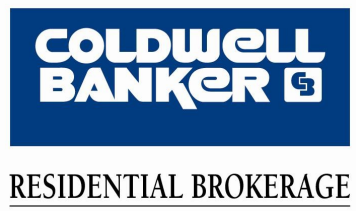




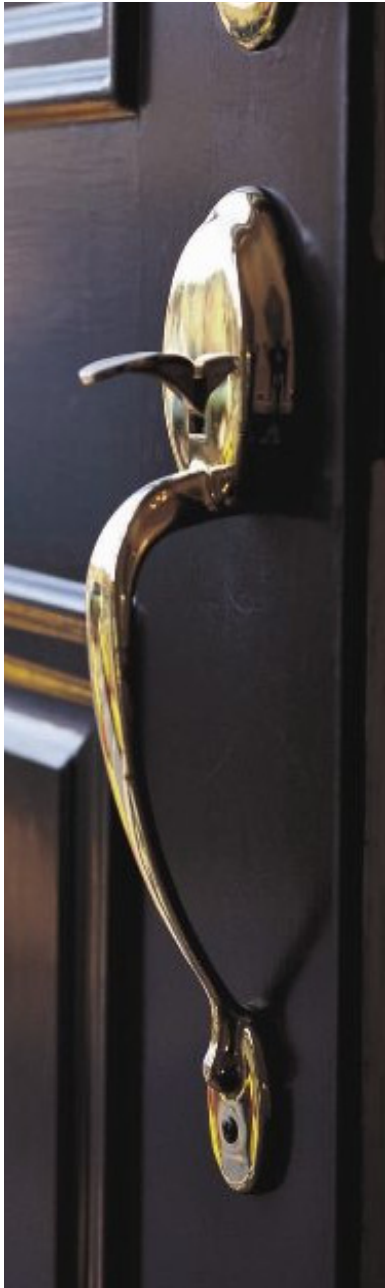
Welcome to the
*Harvard Faculty Real
Estate Services*
**Home Buying and
Financing Seminar**





Our Goals

- Outline the services offered through the Harvard University *Real Estate Advantage* Program, administered through Harvard Faculty Real Estate Services and Coldwell Banker
- Step you through the home financing process
- Highlight key considerations in your decision to buy
- Explain the homeownership process



Real Estate Advantage Program

Benefits

- Harvard University in partnership with Coldwell Banker Residential Brokerage offers you a unique real estate program that provides:
 - Individual counseling services
 - Selection of your Real Estate Agent
 - Advocacy
 - Cash rebate after closing on the purchase and/or sale of your home
 - And moving services to support your relocation



Cash Rebates

Purchase or Sale Price

**Cash Rebate

\$ 50,000 - 99,999	\$ 300
\$ 100,000 - 199,999	\$ 400
\$ 200,000 - 299,999	\$ 625
\$ 300,000 - 399,999	\$ 875
\$ 400,000 - 499,999	\$ 1,125
\$ 500,000 - 599,999	\$ 1,375
\$ 600,000 - 699,999	\$ 1,625
\$ 700,000 - 799,999	\$ 1,875
\$ 800,000 - 899,999	\$ 2,125
\$ 900,000 - 999,999	\$ 2,375
\$ 1,000,000 - \$1,099,999*	\$ 2,625

*If the purchase or sale price is higher, the cash bonus will be adjusted incrementally.

**The ability to pay a cash rebate may be prohibited in some states,



Program Guidelines

1. Register for the program before contacting any realtors by calling **(800) 396-0960**
2. View the home that you intend to purchase only with the Agent referred to you through the program Consultant
3. Close on the property with the Agent referred to you through the program Consultant
4. If selling, list and close on the property with the Agent referred to you through the program Consultant

Home Financing

**Navigating mortgage
products and services.**



Getting pre-approved...more important than ever.

