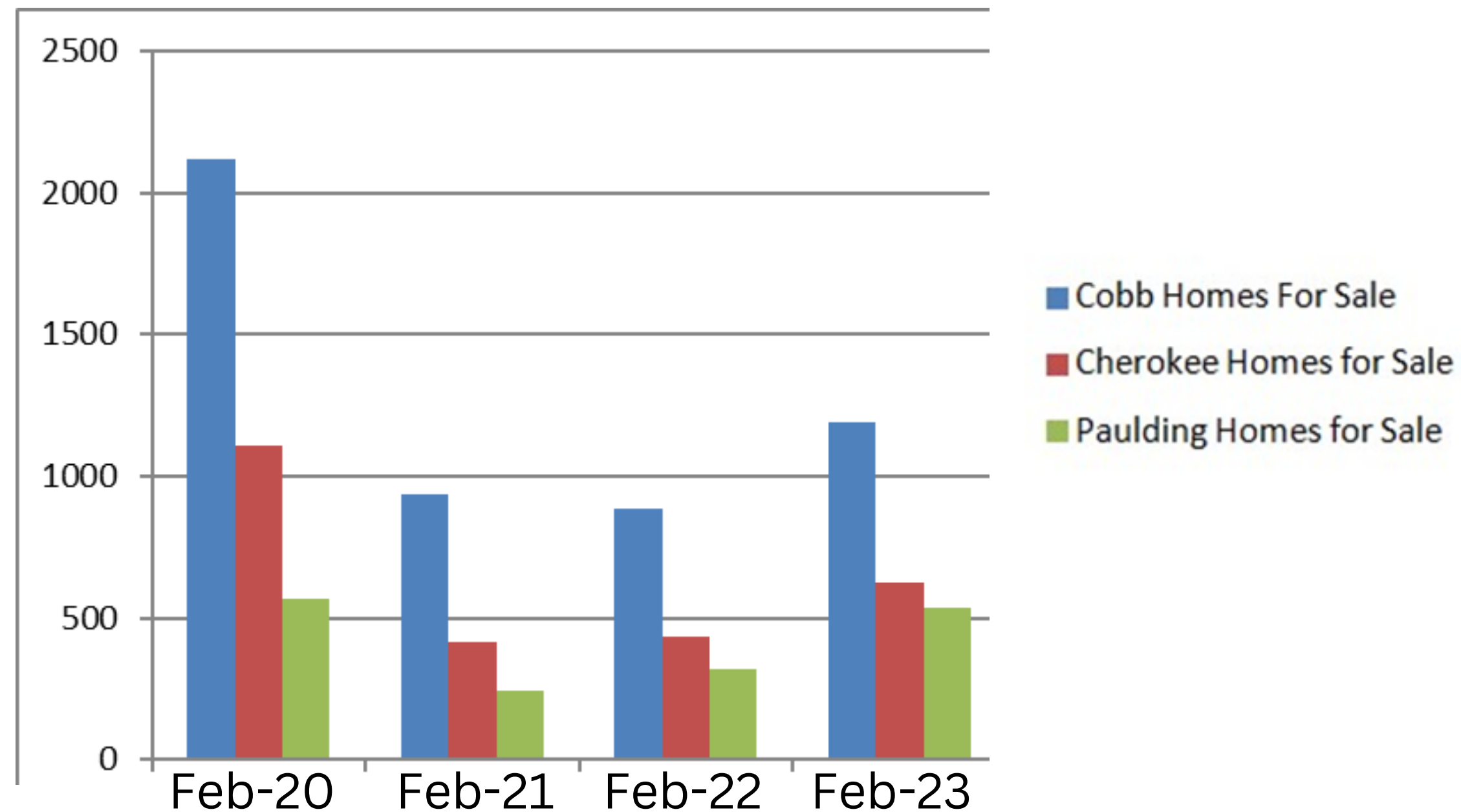
- EARNEST MONEY - 1% OF SALES PRICE
- HOME INSPECTION
- APPRAISAL
- CASH TO CLOSE
- DOWN PAYMENT
- CLOSING COSTS
- PREPAIDS





