



 Roadmap to
HOMEOWNERSHIP

ADDENDUM: SHOPPING FOR YOUR HOME

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SHOPPING FOR YOUR HOME

Before you begin house-hunting, take a few moments to decide clearly what you need as well as what you want in a new home. In fact, start by checking below what you absolutely must have (*your NEEDS*) vs. what would be nice to have (*your WANTS*).

Type of Home		
Single-Family Detached (SFD)	Condo	Townhouse
Rooms # and Type		
Bedrooms	Bathrooms	
Eat-in Kitchen	Dining Room	
Living Room	Family Room	
Office	Basement	
Fireplace	Garage	
Porch	Deck	
Special Wiring Needs	Other	
Needs		Wants
Construction		
Lot Size		
Heater Type of Fuel/Size		
Water Heater Type of Fuel/Size		
Neighborhood		
Transportation Requirements		
Proximity to:		
Work	School	Place of Worship
Shopping	Recreation	Mass Transit

SHOPPING FOR YOUR HOME

Even spending just a few moments now on these decisions can save you an enormous amount of time later on AND will help guarantee that you end up with the home you really do need!

- Determine the type of home you are interested in. And don't forget that there are alternatives beyond the traditional single-family detached house with a white picket fence. For example:
 - **Condo.** As a condo owner, you own your individual living unit and share ownership of the common space (*for example, elevators or recreational areas*). You pay a homeowner association or condo fee monthly to pay for the upkeep of these common areas. If you are not interested in mowing the lawn or cleaning out gutters, you might consider a condo. Just be sure to check the overall "health" of the entire physical structure and of the association's financial situation.
 - **Townhouse.** You own your individual townhouse living unit and share ownership of the common areas.
 - **Co-op.** Co-ops or cooperatives are typically found only in certain sections of the country (*for example, in New York City and Washington, D.C.*). As a Co-op owner, you own a share in the corporation that owns the entire building. You do NOT own your own individual unit.
 - **Planned Unit Development (PUDs).** Some subdivisions or neighborhoods include a common area that is owned by a homeowner association, or HOA, and maintained for the use of PUD unit owners. Such developments may also allow the homeowner association to dictate how unit owners maintain their individual properties. If this is the case, make sure that you are comfortable with someone else telling you what color your front door should be painted.
 - **Manufactured Housing.** These units are factory-built or prefabricated dwellings. Depending on the location, you may own or rent the land on which the unit is placed. Make sure that the home meets all HUD and state building codes.

NOTE: Be sure to think long-term. Are you planning on starting a family within the next few years? Will an elderly relative who has difficulty with stairs be coming to live with you in the near future?

- Looking for leads. You can find out about existing homes for sale in a number of ways:
 - Newspapers—most newspapers highlight real estate ads on a particular day each week.
 - Word of mouth—do family members or co-workers know of any homes about to be placed on the market?
 - For sale signs in neighborhoods you're targeting—drive around neighborhoods that you are interested in.
 - Internet resources (*for example, realtor.com*)



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NOTE: Federal agencies (such as HUD and the VA) as well as major investors (for example, Fannie Mae and Freddie Mac) sell homes on which they have foreclosed. You can access these lists via HUD's website as detailed in the Resources section of this guide. However, please be aware that these properties will typically be offered at whatever price the market will bear. So you won't necessarily be getting a bargain!

- **Work with a real estate agent.** It's not absolutely essential to work through a real estate agent but most of us do. The real estate agent will not only be able to guide your search (via access to the Multiple Listing Service, or MLS) but can provide professional insights on the overall housing market as well as the community. The agent can also offer advice on mortgage lenders, closing agents, and title companies. Before you sign on with a real estate agent, however, you should understand how they are paid.
 - There are two broad categories of agents—those who represent the seller in the transaction and those who represent the buyer. When you visit an Open House, for example, that agent is representing the seller's interests and is paid a percentage of the sales price. So the seller's agent is motivated to sell the property for the highest reasonable price.
 - In contrast, the buyer's agent represents your interests. Typically, you will not be paying a direct fee for their services. The agents involved in the transaction will split the commission. However, confirm that this arrangement is in place before signing any agreement with a particular buyer's agent.

For a list of agents in your area, access:

- the National Association of Realtors® website at realtor.com.
- the National Association of Exclusive Buyer's Agents website at naeba.com.

Keep good records as you tour various homes. After a while, it's easy to lose track of what you've seen. Some people even use a camera or camcorder to take pictures of the properties they visit. There are two versions of the Housing Evaluation Checklist in this section, beginning on the next page—use the one you find most helpful in your search:



YOUR HOUSING EVALUATION CHECKLIST—VERSION 1

Make copies of this page and use it to keep track of the properties you visit. Compare the items noted below with your list of “Needs” and “Wants.”

