

A BOSTON HOMEBUYING CLASS

MARCH 26, 2012

Presentation Time: About an hour

We Suggest: Help yourself to some food and drink, before the class starts at 6:15ish

After the class, feel free to meet with a buyer agent or mortgage broker to discuss things in more detail.

You'll be getting an email in the next day or two with all the information from the class as well as a survey to help us improve the next one. Your feedback is greatly appreciated.

ABOUT THE PRESENTERS:

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P.T. Vineburgh
Founding Partner



Michelle Villari
Buyer Agent



James Marsden
Buyer Agent



Ravi Pahuja
Mortgage Lender and Advisor

The Other Pros Here to Help:

Charlesgate Realty Buyers Agents: **Brian, Jeff, Sarah, and Susan**

ABOUT CHARLESGATE REALTY

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Charlesgate Realty Group

is a unique real estate company service based with

- High Tech Touch
- Specialized Agent Roles
- Great Past Success



About the team



To be the pacesetter within the real estate industry, and within our community, by empowering consumers to make smart decisions through education, local expert knowledge, and innovative service.

Over 400 transactions in the past 4 years

HOME BUYER CLASS

HIGH LEVEL OUTLINE

Is It A Good Time To Buy? - Market Overview

Mortgages

The Buying Process

What Are the Next Steps?



AUDIENCE

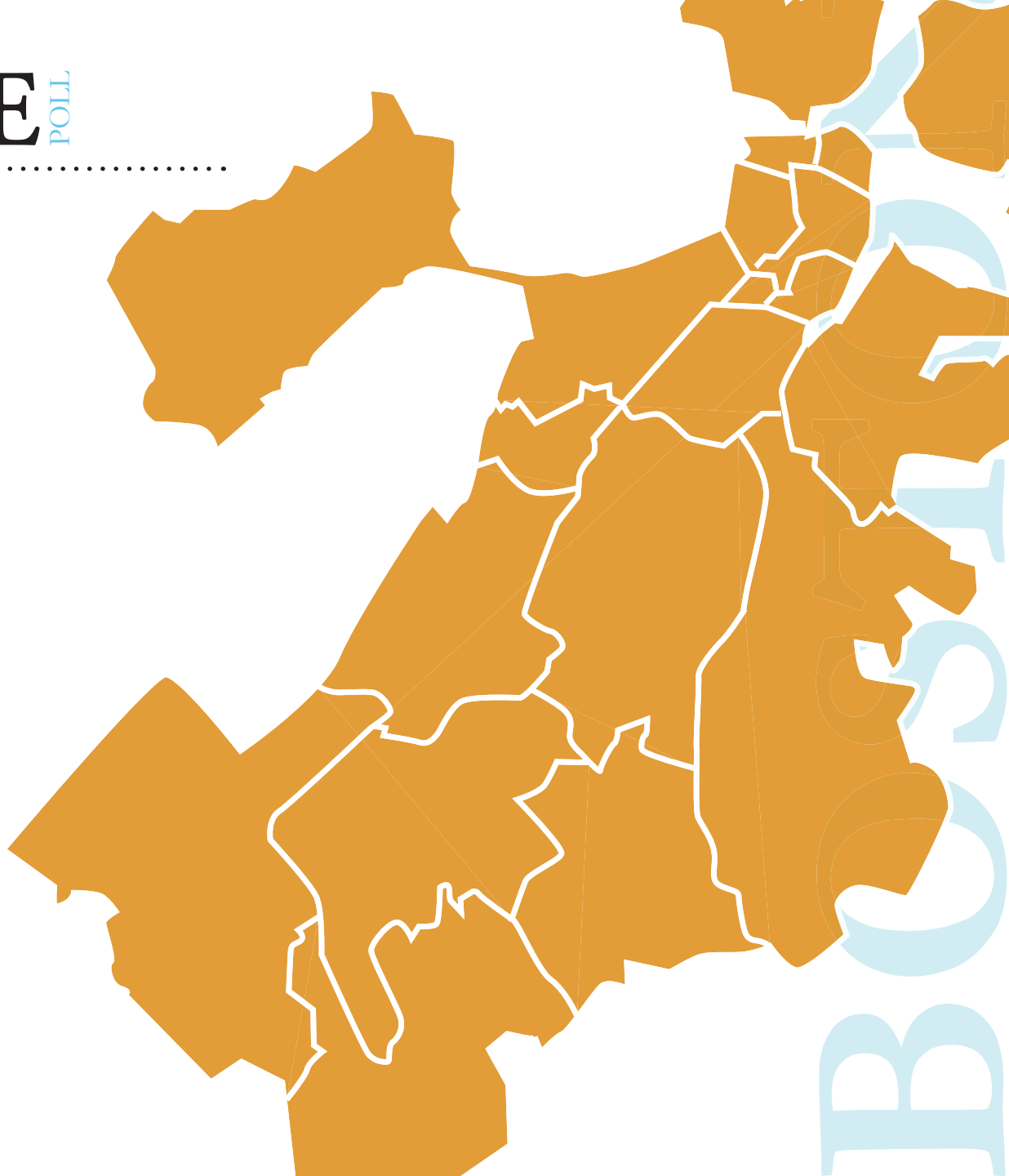
POLL

Time Frame

- Within Three Months - 10%
- Six Months - 77%
- One Year or more -13%

Type of Property

- Single family - 34%
- Condo - 56%
- Multi family - 10%



BUYING

PROCESS OVERALL TAKES

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5-6 MONTHS ON AVG TO BUY

Search phase
(12 homes on average)

Offer to close
(6 weeks on average)

