

**Arizona Association of REALTORS®**



**Homeownership  
Education  
Toolkit**





## Homeownership Education

# TOOL KIT FOR REALTORS® AND REALTOR® ASSOCIATIONS

### INTRODUCTION

Looking to put on a seminar for new home buyers? The information on the following pages will help you determine where to start, what topics to offer, who to include in both presenters and attendees, and much more.

#### **Why offer homebuyer education?**

Many first-time home buyers want and need to know about the home-buying process before they even think about seeing the first house.

Many REALTORS® have had great success in finding new home buyer prospects by holding home-buying seminars. And, many REALTOR® associations perform a valuable public service by holding these sessions for larger groups of buyers.

If you are looking to plan and deliver these types of seminars, the following steps should help get you started.

### FIRST STEPS

**Determine your market.** Who do you want to attend? Are you looking for a particular niche market of buyers? Are you reaching out to a specific ethnic group whose population is growing in your community? There is no right answer, but knowing who you want to attract will help you determine who the presenters should be, where to hold the classes, the course material, and, especially, how to get the word out.

**Determine what to talk about.** Ideas for course topics are found later in this tool kit. The course sponsors will want to make sure the basics of the process are covered at the class, and will also want to have handouts for attendees to take along. Determining your curriculum will also help you identify what other presenters you'll want to participate.



**Look for partners.** You will want to cover the entire home-buying process, so you will likely want to consider inviting other presenters, in addition to REALTORS<sup>®</sup>, of course, such as:

- Lenders
- Escrow officers
- Home inspectors

These partners will not only offer valuable information to the attendees, but they may be willing to share any expenses related to the course.

If your association is going to offer the classes, make sure that the members you choose to speak are knowledgeable about the entire process, and, ideally, have worked with first-time homebuyers before.

Discuss with all presenters how you want to have them handle leads that come to them as a result of their presentations. There is no right answer to this question, but if there are guidelines established, make sure all presenters understand them and follow them.

**Determine the location.** If it's a small group you are inviting, the options are more numerous. Possibilities include:

- Your office (if it's in the neighborhood of the market you are trying to attract)
- The attendees' workplace (in cooperation with the employer, of course).
- Houses of worship in the neighborhood
- Schools
- Community centers
- Libraries

One of the important tips offered for reaching emerging markets is to "go where the people are." Find out where the prospects you seek to reach congregate, and try to set up your course close by.

**Advertise.** Get flyers to schools, houses of worship, libraries, and grocery stores – wherever those you are trying to attract will go. This method of advertising is effective and inexpensive. Neighborhood newsletters or community center bulletin boards could work, too. Newspaper or homes magazines are other options. You could also attend meetings of groups you may be trying to attract to invite people directly.



## Homeownership Class Topics

### What should they cover?

There are many resources for potential homebuyers looking to buy their first home. Here is a list of the several websites that can offer detailed descriptions and other tools: (Samples may be found at the end of this section.)

- **REALTOR.org** has an in-depth field guide for working with first-time homebuyers. <http://www.realtor.org/libweb.nsf/pages/fg209>
- **REALTOR.com** has a great deal information for consumers – both buyers and sellers – about the process. For information especially for buyers: <http://finance.realtor.com/HomeFinance/Guides/Buyers/default.asp?lnksrc=REALR2LF2C0047&poe=realtor&gate=realtor>
- **Freddie Mac.** <http://www.freddie.mac.com/homeownership/>
- **Fannie Mae.** <http://www.fanniemae.com/homebuyers/findamortgage/becoming/index.jhtml?p=Find+a+Mortgage&s=Becoming+a+Homeowner>
- **HUD.** <http://www.hud.gov/buying/index.cfm>
- **The Northern California Coalition.** A coalition of REALTOR® associations and housing groups in Northern California have put together a website and many tools for consumers and real estate professionals. <http://forhousing.com/consumers.html>

A sample of what has been offered at **Arizona Homeownership Fairs** over the last several years follows:

### ARIZONA HOMEOWNERSHIP FAIR HOME-BUYER CLINICS

#### Overview of the Home-buying Process

*A review of the steps to buying a home* - where attendees can determine what they need to know more about at the other clinics and at various exhibits

- Getting qualified
- Finding housing professionals
- Expectations and avoiding problems
- Finding the house
- The offer and acceptance process



- Applying for the loan
- Escrow period: home inspections, appraisals, etc.)
- Closings
  
- Tax benefits to homeownership

### **How's Your Credit?**

- Can you qualify?
- Methods to fix credit problems
- Making & following a budget
- Saving for a down payment
- Avoiding predatory lenders
- Homebuyer's assistance programs
- How to read a credit report

### **You've Signed the Contract.....Now What?**

(What happens between signing the offer and closing?)

