



Home Buying 101

November 16, 2021

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

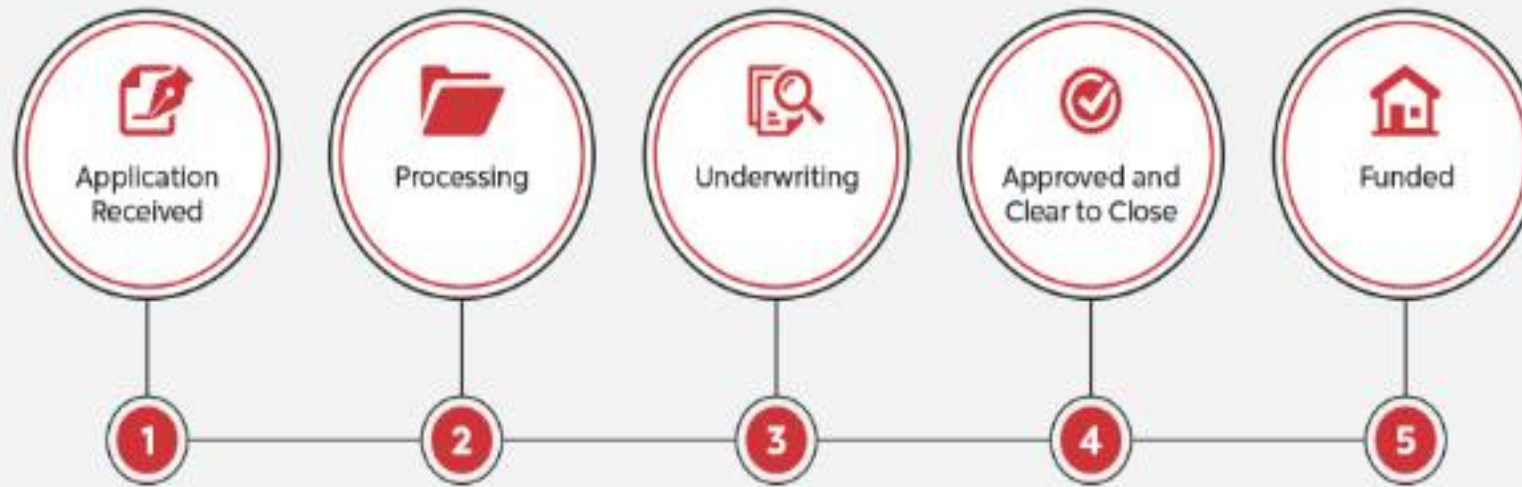
- **Mortgage Originator**
 - Joe Menna, Credit Union of Georgia
 - Bacari Nelson, Credit Union of Georgia
- **Realtor**
 - Rebecca Cooper, Cooper Southern Homes with Atlanta Communities
- **Home Appraiser**
 - Allan Rainwater, Allan Rainwater Appraisers
- **Home Inspector**
 - Tim Reed, Open Eye Home Inspections
- **Closing Attorney**
 - David Sherman, Sherman & Phalen

Your Credit Union of Georgia Mortgage Department

- Personalized, Professional Service
- Expert Knowledge
- Online Application Process
- Closings 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 Home You Can Afford

Credit Requirements

Qualifying for a Mortgage: The 3 C's in Lending

- **Credit**
 - Credit Score
 - Derogatory Credit
 - Length of Credit History
- **Capacity**
 - Income
 - Employment History
 - Savings History
- **Collateral**
 - Appraisal Value of the Home
 - Condition of the Home
 - Liens on the Home



Credit



- **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
- **Derogatory Credit**
 - Bankruptcies, Foreclosures, Short Sales, Deed in Lieu of Foreclosure, Late Payments, Collections, Judgments and Tax Liens
- **Length of Credit History**
 - Lenders want to see 3 trade lines that have 12 months recent history

Capacity

- **Income**
 - Average Over Last 2 Years on W-2
 - What is your base income?
 - Can overtime be counted?
- **Commission Income**
 - Average Over Last 2 Years
- **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
 - Congratulations – You're Under Contract!