16 WEEKS | 12 PROPERTIES

22 WEEKS

***THIS INFORMATION IS FROM THE
NAR PROFILE OF HOME BUYERS AND SELLERS 2010

THE AVERAGE

MASSACHUSETTS 1ST TIME BUYER

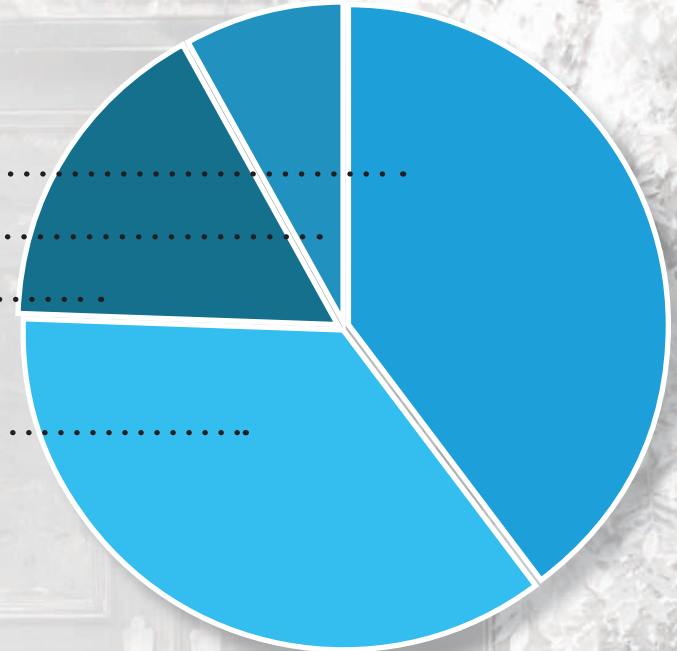
30 YEARS OLD - \$73,100 MEDIAN INCOME

61% Married (or Unmarried) Couple

12% Single Man

25% Single Female

55% Of Sales in MA are to 1st Time Buyers



BIGGEST COMPONENTS OF THE MARKET:

91% Worked with a Real Estate Agent (72% Hired a Buyer Agent)

WHY BUY?



- Your Home & Lifestyle Needs
- Your Financial Situation
- Market Conditions

YOUR HOME

& lifestyle needs



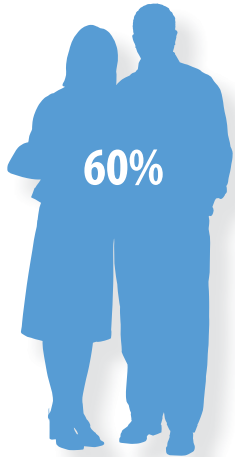
- More control over your living situation
- You're planning on setting down roots and can stay awhile
- You have money saved for a down payment
- Sweat equity
- You're not happy with what is available to rent

REPEAT AFTER ME:

"My home is first and foremost a home, not an investment."

WHY BUY?

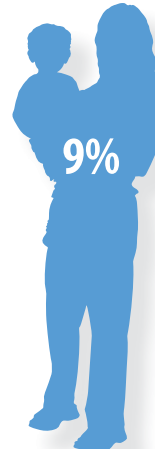
PRIMARY REASONS TO BUY



Desire to Own



Tax Benefits/Homebuyer Tax
Credit



Establish Household/
Change in Family Situation

PRIMARY REASONS FOR TIMING OF PURCHASE

*Nationwide: 2%



Just the Right Time



Affordability Now



Mortgage Options
Available Now



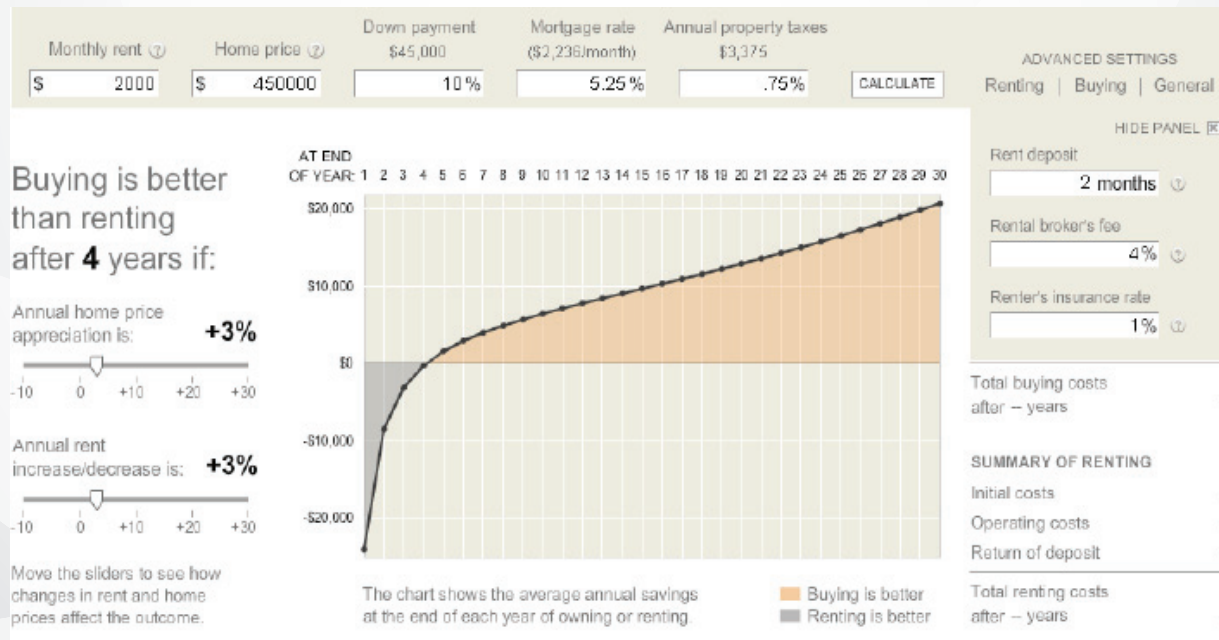
Had to Purchase/Relo



Wish I Waited

YOUR FINANCIAL situation

- Employment Status
- Income/Savings
- Rent vs Buy
- Able to Afford What You Want
- Emergency Savings



