

First Time Home Buyer

WORKSHOP



*Beat The Drums My People
Share How To Information*



Presented by:

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Black People In US

- Google “black home ownership”
- Most not buying till 40’s 50’s 60’s
- We are our Biggest Problem
- We don’t share!
- Trust Issues – Everything is a Scam
- Common Sense is our Teacher

My
Personal
Opinion

What IF?

- You looked up and Black People inconspicuously Shifted from lowest to highest percentage of Homeowners
- Imagine this country if Black People actually began to get their shit together.
- All we have to do is share
- **Hook each other up!**

Super Agent

- Warren & LaShawn – Both eXp Realtors
- Host of ChicagoHousingExpo.com
- Warren – Real Estate Hook Up
 - Lender for 10 years
 - Realtor for 10 years
 - Positively Impact Black Home Ownership
 - THE CATCH

This Work Shop

- Current State of Real Estate Market & Terminology
- Roles of the various players in a Home Purchase
- Pre-Approval – Prop Search – Offer – Closing
- Good Credit - Our Nemesis
- Getting Started

Current State of Real Estate Market & Terminology

- Buyers vs. Sellers Market
- Mortgage – **Bad vs. Good**
- Interest Rate – historic low's
- Affordability **DTI** Debt To Income - Fed Tax Returns
- **Down Payment - Assistance (DPA)**
- **Closing Costs**
- COMPS – Properties sold in last 12 mo's within 1 mile of subject
- HUD – Settlement Statement

Roles of the various players in a Home Purchase

- **Realtor** - GUIDE \$0/FREE
- **Mortgage Lenders** – Not the same but all good!
 - Loan Officer, Processor, Underwriter
- **Home Inspector** - \$400 - \$700 or more
 - Not Required by Most Lenders
- **Attorney** \$500 - \$700 - \$1,000
 - Protect your asset - Extensions (Home Inspection)
- **Insurance Agent** – Not Replacement

Pre-Approval – Search – Offer – Contract – A/I – U/W - CTC-Close

- Two basic types of Loans –
FHA (3.5%)/VA (0%) & Conventional (5%)
- Loan Amount – Debt To Income (DTI)
 - Debt: Loans, Leases, Revolving Debt
 - Income: Federal Tax Returns
- Max Loan FHA 55% Conv 45% of **Gross Income**

Pre-Approval – Search – Offer – Contract – A/I – U/W - CTC-Close

- Loan Application – Credit Score 580 minimum
- Documents
 - Fed Tx Returns – W2's - Bank Statements – Paystubs
- Pre-Approval Vs. Pre-Qual – Ask lender did they review your doc's
- Max Payment – What Your Want – Not just an Amount
- Money You Need To Close on a Mortgage
 - **Down Payment - Assistance (DPA)**
 - **Closing Costs - Seller can pay**

Pre-Approval – **Search** – Offer – Contract – A/I – U/W - CTC-Close

- Search Criteria – Single Family/Multi-Unit
 - Location
 - Monthly Payment (less max payment)
 - Time on Market (New, React, days/months)
 - Room Sizes, Finishes, Garage etc.
 - Viewings/Saved Searches

Pre-Approval – Search – Offer – Contract – A/I – U/W - CTC-Close

- Making an Offer
 - Standard Contract Paper Work 7.0 (most current)
 - Time on Market (brand new on market vs weeks to months old)
 - Multiple Offer Situations
 - Highest and Best - Blind - COMPS (Value)

Pre-Approval – Search – Offer – **Contract / A/I** – U/W - CTC-Close

- Accepted offer – **Under Contract**
Contingent - CTG/PEND
Attorney Review - A/I (**Don't Miss Dates**)
- Deliver Earnest Money (Takes property off the market)
- Start Loan Process
- Schedule Home Inspection
 - Go thru report generate punch list

Pre-Approval – Search – Offer – Contract / A/I – U/W - CTC-Close

- Work with Loan Officer and/or Processor to provide and keep providing all documents and explanations requested
- After we come to terms from inspection appraisal is ordered
- Underwriter approves file with conditions or denies file
- Provide requested conditions get **“Clear To Close”**
Schedule Closing & Final Walk-thru

CREDIT

- Credit Bureaus – Transunion, Experian, Equifax
 - Blindly Captures Credit Data for a fee
 - 3 scores – High, Middle, Low
 - 640, 580, 645 **Mid Score is 640**
- Fair Isaac – Cheap & Expensive Algorithms that Produce Actual Score
- Credit Reporting Agencies - Generate scores and report on data using **cheap** or **expensive** algorithms!

CREDIT



TradeLines

- Credit Cards – Most potent financial instrument relative to your score. Only one happy with Zero Balance
- Loans & Leases close when zero/paid off. Most points go out the window once closed.
- Typically, Lower the balance Higher the score

Establish CREDIT

- How to Establish Credit
 - Two types of Credit Cards
 - Secured and Un-Secured
 - Weigh the same on points
 - Authorized User
 - Don't have Card sent to you

Increase CREDIT Score

- Delete Bad Items – Last Report Date
 - 7 yrs
 - 10 yrs Liens, Judgements
- Pay Down Balances
- Analyzer
- Authorized User

Credit Repair

- Dispute Items
 - Cannot get a loan with trade in Dispute
 - BAD is BAD
 - Negative items loose points over time
 - Don't make it worse!!
 - Collection Agencies
 - “If I pay you how will CR get updated”

Next Steps

- Consultation
- If good and if not good (plan to correct)
- How you lose me:
 - Poor Communication
 - Am I there yet ? You don't honor Catch Agreement

Q & A

**DISCUSSION
QUESTIONS?**