■ Commitment to lend short of Appraisal and Purchase and Sale Agreement

- ☑ Verify INCOME
- ☑ Verify CREDIT (yes, we pull credit)
- ☑ Verify ASSETS
- ☑ Verify PROPERTY (if possible)
- ☑ Identify OPTIONS
- ☑ Identify RED FLAGS
- ☑ Identify STRATEGY TO CURE



What do lenders look for?

- A. Income**
- B. Assets**
- C. Credit**
- D. Debt**
- E. Collateral/Property**

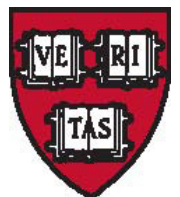


Types of mortgages

- What is right for you?
 - Fixed vs. ARM

		<u>PAYMENT</u>
\$350,000	5.00%	1,879
	4.00%	1,671
		<hr/>
		△ \$208

Leverages 43,500 more in Loan with same payment!



If you choose an ARM...

▪ Check:



Index

Treasury, LIBOR, COFI



Margin

How much is added to index?



Caps

What is the maximum and minimum rate?

How long is it locked?

How often can it change?



Good Faith Estimate

OMB Approval No. 2502-0265



Good Faith Estimate (GFE)

Summary of your loan

Name	Original
Address	Original
Original	Original

Purpose

Shopping your loan

Escrow account information

Summary of your settlement charges

Your initial loan amount is	\$ 320,000.00
Your loan term is	30 years
Your initial interest rate is	5.00 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1717.83 per month
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of %.
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in and the monthly amount owed can rise to \$. The maximum it can ever rise to is \$
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ 1717.83 .

Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due.

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

A	Your Adjusted Origination Charges (See page 2.)	\$695.00
B	Your Charges for All Other Settlement Services (See page 2.)	\$5,872.96
A + B	Total Estimated Settlement Charges	\$ 6,567.96

Changes in the mortgage industry that can affect you...

■ Changes to guidelines

- Larger down payments required
 - Very few zero down programs available - VA loans still eligible
- Risk based pricing (FICO matters!)
 - Lower credit score could mean higher interest rate
- Very few piggybacks/blended mortgages
- Declining market restrictions



Changes in the mortgage industry that can affect you...

- More changes to guidelines

- Stricter guidelines as of this past Summer for all lenders
- Fannie Mae will require lenders to have a process in place to confirm no change in liabilities from time of application to closing
- Your credit will be checked again prior to closing – may affect your approval and/or interest rate



Positive Changes in the mortgage industry that can affect you...

- Loan limits increased
- Mandatory licensing of Loan Officers
- Standardized Good Faith Estimates and Disclosures from all lenders
- Plenty of mortgage money still available to lend



Programs designed to meet the challenge!

■ FHA (Federal Housing Administration)

- Insured by Full Credit of US Government
- 3.5 % down – higher loan limits
- Fixed Rate – stable
- Seller can pay Funding Fee
- Liberal Ratios/Credit
- Property condition matters
- Condos are tough
- Not only for first-time buyers
- No income limits



Mass Housing (MHFA)

■ MassHousing Mortgage

- Finance up to 97% of property value
- Competitive rates
- 30 year amortization
- Income limits - up to \$120,825 (varies by county)
- Reduced PMI costs
- Mortgage protection for job loss
- Not only first-time buyer
- Single family, Multi-family and condos



Thank you!

For assistance with loan products and services, visit the FRES web site

www.facultyrealestate.harvard.edu

for a list of preferred Mortgage Lenders

or

Call *Real Estate Advantage* toll free at **(800) 396-0960** and ask for your company's *Real Estate Advantage* Consultant





The Home Buying Process

Navigating the real
estate market.

**COLDWELL
BANKER** 

RESIDENTIAL BROKERAGE



Is this the right time to buy?