ECONOMIC

overview

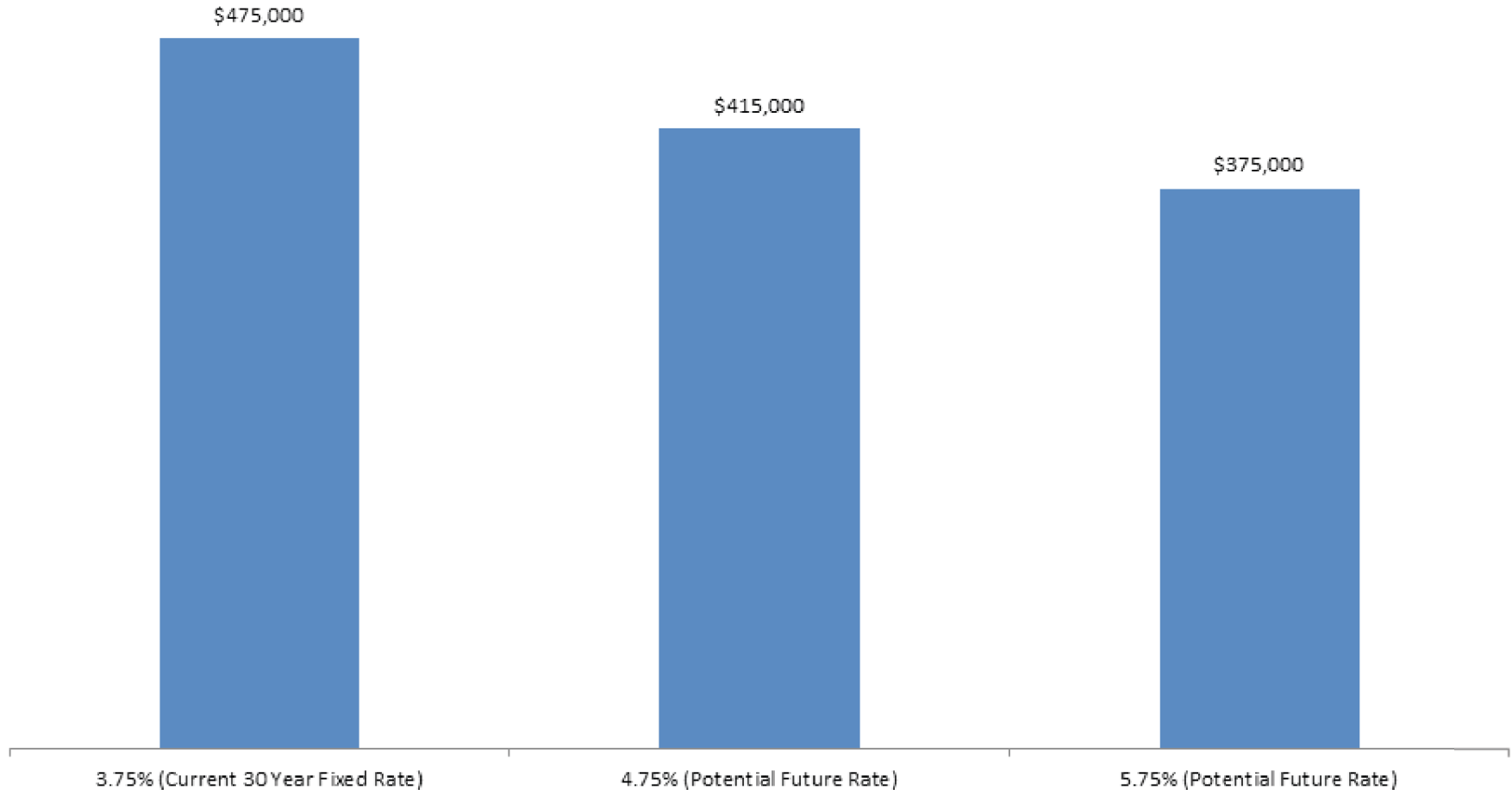
ECONOMIC INCENTIVES TO BUY

- Low Mortgage Rates
- Mortgage Interest Deduction
- Capital Gain Exclusion

STATE OF THE ECONOMY

CHANGING INTERESTS RATES & the loss of buyer power

