

# FIRST TIME HOME BUYERS

Placer County  
Association of  
Realtors

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Presented by:

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Guidant Realty



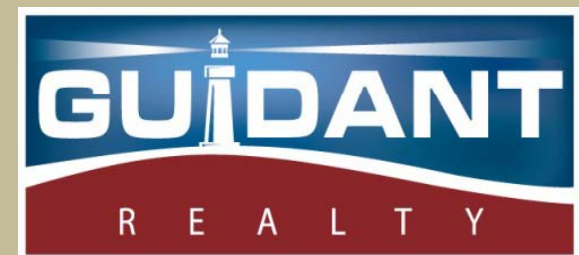
Presentation:

- 🏠 The Process
- 🏠 Rejection
- 🏠 Search List
- 🏠 Protect from Others
- 🏠 Create a Budget
- 🏠 Costs & Timing
- 🏠 Supplemental Taxes

John Hughes

Broker / Owner

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# About John



**PRIMARY GOAL:** Representing clients best interests at all times with professional habits, value-added tools, and strong contractual expertise

## HIGHLIGHTS:

- Director, Placer County Association of Realtors
- Broker, Guidant Realty
- 2008 & 2009 Masters Club – Top Performing Realtors
- Founding member – HP Customer Experience Initiative
- Largest deal – Bid Mgr on \$3 Billion Svcs. Contract
- Contracts Mgmt – Managed up to \$460 Million Contract
- Strategic Planning – Competitive Market Gathering and Services Improvement

**John Hughes**

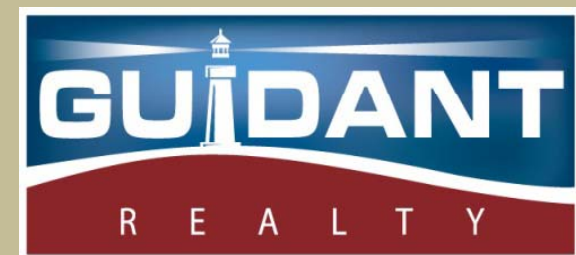
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# Working With First-Time Homebuyers

## #1: Explain the Process

- 🏠 First-time home buyers are a “blank sheet”
- 🏠 Knowledge helps fight the “night-frights”
- 🏠 Compartmentalize the process
- 🏠 Convert an emotional process to a calculated one
- 🏠 Informed decision making keeps deals together
- 🏠 Have patience

# The Basic Buying Process

## Phases and Steps

### Getting Prepared

- 🏠 Talk to a Realtor
- 🏠 Complete Paperwork
- 🏠 Identify budget
- 🏠 Gain Pre-Approval
- 🏠 Provide Proof of Funds
- 🏠 Choose a strategy
- 🏠 Write down key criteria

### The Search

- 🏠 Initiate electronic searches
- 🏠 Drive neighborhoods
- 🏠 View homes
- 🏠 Don't sign in at builder homes!
- 🏠 Adjust criteria
- 🏠 View more homes!
- 🏠 10 – 15 homes gives good market exposure
- 🏠 Identify potential property

### Offer & Escrow

- 🏠 Research the property
- 🏠 Frame an offer
- 🏠 Provide deposit check
- 🏠 Miss some sleep
- 🏠 Yay! – Escrow opens
- 🏠 Inspections! Quick!
- 🏠 Request repairs
- 🏠 Provide final loan info
- 🏠 Property walkthrough
- 🏠 Final approval
- 🏠 Get the keys!

# Working With First-Time Homebuyers

## #2: Prepare for Rejection

- 🏠 Price constrained buyers have to make many offers
- 🏠 Under \$300k is highly competitive
- 🏠 There are buyer caste classes: Cash, Conventional, FHA/VA
- 🏠 Their best deal will be made on the purchase, not the sale
- 🏠 The more homes they see, the more confident they will be in their decision



# Working With First-Time Homebuyers

## #3: Make a List of “Musts” & “Wants”

- 🏠 How handy are they?
- 🏠 This home is a stepping stone
- 🏠 Advise on what can be changed and what simply “is”
- 🏠 Will force conflicting desires to the surface
- 🏠 Most do not find a home with everything on their list
- 🏠 The list will change

# The Basic Buying Process

## What to Look For: Stratify Your Criteria

### Basic “Must Haves”

- 🏠 Schools
- 🏠 Neighborhood
- 🏠 Traffic Exposure
- 🏠 Floorplan
- 🏠 Number of Bedrooms
- 🏠 Lot Size
- 🏠 Age of Home
- 🏠 Cabinet Type

### “Would Like”

- 🏠 Counters
- 🏠 Flooring
- 🏠 Appliances
- 🏠 Pool, RV, etc.

### Resale Considerations

- 🏠 Schools
- 🏠 Floorplan Appeal
- 🏠 Location / Traffic Exposure
- 🏠 Number of Bedrooms
- 🏠 Square Footage
- 🏠 Ability to Reverse Custom Features
- 🏠 Wear on Home
- 🏠 Lot Size
- 🏠 Family Oriented

# Working With First-Time Homebuyers

## #4: Protect from Self-Proclaimed Experts

- 🏠 Family and friends will have heaps of “helpful” advice
- 🏠 Ask about other parties involved in the decision (i.e. parents)
- 🏠 Zillow is a bad word
- 🏠 Give preferred websites to read more
- 🏠 The more tools you give them, the more empowered they are, and the less weight they will give to the “advice” of others



# Working With First-Time Homebuyers

## #5: Create a Budget & Review Mortgage

- 🏠 Review their approval!
- 🏠 Explain what a “tax credit” is
- 🏠 Identify “available monthly funds” to support a home
- 🏠 It’s not just the mortgage: Discuss taxes and utilities that will be “new” bills
- 🏠 Back into how much is left for Principle & Interest
- 🏠 \$50/month = \$10k in purchase price
- 🏠 No big purchases!

# Working With First-Time Homebuyers

## #6: Explain Costs & Timing

- 🏠 The down payment is not everything
- 🏠 Show a typical net sheet
- 🏠 Application Fees, Appraisals, and Inspections are paid outside of escrow
- 🏠 Find out where their funds are originating and when (Seasoning of Funds!)
- 🏠 Do they have enough left for down payment to meet their approved mortgage

# Working With First-Time Homebuyers

## #7: Explain Supplemental Taxes

- 🏠 A good experience can be ruined by an unexpected bill
- 🏠 Review the current tax bill for bonds & Mello Roos
- 🏠 Swap 1% of their purchase price for the existing 1% line item
- 🏠 Compare the projected assessed value to the current assessed value

### Sample:

$$\begin{aligned} & \$200,000 \text{ projected assessment} \\ & - \$150,000 \text{ previous assessment} \\ & = \$50,000 \text{ difference} \\ & \times 1\% = \$500/\text{year} \\ & /12 = \$42/\text{month} \end{aligned}$$