- Current Market Conditions
 - Housing Prices
 - Housing Inventory
 - Available Financing
- How long are you planning on staying in the home?
 - Tax Benefits
 - \$250,000 (Single) / \$500,000 (Married)
 - Must be primary residence for 2 consecutive years, in the past five years
 - Need 7% increase in sales price to break even when selling



Selecting the right Real Estate Agent

- Real Estate Advantage Program
 - Personally selects Real Estate Agents to meet your needs
 - Full Time, Experienced, Knowledgeable
 - Agent who will represent you as a “Buyers Agent”
 - Access to home search resources/technologies

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Definition of: Agency

Agency is a relationship in which the real estate agent represents a client in dealing with other parties so as to serve the client's best interest at all times.

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Agency

- Designated Sellers Agency
- Designated Buyers Agency
- Facilitation
- Dual Agency
- Agency Disclosure Form



Buyer Agency - Who Pays?

- Fee is usually covered by the commission that the seller's real estate company is offering on behalf of the seller
- If the fee isn't covered, you as the buyer can negotiate this fee by requesting the fee come from the proceeds of the sale
- Obligation to pay for the Designated Buyer Agent's services is ultimately the buyer's responsibility if all other attempts fail
- Can request to see only listings that will cover Designated Buyer Agent fee

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While you are looking for a home...

- Make clear to your Agent your list of absolute “Wants and Needs”
- Never see more than 6 homes in one day
- Make your Agent aware of your “Likes and Dislikes”
- If time permits, ask your Agent to preview homes

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RESIDENTIAL BROKERAGE



Purchasing a Home

- 2 Step Process in Massachusetts
 - Offer to Purchase
 - Purchase and Sale
- Ask your Agent to do an analysis of recently sold properties
 - Establish range of value within which to negotiate
 - Objectively review properties pluses and minuses



Offer to Purchase

- Written offer to Include:
 - Offer Price
 - Closing Date
 - Deposit Monies
 - Mortgage Contingencies
 - Home Inspection Contingencies
 - Any items to be included - Refrigerator, Curtains, Swing Set, etc.
- Legally binding contract only when signed by both parties
- Agent must be diligent in getting your offer signed ASAP!



Property Inspections

- General Home Inspection
 - Tests the structural and mechanical integrity of the home
- Pest Inspection
- Radon
 - Odorless, colorless gas that seeps into home from basement
 - Air EPA Standard: 4.0 and under picocuries is acceptable
 - Water EPA Standard: 10,000 and under picocuries is acceptable (applicable if well water)
- Well/Septic
 - Title V Septic: Seller Certificate valid for 2 years
 - Well: Test for potability quality and quantity
- Cost of inspections are paid by the buyer



Purchase and Sale Agreement

- Engage the services of a Real Estate Attorney to review before signing
- Will include any changes made as a result of the property inspections
- Additional deposit required
- Everything must be in writing to be a valid contract



Before You Close

- Perform a “Walk-Through” on home when sellers vacate
- HUD1 Settlement Statement (Housing Urban Development)
 - Full accounting of all closing costs to be paid by the buyer and by the seller
 - Buyer should receive statement within 2-3 days of closing
 - Certified check to pay remaining monies due to close
- Obtain an Insurance Binder: One year of pre-paid Homeowners Insurance



At the Closing

- Checklist:
 - ☑ Your Attorney
 - ☑ Photo ID
 - ☑ Your Checkbook
 - ☑ Certified Check
 - ☑ Insurance Binder (Front page or receipt)
- Closing takes 1.5 – 2 hours



How to register for the *Real Estate Advantage Program*

- Contact the Harvard University *Real Estate Advantage* Consultant, Beth Duncan, by calling **(800) 396-0960**
- Contact Harvard Faculty Real Estate Services (FRES) at **(617) 495-8840** or fres@harvard.edu
- Visit the FRES web site at www.facultyrealestate.harvard.edu
- We will register you for the program and discuss your needs. If you require mortgage assistance, we will connect you directly to a mortgage representative.

Thank you!

*Harvard Faculty Real
Estate Services*