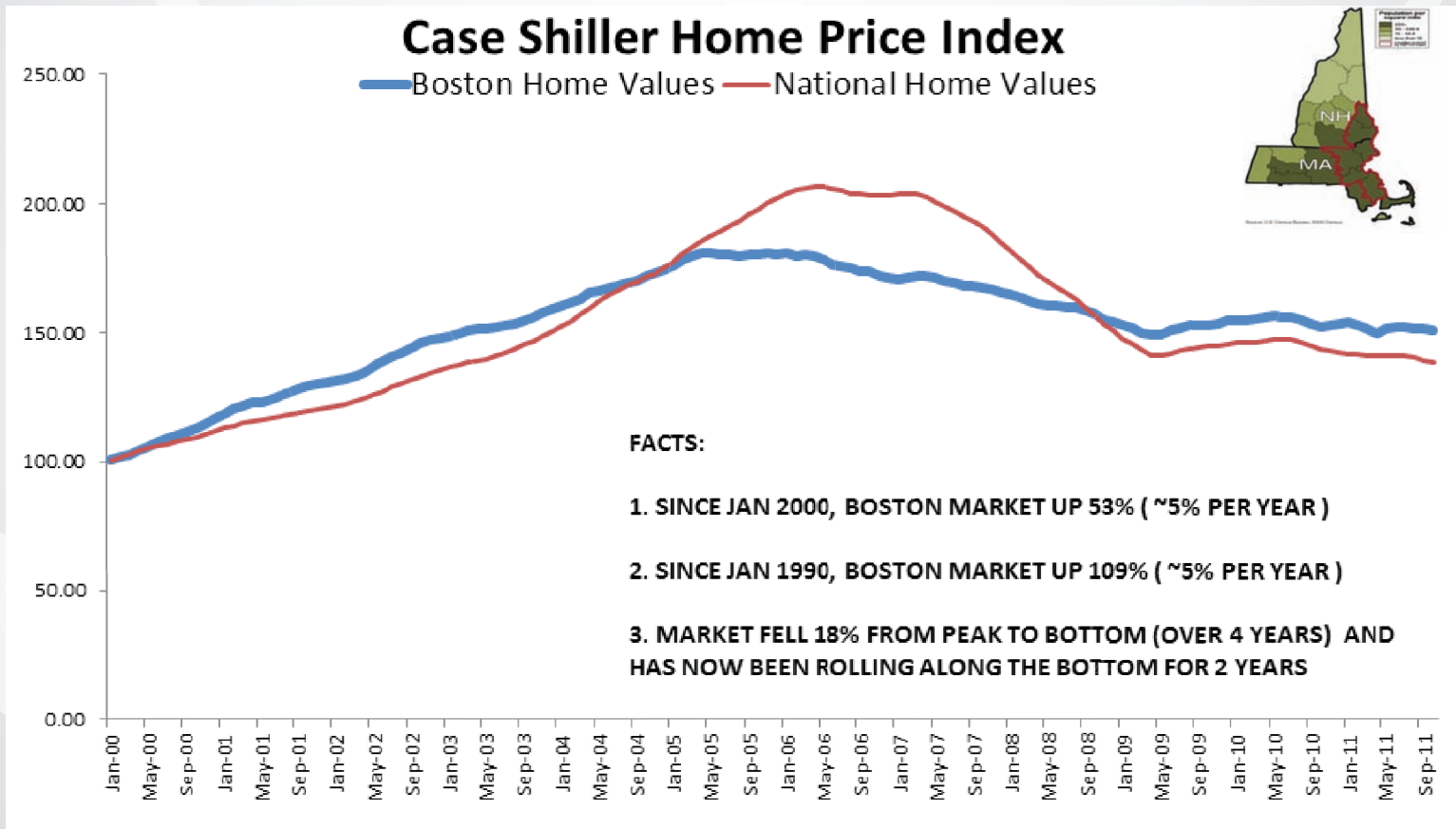
What Example Buyer with \$80,000 Income Can Afford
(assume \$40K down payment)



MARKET

overview

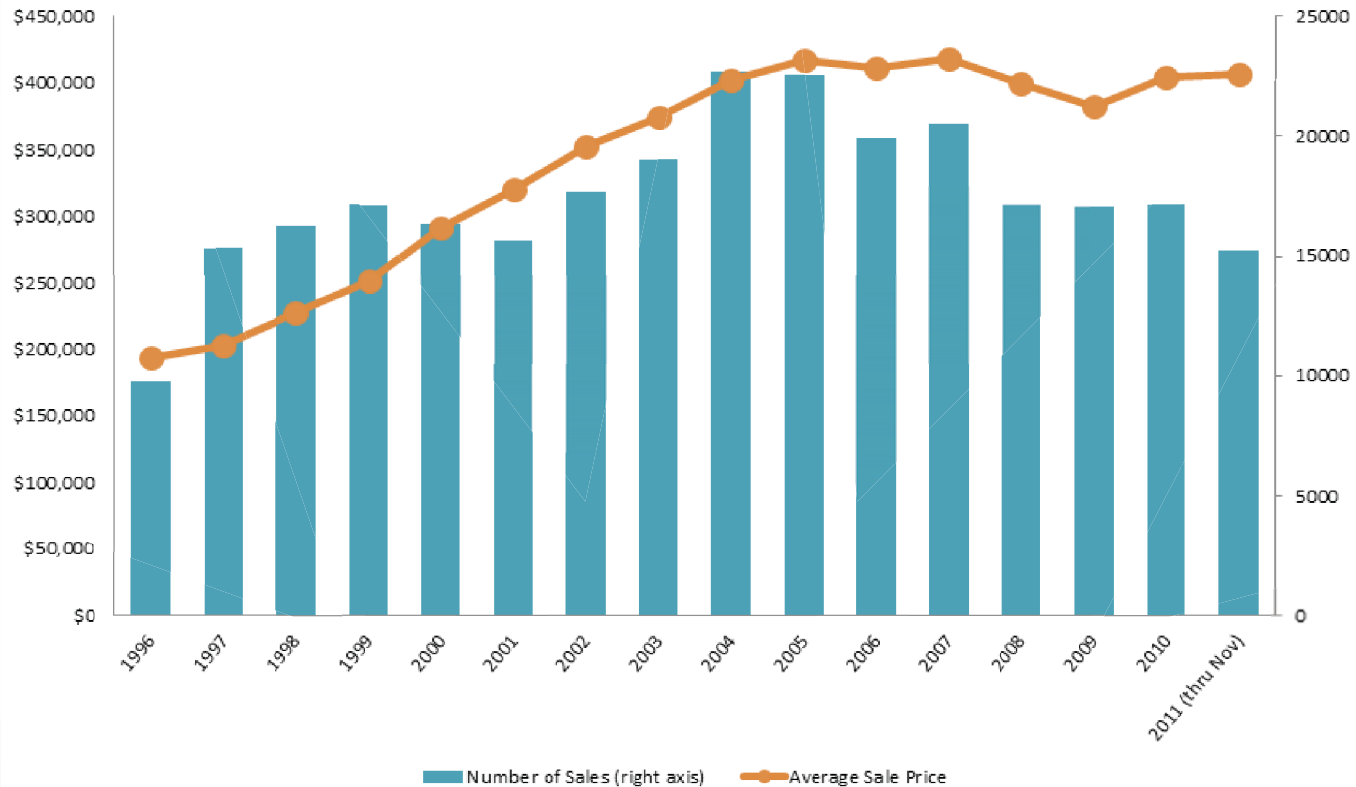
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MARKET