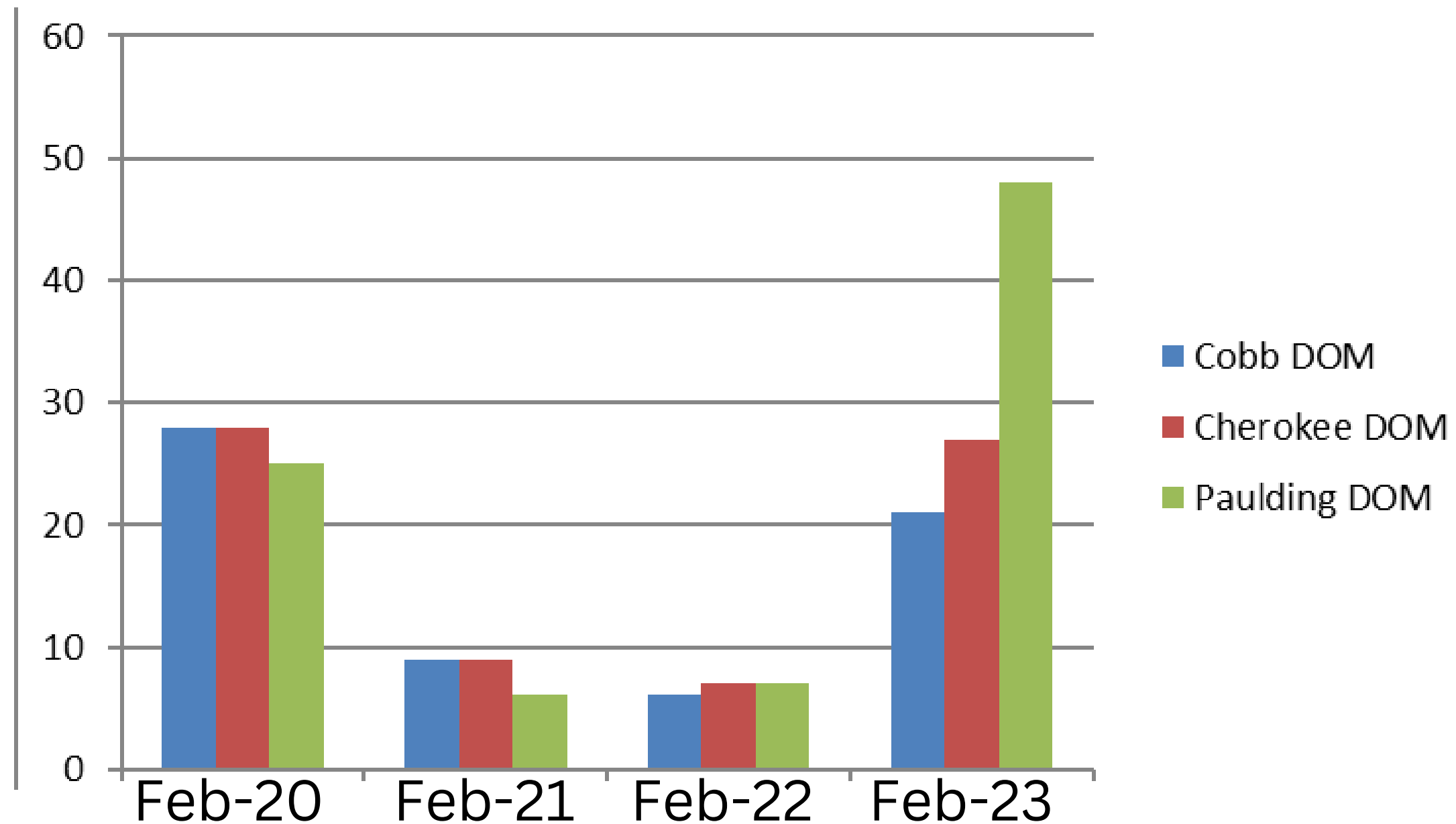
# CURRENT MARKET CONDITIONS

## HOMES FOR SALE IN THE AREA



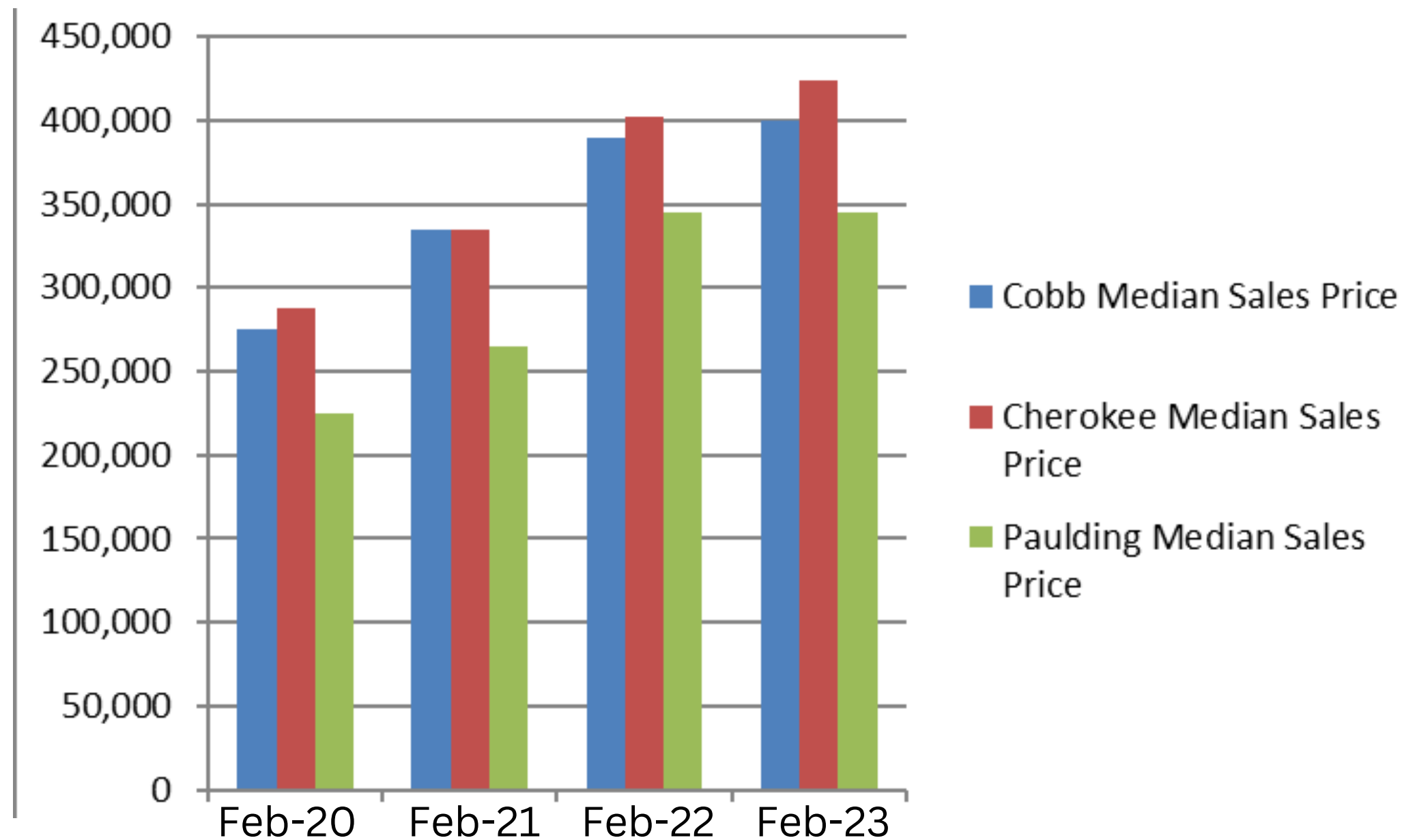
# CURRENT MARKET CONDITIONS

## DAYS ON THE MARKET IN THE AREA



# CURRENT MARKET CONDITIONS

## HOMES MEDIAN