The Buying Process – Continued

- Due Diligence Period
 - Inspections
 - Obtain Homeowners Insurance Quote
- Prepare for Closing
 - Keep in Close Contact with the Lender
 - Provide Requested Information to the Attorney
 - Set-up Utilities
 - Wire Funds to Closing Attorney
- Closing Day



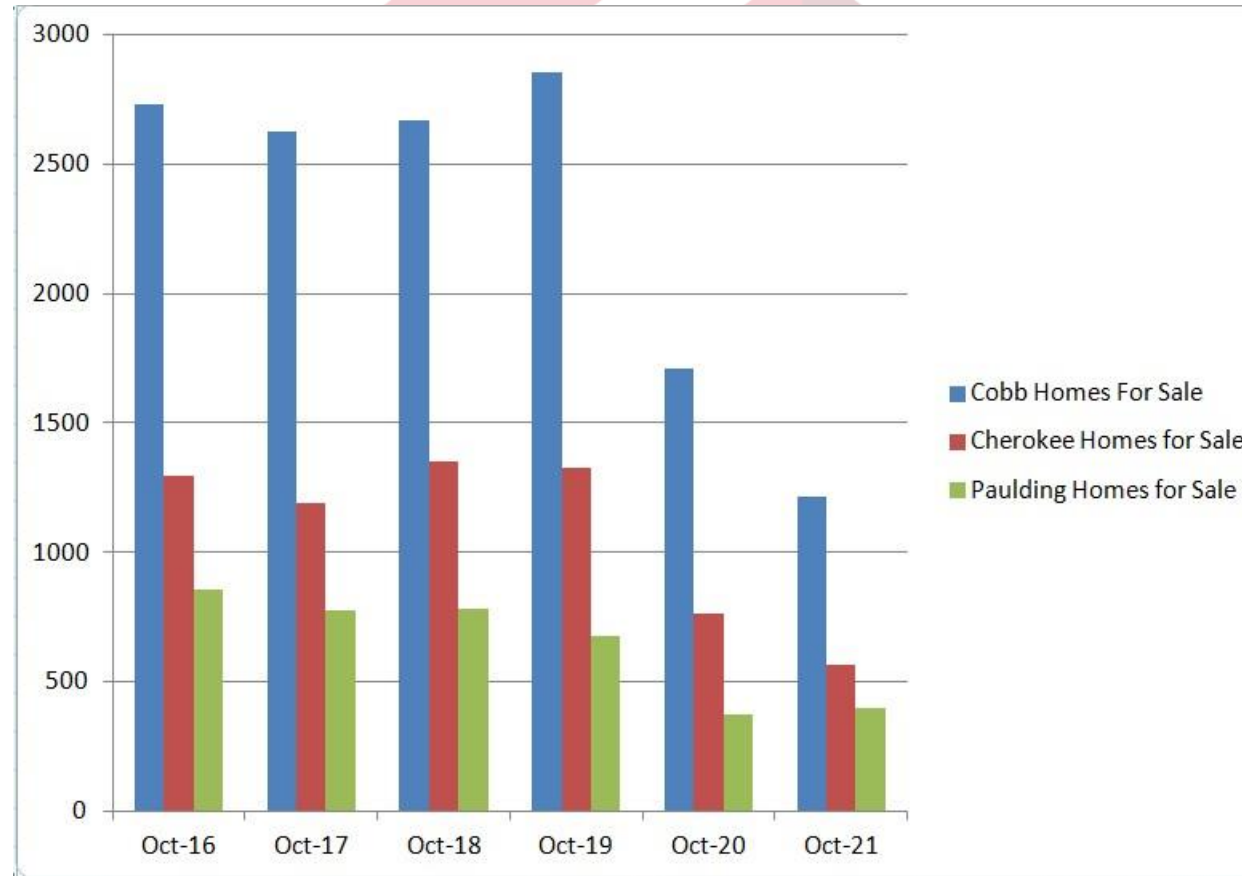
Be Financially Prepared

- Earnest Money – 1% of Sales Price
- Home Inspection
- Appraisal
- Cash to Close
 - Down Payment
 - Closing Costs
 - Prepaids