..... overview

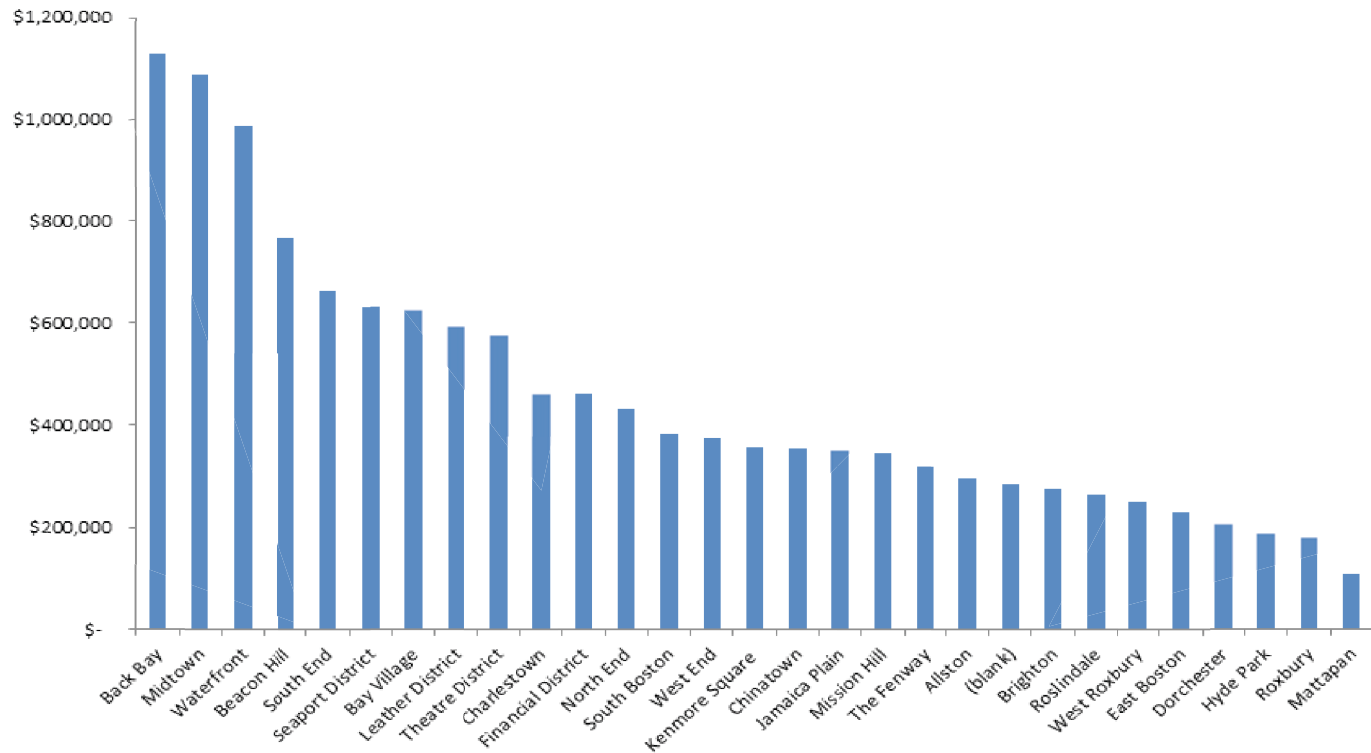
Greater Boston Real Estate Market



MARKET

..... overview

Boston Average Prices By Neighborhood (2011)



OUR PAST BUYERS AND RE-SALES

11 Resales since market “Collapse”

Those buyers averaged an increase of 4% per year

EXAMPLES

117 St. Botolph	\$585K (2005)	\$774K (2009)
452 Park Drive	\$390K (2008)	\$435K (2011)
13 O Street	\$365K (2006)	\$395K (2011)
304 Beacon St #1	\$1.28M (2008)	\$1.35M (2008)
33 Pleasant	\$355K (2009)	\$379K (2011)

AND LOTS OF REFINANCES WITH HIGHER APPRAISALS!

MORTGAGES

9 STEPS TO OBTAIN THE RIGHT MORTGAGE FOR YOU

III. TERMS OF LOAN

Term (years)	No. Months
30	360

RAVI PAHUJA

RESIDENTIAL MORTGAGE SERVICES

91 FRANKLIN ST, 1ST FL
BOSTON, MA 02110 - FINANCIAL DISTRICT

617.549.7579

HOUSING BUDGET AND AFFORDABILITY

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45% Rule of Thumb to Estimate Your Housing Budget

\$10,000 (a month gross income)

x 45%
.....