SALES PRICE IN THE AREA



# HOME APPRAISAL



# WHY DO I NEED A HOME APPRAISAL?

A HOME APPRAISAL IS AN UNBIASED ESTIMATE OF THE TRUE (OR FAIR MARKET) VALUE OF WHAT A HOME IS WORTH. ALL LENDERS ORDER AN APPRAISAL DURING THE MORTGAGE LOAN PROCESS SO THAT THERE IS AN OBJECTIVE WAY TO ASSESS THE HOME'S MARKET VALUE AND ENSURE THAT THE AMOUNT OF MONEY REQUESTED BY THE BORROWER IS APPROPRIATE.

# HOME INSPECTION

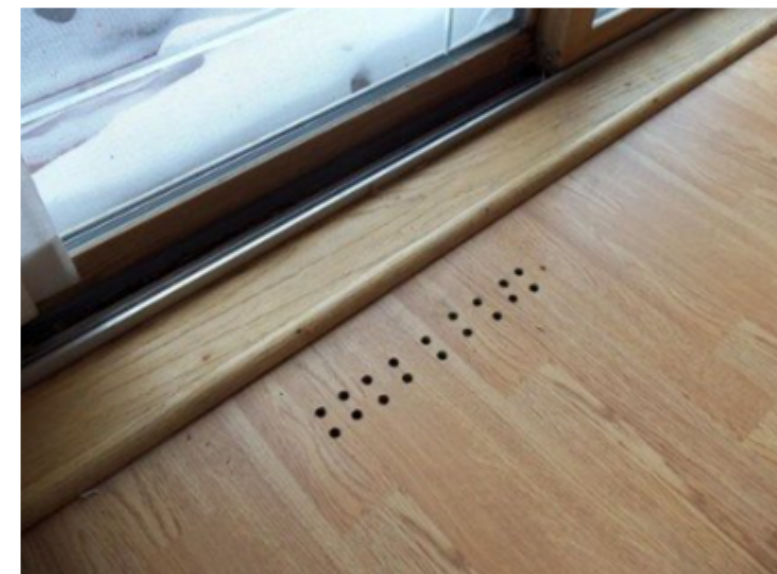
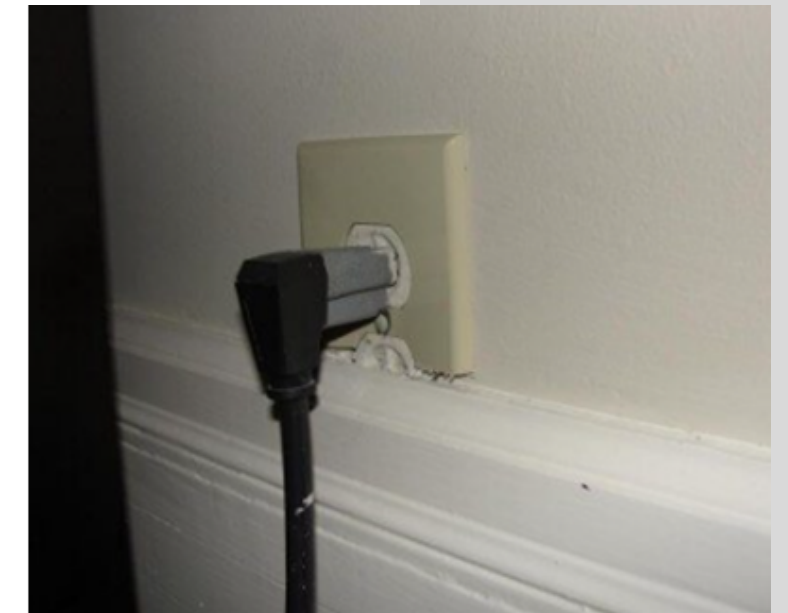
# HOME INSPECTIONS