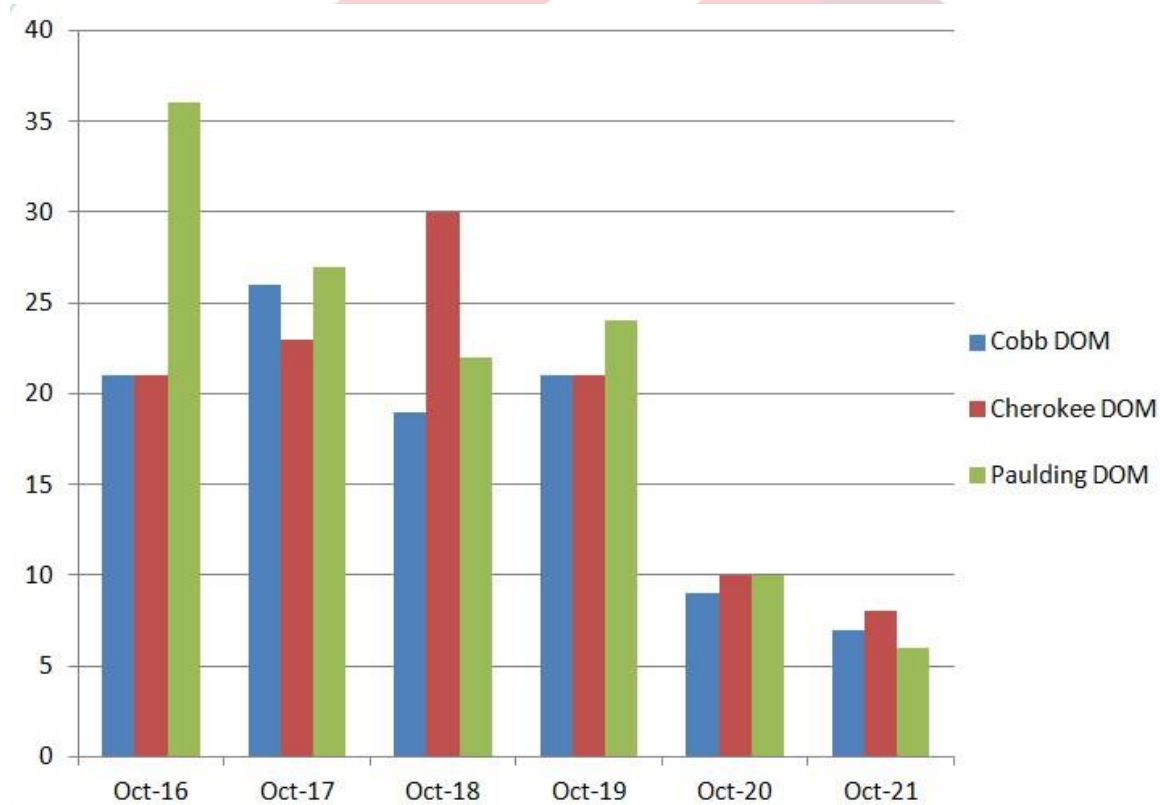
Current Market Conditions:

Homes For Sale in the Area



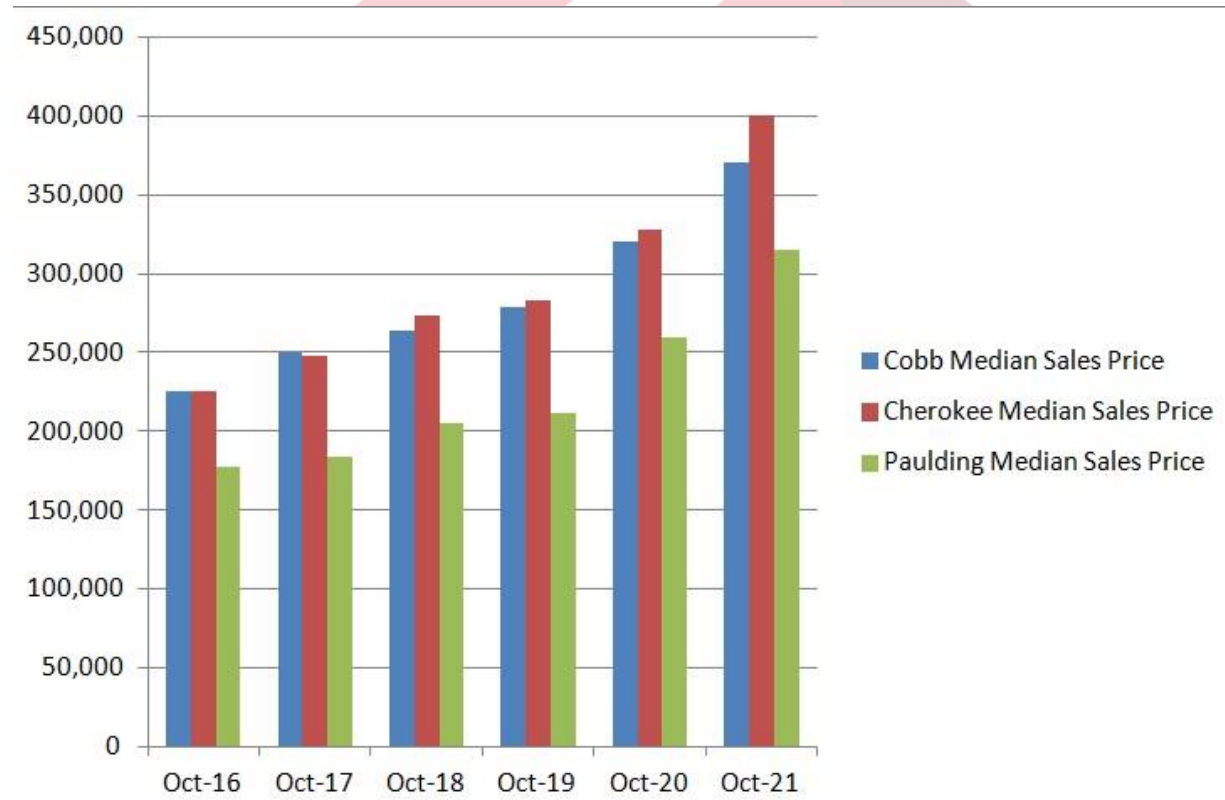
Current Market Conditions:

Days on the Market in the Area



Current Market Conditions:

Homes Median Sales Price in the Area



Three interlocking pink cubes are arranged in a 3D pattern, with the central cube slightly offset from the other two, creating a sense of depth and geometric complexity.

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

- Detailed hands on inspection of your property
- Documents safety issues
- Checks to see appliances and systems in your home 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

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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

- **Mortgage Services**

- Joe Menna | joe.menna@CUofGA.org | 678-322-2231
Credit Union of Georgia
- Bacari Nelson | bacari.nelson@CUofGA.org | 678-322-2233
Credit Union of Georgia

- **Realtor**

- Rebecca Cooper | rebecca@coopersouthernhomes.com | 678-770-6770
Cooper Southern Homes with Atlanta Communities

- **Home Appraiser**

- Allan Rainwater | rainwatera@bellsouth.net | 404-520-9214
Allan Rainwater Appraisers

- **Home Inspector**

- Tim Reed | 770-905-9305
Open Eye Home Inspections

- **Closing Attorney**

- David Sherman | dms@closingattorneyga.com | 770-579-0109
Sherman & Phalen

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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.