\$4500

- 500 (monthly debt - car payment, student loans, credit card payments)
.....

\$4000 Total Allowable Housing Payment



KNOW YOUR CREDIT

.....

740 is the new 680 (In most Cases)

FYI: Credit reports that banks get are different from personal reports



LOAN TYPES AND DOWN PAYMENT

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CONFORMING

- Below: 465,750
- Credit Score Important: 740 BEST
- 5-20% Down
- Gift Funds Allowed

FHA

- Below: \$465,750
- Credit Score Not As Important: 640 min
- 3.5% Down
- Backed Directly by Gov.
- Gift Funds Allowed

JUMBO

- Above: \$465,750
 - *Higher Rates and More Restrictive
- Credit Score Important: 740 BEST
- 20% - 25% Down

Condos/Single Family/Multi: All have some different requirements and options

***Proper "Sourcing" Required for a full down payment*

FIXED RATE VS ADJUSTABLE RATE

Fixed Rate Loan: Interest rate remains unchanged for length of loan (15 or 30 Years)

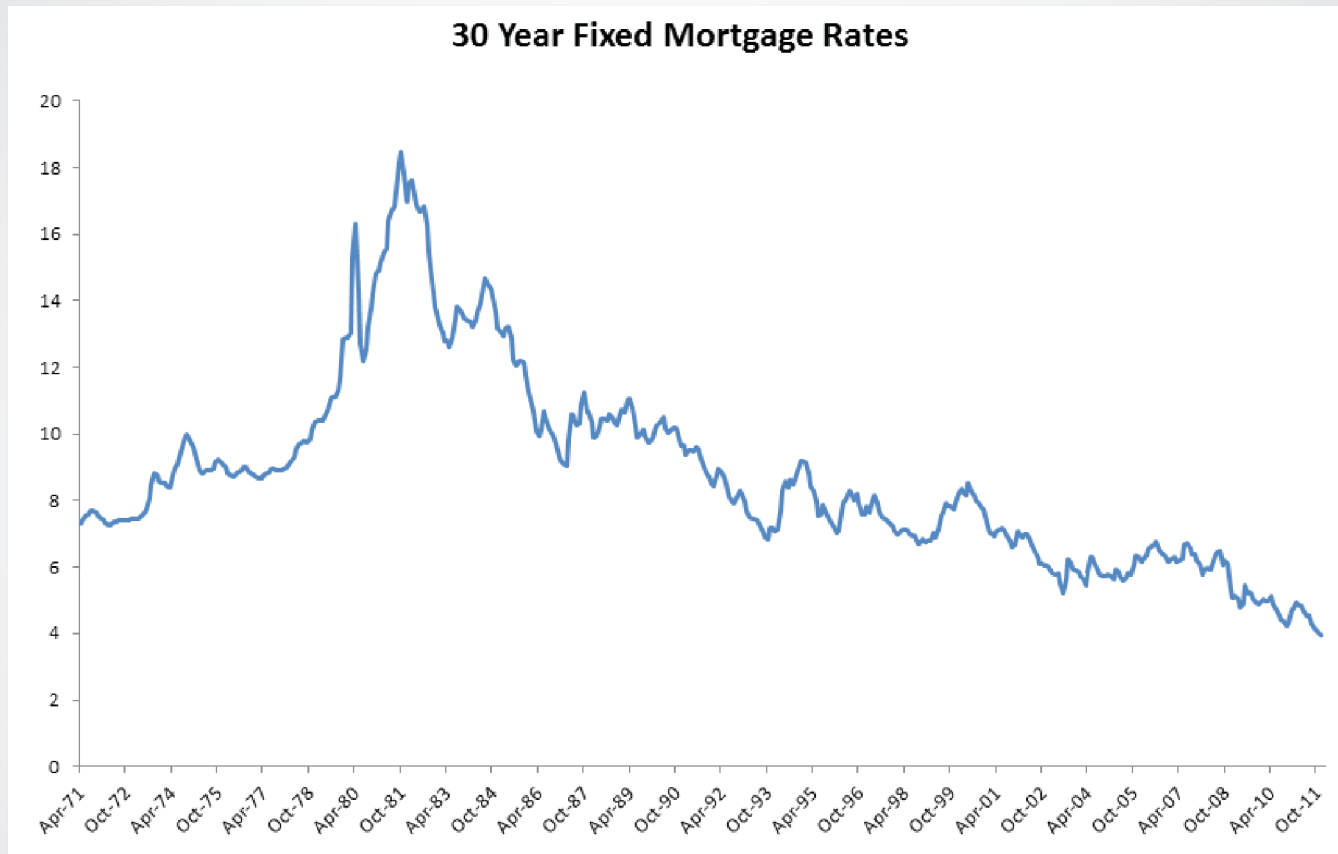
Adjustable Rate Loan: Interest rate is set for specific length of time (3,5,7, or 10 years usually) then adjust based on set terms

ARMS can be a great OPTION for buyers

****How to get out of a PMI****

CURRENT MORTGAGE RATES

..... January 23



30 Year Fixed = 3.75%

10/1 ARM = 3.5%

7/1 ARM = 3.125%

5/1 ARM = 2.75%

TYPICAL CLOSING COSTS

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BUDGET 1-2% OF PURCHASE PRICE \$3000-\$6000

- **Legal Costs**

Title search, Title Insurance, Related Legal Fees, and Fees For Conducting the Settlement

- **State & Local Taxes**

Recording Fees / PrePaid Property Taxes

- **Mortgage Costs**

Prepaid Insurance / Prepaid Interest / Bank Fees / Appraisal / Credit Report Fees

GET APPROVED FOR A LOAN

.....