- FOLLOW THE 3 S'S - SAFETY | STRUCTURE | SYSTEMS
- DETAILED HANDS ON INSPECTION OF YOUR PROPERTY
- DOCUMENTS SAFETY ISSUES
- CHECKS TO SEE APPLIANCES & SYSTEMS ARE IN WORKING ORDER
- NOTES IF PROBLEMS SHOULD BE REVIEWED BY SPECIALIST
- INSPECTIONS RUN BETWEEN \$300-\$500





# REASONS YOU HAVE A HOME INSPECTION





# REAL ESTATE CLOSINGS



# DUTIES OF THE CLOSING ATTORNEY

- PERFORM A TITLE SEARCH
- CONDUCT THE CLOSING
- DISBURSE FUNDS
- ISSUE TITLE INSURANCE
- FILE DEEDS

# TITLE SEARCH

- TWO MAIN GOALS...
  - CONFIRM OWNERSHIP
  - IDENTIFY LIENS
- COLLECT INFORMATION FROM PUBLIC RECORDS
- CONFIRM TAXES ON THE PROPERTY
- CONFIRM PAYOFF AMOUNTS TO SATISFY ANY CURRENT MORTGAGES AND/OR PAYOFF ANY OTHER LIENS
- CLEAR TITLE OF ANY ISSUES SO TITLE INSURANCE CAN BE ISSUED

# CONDUCT CLOSING

- WORK WITH ALL PARTIES INVOLVED TO SCHEDULE A TIME AND PLACE FOR THE CLOSING, THESE INCLUDE...
  - BUYER, SELLER, REAL ESTATE AGENT(S) & THE CREDIT UNION
- OBTAIN ALL NECESSARY DOCUMENTS FROM THE CREDIT UNION TO CONDUCT THE CLOSING
- WORK WITH THE CREDIT UNION TO CREATE A CLOSING DISCLOSURE
- SIT DOWN WITH PARTIES TO REVIEW AND EXECUTE ALL DOCUMENTS
- AFTER CLOSING – DISBURSE ALL FUNDS, INCLUDING PAYOFFS

# TITLE INSURANCE

- TWO TYPES OF TITLE INSURANCE...
  - LENDERS
  - OWNERS
- LENDERS POLICY
  - INSURES THE LENDER AGAINST ANY LOSS THAT MAY BE CAUSED BY THE MORTGAGE LIEN
- OWNERS POLICY
  - INSURES THE NEW OWNER IS THE ONLY OWNER OF THE PROPERTY
- OWNER RECEIVES A BREAK ON THE PREMIUM, KNOWN AS SIMULTANEOUS ISSUE RATE

# FILE DEEDS

- AFTER THE CLOSING, THE CLOSING ATTORNEY WILL FILE THE NEW WARRANTY DEED AND SECURITY DEED IN THE APPROPRIATE COUNTY
- ONCE THE WARRANTY DEED IS RECORDED AND RETURNED TO THE CLOSING ATTORNEY, THEY WILL MAIL THE ORIGINAL TO THE NEW HOMEOWNER



# HOME BUYING TIPS

# TIPS ON PURCHASES

- EVERYTHING IN A CONTRACT IS NEGOTIABLE
  - PRICE, CLOSING COSTS, REPAIRS
- EXTEND THE DUE DILIGENCE PERIOD TO ALLOW FOR INSPECTIONS
- MAKE CONTRACT CONTINGENT UPON SATISFACTORY APPRAISAL AND HAVE THE CONTINGENCY EXTEND BEYOND DUE DILIGENCE
- INCORPORATE THE SELLER'S DISCLOSURE INTO THE CONTRACT TO AVOID POTENTIAL PROBLEMS DOWN THE ROAD