- Appraisals
- Home inspections
- Potential problems
- Property disclosure
- Standard forms you'll use

### **Qualifying for Your Loan – Step-by-Step**

- The application process
- Necessary paperwork
- Timing

### **Tax Advantages of Home Ownership**

- One time tax deductible items the year of home purchase
- On going tax deductible items
- Maximizing tax savings in homeownership
- Explanation of different IRS filings forms
- Specific case studies to show potential individual effects

### **Don't Borrow Trouble – Choosing the Right Loan for You**

- Government loan programs
- Conventional loan programs
- Avoiding predatory lenders



**Here's another list of possible topics, plus possible handouts:**

Homeownership classes should cover beneficial topics for prospective home buyers, including:

- **The Home Buying Process**  
An overview of the primary steps in purchasing a home, readiness, affordability, money management, loan qualification, the professionals' role, how to avoid pitfalls, and an overview of affordable home loan and down payment assistance programs.
- **Credit & Budgeting**  
A look at issues surrounding credit including how to read a credit report, credit scoring, consumer rights, how to improve poor credit, and correcting errors, with the ultimate goal of achieving homeownership. Detailed money management techniques are discussed, with the student actually completing a number of worksheets including an individual monthly budget analysis. Students are encouraged to modify spending habits in order to begin saving for a down payment and/or a reserve fund.
- **Home Maintenance & Good Neighbor**  
A review of regular preventative home maintenance, offering suggestions for general upkeep, safety tips to safeguard the home, budgeting for repairs, and record keeping. A discussion on what a good neighbor is and how to be active within the community is also suggested. The general theme throughout this class is the investment made by each individual/family in themselves through homeownership, building long-term economic stability for their family. An emphasis on the investment within the community is also stressed, focusing on the process of being a stakeholder within your neighborhood.

In addition to emphasizing regular preventative maintenance, speakers discuss the expected lives of various primary household components and their approximate replacement cost, which leads to a discussion of realistic money management, including budgeting for repairs and replacement. The importance of punctually making monthly mortgage payments is also stressed, along with the inevitable consequences of failure to do so, which impacts not only the individual family but the surrounding neighborhood as well.



## TIPS FOR BUYERS

### **Mortgage lending**

A lender can pre-qualify you prior to searching for a home to purchase. This step is extremely important as it typically will identify problem areas. The lender will guide you on how to resolve any problems prior to making an offer on a home. Lenders are going to request information from you about the four C's: capacity, character, capital, and collateral.

### **Questions for Homebuyers**

- **Income (Capacity)**

Do you have steady and sufficient income from a primary, second, or part-time job(s), overtime and bonuses, commissions, self-employment, retirement benefits, pensions and annuities, public assistance, child support, alimony or maintenance payments, veterans benefits, disability payments or rental property income? Alimony and child support need not be noted unless you want to have them included as the basis for repayment of the debt.

- **Credit History (Character)**

Have you paid back money you borrowed in the past? Have you been late in making your payments? Have you filed for bankruptcy? Do you have a record of judgments and collection accounts filed? Some lenders, offer special products for homebuyers with past credit problems. And, if you have a limited or no credit history, a "nontraditional" credit history will be considered. This includes paid receipts and canceled checks for rent and utility payments that document a pattern of paying your monthly obligations on time.

- **Savings (Capital)**

Have you saved any money that can be used toward the purchase of your home? Is this money in a savings account, certificate of deposit, retirement [401(k)] account, or a gift from a relative or friend? A lender wants to see that you have the capital to fulfill your current obligations as well as your new mortgage. Ideally, you should have enough savings to act as a source of funds for your down payment and several months of reserve funds to cover your anticipated monthly mortgage payments.



- **Property (Collateral)**

Have you chosen a home? What type of property is it? Do you believe it is fairly priced? Are there associated homeowner's fees? Your lender will look at the house you plan to purchase. And, because the property will serve as collateral for the loan, the lender will require an *appraisal*, which determines the value of the property in comparison to similar houses sold in the neighborhood.

### **How to evaluate an agent**

In making your decision to work with an agent, there are certain questions you should ask when evaluating a potential agent. The first question you should ask is whether the agent is a REALTOR®. You should then ask:

- Does the agent have an active real estate license in good standing? To find this information, you can check with your state's governing agency.
- Does the agent belong to the Multiple Listing Service (MLS) and/or a reliable online home buyer's search service? Multiple Listing Services are cooperative information networks of REALTORS® that provide descriptions of most of the houses for sale in a particular region.
- Is real estate their full-time career?
- What real estate designations does the agent hold?
- Which party is he or she representing--you or the seller? This discussion is supposed to occur early on, at "first serious contact" with you. The agent should discuss your state's particular definitions of agency, so you'll know where you stand.
- In exchange for your commitment, how will the agent help you accomplish your goals? Show you homes that meet your requirements and provide you with a list of the properties he or she is showing you?

**Information about finding a home that you like.** You and your REALTOR® will map out the homes to preview based upon how much home you can purchase. Your REALTOR® will use the Multiple Listing Service (MLS) which provides data on listing in your area. This data is inputted by REALTORS® as apart of their marketing plan for their client. Share resources about where people can look to find information about homes for sale

**Tips on Moving In** Once your offer is accepted and the escrow is closed, it is time to move in! The United States Postal Service provides great information to make sure your move is less stressful.