DOCUMENTATION NEEDED

Salaried employees -

- Two years W2's
- Month's worth of pay stubs
- Two month's bank statements

Self-employed/Commissioned Employees

- Two years Federal Tax Returns
- Two months bank statements
- Paystubs - if you pay yourself

Purchase and Sales, Proper Disclosures, Appraisal, Title



CLOSING/FUNDING THE LOAN

BANK UNDERWRITING

Typical close time is 45 days on purchase

EVERYONE IS UNIQUE

- Everyone's income/credit/assets/property is unique
- Next steps

AGENCY

Sellers Agent
Buyers Agent
Facilitator



AGENCY

.....

Sellers Agent - *Represents the Seller*

Buyers Agent

Facilitator



AGENCY

.....

Sellers Agent - *Represents the Seller*

Buyers Agent - *Represents the Buyer*

Facilitator



AGENCY

.....

Sellers Agent - *Represents the Seller*

Buyers Agent - *Represents the Buyer*

Facilitator - *Doesn't Represent Anyone*



A SELLER'S AGENT OR A BUYER'S AGENT

owes the following duties to their client:.....

- Loyalty
- Obedience
- Disclosure
- Confidentiality
- Reasonable care and diligence
- Accounting

SELLERS AGENT

- Maintain loyalty to the seller's need
- Tell the seller all that they know about you
- Keep information about the seller confidential
- Focus on the seller-client's property
- Provide just the material facts
- Only provide price information that supports the seller's listing price
- Protect the seller
- Negotiate on behalf of the seller
- Attempt to solve problems to the seller's advantage and satisfaction

SELLERS AGENT

- Maintain loyalty to the seller's need
- Tell the seller all that they know about you
- Keep information about the seller confidential
- Focus on the seller-client's property
- Provide just the material facts
- Only provide price information that supports the seller's listing price
- Protect the seller
- Negotiate on behalf of the seller
- Attempt to solve problems to the seller's advantage and satisfaction

IF YOU HAVE A BUYERS AGENT YOUR AGENT **WILL**

- Pay full attention to your needs
- Tell you all that they know about the seller
- Keep information about you confidential
- Focus on choices that satisfy your needs
- Provide material facts as well as professional advice
- Provide price counseling based on comparable properties and their professional insights
- Protect and guide you
- Negotiate on your behalf
- Attempt to solve problems to your advantage and satisfaction

“ROOF RIGHTS”

.....



VALUE ANALYSIS SELLER AGENT VS BUYER AGENT

797 East Third - South Boston



Beds: 2

Baths: 1.5

Square Feet: 1087

Outdoor space: Private Deck

Central Air: Yes

Parking: Street

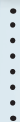
Common: \$150

List Price: \$399,900

Sold Price:

Closing Date:

VALUE ANALYSIS SELLER AGENT VS BUYER AGENT



**797 East Third
South Boston**

Beds: 2

Baths: 1.5

Square Feet: 1087

Outdoor space:

Private Deck

Central Air: Yes

Parking: Street

Common: \$150

List Price: \$399,900

Sold Price:

Closing Date:



**603 East 4th St
South Boston**

Beds: 2

Baths: 2

Square Feet: 1075

Outdoor space:

Roof Deck

Central Air: Yes

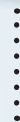
Parking: Street

Common: ?

List Price: \$449,000

Sold Price: \$435,000

Closing Date: 7/7/2011



**436 East 5th St
South Boston**

Beds: 2

Baths: 2

Square Feet: 1104

Outdoor space:

Private Deck

Central Air: Yes

Parking: Street

Common: \$114

List Price: \$459,000

Sold Price: \$425,000

Closing Date: 8/18/2011

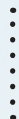
VALUE ANALYSIS SELLER AGENT VS BUYER AGENT



797 East Third
South Boston

Beds: 2
Baths: 1.5
Square Feet: 1087
Outdoor space:
Private Deck
Central Air: Yes
Parking: Street
Common: \$150

List Price: \$399,900
Sold Price:
Closing Date:



603 East 4th St
South Boston

Beds: 2
Baths: 2
Square Feet: 1075
Outdoor space:
Roof Deck
Central Air: Yes
Parking: Street
Common: ?

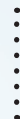
List Price: \$449,000
Sold Price: \$435,000
Closing Date: 7/7/2011



436 East 5th St
South Boston

Beds: 2
Baths: 2
Square Feet: 1104
Outdoor space:
Private Deck
Central Air: Yes
Parking: Street
Common: \$114

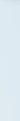
List Price: \$459,000
Sold Price: \$425,000
Closing Date: 8/18/2011



534 East 8th St
South Boston

Beds: 2
Baths: 2
Square Feet: 1001
Outdoor space:
Private Deck
Central Air: Yes
Parking: Street
Common: \$125

List Price: \$379,000
Sold Price: \$366,250
Closing Date: 12/15/2011



732 East 6th St
South Boston

Beds: 2
Baths: 1.5
Square Feet: 1101
Outdoor space:
Roof Deck
Central Air: Yes
Parking: Street
Common: \$140

List Price: \$399,900
Sold Price: \$375,000
Closing Date: 11/3/2011

HOW A BUYER AGENT GETS PAID

.....