# ADDITIONAL TIPS ON PURCHASES

- IF REPAIRS ARE NEEDED, HAVE THE SELLER REDUCE THE PURCHASE PRICE AMOUNT AND HAVE IT PAID AT CLOSING TO A CONTRACTOR
- CREDIT UNIONS HAVE A BIG ADVANTAGE OVER BANKS
  - NO INTANGIBLE TAX AND TYPICALLY LOWER FEES WHICH CAN SAVE YOU A LOT OF MONEY
- IF YOU DON'T HAVE AN AGENT, A CLOSING ATTORNEY CAN REVIEW THE CONTRACT FOR YOU
- IF NEITHER PARTY HAS AN AGENT, A CLOSING ATTORNEY CAN WRITE THE CONTRACT FOR YOU
- OBTAIN A SURVEY OF THE PROPERTY SO YOU KNOW WHAT YOU'RE GETTING

# REAL ESTATE OWNED PURCHASES

- REAL ESTATE OWNED, “REO” REFERS TO PROPERTIES BOUGHT BY A LENDER AT FORECLOSURE
- REO HOMES ARE OFTEN SUBJECT TO A BIDDING PROCESS
- REO HOMES ARE SOLD “AS-IS” WITH NO REPAIRS
- DUE DILIGENCE – MAKE SURE YOU HAVE ENOUGH TIME TO INSPECT
- PER DIEM PENALTY – CLOSE ON TIME; MAKE SURE THE LENDER HAS EVERYTHING THEY NEED ASAP IN ORDER TO CLOSE ON TIME



# SHORT SALE

- SHORT SALES ARE WHEN THE LIENHOLDER ON TITLE ALLOWS THE OWNER TO SELL THE PROPERTY FOR LESS THAN THE BALANCE OWED ON THE MORTGAGE
- IT CAN TAKE A LENDER/LIENHOLDER 6 MONTHS OR MORE TO APPROVE
- ALL LIENS MUST BE SATISFIED AT CLOSING
- MUST HAVE SHORT SALE APPROVAL LETTER AND PAYOFFS FROM ALL LIEN HOLDERS
- FIRST & SECOND MORTGAGE, JUDGMENT CREDITOR, INDIVIDUAL & PROPERTY TAXES, ETC.

# WE'RE HERE TO HELP

[WWW.CUOFGA.ORG/MORTGAGES](http://WWW.CUOFGA.ORG/MORTGAGES)

## ●Mortgage Services

Joe Menna | [Joe.Menna@CUofGA.org](mailto:Joe.Menna@CUofGA.org) | 678-322-2231

Credit Union of Georgia

Bacari Nelson | [Bacari.Nelson@CUofGA.org](mailto:Bacari.Nelson@CUofGA.org) | 678-322-2233

Credit Union of Georgia

## ●Realtor

Rebecca Cooper | [rebecca@coopersouthernhomes.com](mailto:rebecca@coopersouthernhomes.com) | 678-770-6770

Cooper Southern Homes with Atlanta Communities

## ●Home Appraiser

Allan Rainwater | [rainwatera@bellsouth.net](mailto:rainwatera@bellsouth.net) | 404-520-9214

Allan Rainwater Appraisers

## ●Home Inspector

Tim Reed | [openeyehomeinspections@gmail.com](mailto:openeyehomeinspections@gmail.com) | 770-905-9305

Open Eye Home Inspections

## ●Closing Attorney

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Sherman & Phalen



MORTGAGES



# Q & A

**USE THE CHAT FEATURE  
ON YOUR DEVICE**

# THANK YOU FOR ATTENDING

You will receive a link to the recorded version of this presentation and survey via email in the next few days. Please take a moment to let us know how you feel this presentation prepared you for the Home Buying Process.