Property Address:		
Type of Home		
Existing	New	Ranch
Split-Level	Traditional	Contemporary
Construction		
Brick	Wood Siding	Cement
Cedar Shingles	Other	
Lot		
Size		Type
Rooms # and Type		
Bedrooms	Bath	Dining Room
Eat-in Kitchen	Living Room	Family Room
Office	Basement	Other
Heat		
Forced Air	Radiator	Other
HVAC		
Size	Age	
Fuel		
Gas	Oil	Other
Air-Conditioning		
Central	Window	None
Water Heating		
Size	Type of Fuel	
Insulation: R-values in		
Attic	Walls	Basement

YOUR HOUSING EVALUATION CHECKLIST—VERSION 1

Extras		
Fireplace	Garage	Porch
Deck	Wiring for Computer Access throughout the house?	
Neighborhood		
Ideal	Acceptable	Poor
Transportation Requirements		
Proximity to:		
School	Place of Worship	Shopping
Recreation	Mass Transit	
Comments		

YOUR HOUSING EVALUATION CHECKLIST—VERSION 2

Use this list, prepared with assistance from the National Association of Realtors®, for rating properties as you visit them. Make copies of this checklist and take them with you on your house-hunting trips.

Property Address:			
The MLS Printout from the Real Estate Sales Agent should provide the following:			
The asking price?			
The annual property taxes?			
The average monthly utility costs?			
What are the seller's current mortgage balance and monthly payments?			
Is the seller willing to take back a second mortgage?			
Is the seller's current mortgage assumable? If so, what is the interest rate?			
Neighborhood	Ideal	Acceptable	Poor
Are many houses for sale in the area?			
Are there plans underway to change the zoning regulations? If so, how will that affect the neighborhood?			
Is it convenient to public transportation?			
To shopping?			
To recreational facilities?			
To schools?			
To places of worship?			

YOUR HOUSING EVALUATION CHECKLIST—VERSION 2

Whether the house is new or old, both the quality of the building materials and the craftsmanship, as well as the condition, are important considerations:			
Type of home and construction			
How well insulated is the house?			
Are the windows energy-efficient?			
Is the roof in good condition?			
Does the house appear to have been well-maintained?			
Floor plan: Good traffic flow from one room to another?			
Bedroom(s)		Number: ____ On which floor(s)? ____	
Bathroom(s)		Number: ____ (full) ____ (half) On which floor(s) _____	
Dining room			
Kitchen <i>(space for eat-in table/chair OR not)?</i>			
Family room			
Laundry room			
Basement Is the basement finished? Does it flood after every heavy rain?			
Attic space			
Storage			
Floors and covering			
Heat			
Fuel			
Gas	Oil	Passive Solar	Other

YOUR HOUSING EVALUATION CHECKLIST — VERSION 2

Extras	
Fireplace (<i>gas OR wood-burning</i>)	
Garage: # of cars:	
Porch OR Deck OR Patio	
Pool	
Irrigation OR Sprinkler system	
Air-conditioning (<i>central OR room</i>)	
Security system	
Remarks	

SHOPPING FOR YOUR HOME

Keep a cool head. Don't fall in love with a property at first glance. If you fear that you've done so, bring along an unbiased and honest friend with you on a second visit. Also don't be pressured into making an offer on a property until you're sure you want it. If there is a seller's market (*that is, each home is receiving multiple offers from interested buyers*), it may be difficult to withstand this pressure. Just remember that you are making the largest financial decision of your life! (*How's that for pressure?*)

- Making the Offer

- Get a list of recent sales prices for comparable homes (*CMA – Comparable Market Analysis*) from your real estate agent or from the Internet.
- Get as much information as possible on seller's situation. For example, is he frantic to sell because of a job-related transfer to Italy?
- Condition of the home—will you be able to move in without doing extensive repairs?
- Factor in the overall housing situation. In a heated seller's market, you may have to offer more than the asking price. You won't feel that kind of pressure in a buyer's market.
- And, of course, how much you can afford. Again, don't get in over your head!

The offer will include more than just the price you're willing to pay. The sales contract will specify the legal description of the property, which items (*like window treatments*) will "convey" with (*or be included in*) the sale, the amount of your earnest money deposit and down payment, and how you will finance the purchase. In addition, the contract will note dates for the closing and occupancy as well as the length of time the offer is valid. And, finally, the offer will include certain contingencies—some of which protect the seller and some of which protect the buyer. Many of these contingencies are standard and non-negotiable.

- Home inspection. One negotiable contingency that protects your interests is a home inspection. In a hot seller's market, you may be tempted to make an offer without requiring that the home satisfy a basic inspection—particularly if you are competing with other offers that are not requiring such an inspection. If you do so, you are taking the risk of purchasing a leaky roof or flooding basement or outdated electrical wiring. So be aware of the potentially expensive consequences you may face.

The **Resources** section provides information on locating a qualified home inspector. Don't rely on Uncle Harry to come over and nose around. Hire a professional who is specifically trained to inspect the property and provide a detailed assessment.



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- **Negotiating the Offer**
 - Personal check for the loan application fee.
 - Copy of sales contract for the property you are buying.
 - Copy of real estate listing for the property you are buying.
 - Photocopy of the earnest money check.
- **Earnest Money**
 - Your earnest money deposit indicates to the seller that you are serious about your offer. This money is considered part of your overall down payment.
 - If your offer is accepted, your check will be held in escrow by the real estate sales company. You will forfeit these funds if you do not meet the contingencies in the contract (*for example, if you are not approved for a mortgage by the date specified*).



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