Three identical, vertically oriented, rectangular tags with a slightly distressed, aged appearance. Each tag has a circular hole at the top, through which a thin, light-colored string is threaded, making the tags appear to hang. The tags are arranged side-by-side against a plain white background. The text on the tags is as follows:

The

**BUYING
PROCESS**

{An Overview}

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

CONSULT WITH A BUYER AGENT

HIRE A BUYERS AGENT

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

ESTABLISH A BUYING STRATEGY SET GOALS AND EXPECTATIONS

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

CONSULT WITH A MORTGAGE BANKER

TO OBTAIN LOAN PRE-APPROVAL



CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

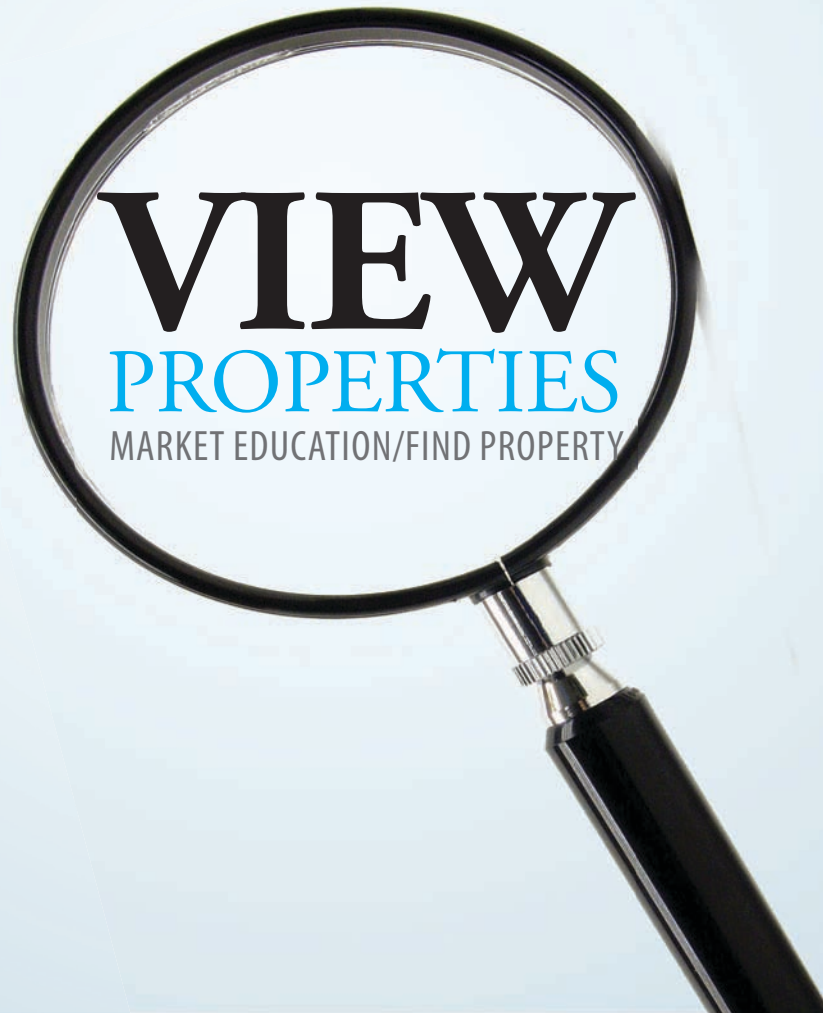
OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!



CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

SELECT A HOME

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

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accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

CREATE

AN OFFER AND NEGOTIATION STRATEGY

.....

COMPARATIVE MARKET ANALYSIS
CLOSING TIMELINE
CONTINGENCIES
MORE THAN JUST PRICE

COUNTER OFFERS

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

OFFER
ACCEPTED
\$1,000 GOOD FAITH MONEY

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

**DUE
diligence**

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

DUE DILIGENCE

.....

HOME INSPECTIONS - WITH REPAIRS REQUESTS (\$300 TO \$500)

CONDO DOC/FINANCIAL REVIEW

REMOVE CONTINGENCIES

SUBMIT A MORTGAGE APPLICATION - DOCUMENTATION NEEDED

LOAN PROCESSING - APPRAISAL/UNDERWRITING (\$400 TO \$500)

MORTGAGE COMMITMENT - REMOVE CONTINGENCY

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

**PURCHASE
& sale**

FINANCIAL
& legal

CLOSING
YAY!

SIGN PURCHASE & SALE SECOND DEPOSIT



TYPICALLY 5% AT PURCHASE PRICE

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

BETWEEN P&S AND CLOSING

.....

CLOSING:

REMAINDER OF DOWN PAYMENT
AND CLOSING COSTS

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

FINANCIAL & LEGAL ASPECTS

⋮

UNDER WRITING
LOAN

TITLE SEARCH
LEGAL

CONSULT
buyer agent

CONSULT
mortgage broker

VIEW
properties

SELECT
a home

OFFER
accepted

DUE
diligence

PURCHASE
& sale

FINANCIAL
& legal

CLOSING
YAY!

CLOSING STATEMENT REVIEW

FINAL DEPOSIT/CLOSING COSTS
BALANCE OF DOWN PAYMENT

⋮

SIGN PAPERWORK &
RECORD FUND LOAN

NEXT STEPS FOR BUYERS

1. CHECK YOUR EMAIL TOMORROW FOR THE SLIDES, COUPONS, AND SURVEY
2. SCHEDULE A TIME TO MEET WITH ONE OF THE CHARLESGATE BUYER AGENTS
SO WE CAN DISCUSS YOUR NEEDS
3. SCHEDULE A TIME TO MEET WITH RAVI FOR MORTGAGE INFORMATION

Fin