



Creating Generational Wealth

Homeownership

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Benefits of Homeownership

- One of the biggest investments you will make
- Allows you to build Equity and grow wealth
- Possible Tax Savings
- Property Rights versus Renting and Leasing

Benefits of Homeownership

- A better quality of life
 - More living space
 - More privacy
 - A safer environment for You and your children
 - A possible garage and yard space
 - Stability for your family

Benefits of Homeownership

- **Home prices have doubled** between 2008 and 2023 (15 years)
 - *Data from the Federal Housing Finance Agency*
- Home can be used as a Rental Property, Air B&B, VRBO
- Home Equity can be used for a **Home Equity Loan**
- **Mortgage Refinance** to obtain needed cash or a lower Mortgage interest rate
- Home and/or Property can be passed on to the next generation

Home Buying Tips

- **Are you financially ready to buy a home?**
- Do you have a steady income?
- **What is your Debt-to-Income Ratio (DTI)?**
 - DTI is **Gross Income** divided by total debt
 - Lenders prefer 36% or lower
 - DTI should not be higher than 43% to get approval
- **What is your Credit Score?**
 - Credit Score Range is 300 – 850
 - Preferred Credit Score for approval is 650 or higher



Home Buying Tips

- **Determine how much house can you afford**
- **Housing costs should be less than 30% of your net income**
- **This is your House Comfort Zone**
- **Avoid being House Poor**



Home Buying Tips

- **Pre-Approval from a bank or Mortgage Company is Recommended**
 - Helps you to know how much you can afford
 - Helps your Realtor in finding the right home for you
 - Helps you get a house under contract faster
 - Saves time in processing your mortgage loan



Home Buying Tips

- **Work with a Good Realtor**
 - Your Realtor will represent you as an Exclusive Agent or a Dual Agent
 - Your Realtor should have the time, care and concern to assist you in getting the home you want.
 - The realtor is compensated by the Seller

Home Buying Tips

- **Finding the home you want**
 - **Develop a criteria for what you want in a house**
 - **List your priorities and rank them by importance**
 - **Compare homes by the Cost Per Square Foot**



Home Buying Tips

- **Make offers and Negotiate**
- Submit offers in writing
- Earnest money will be required with any accepted offer
- Any offer that is declined can be Counter-offered by the Seller

Home Buying Tips

- **Home Inspection**
 - Hire a good Home Inspector
 - For major renovations, also hire a construction contractor
 - Ensure the House Appraisal matches the selling price or higher
 - You may be able to negotiate based on the Appraisal or needed repairs
 - Seller may opt to give you a discount or credit for needed repairs
 - **If New Construction**
 - Visit the construction site often to ensure the quality of work and materials

Financing Your Home

- **Mortgage Loan Types**

- **FHA Loan (Federal Housing Authority)**
 - *3.5% down payment required*
- **VA Loan (Veterans Administration)**
 - *0% down and No PMI*
- **USDA Loan**
 - *0% down payment*
- **Conventional Loan – Down Payment is 5% or higher**
 - *Dependent on Credit Score*

Financing Your Home

- Check qualifications for a *“First Time Owners Program”*
 - *SC Housing Finance and Development Authority (803) 896-9001*
- **NACA Home Buying Program (803) 255-0223**
 - **Provides Housing Counseling in purchasing a home**
 - **Gives assistance with down payment**
 - Helps with lower income eligibility
 - Helps to qualify with lower credit scores

Financing Your Home

- **Mortgages Rates**
- **Fixed Rate**
- **Adjustable Rate (ARM) – 5/5 or 5/1**
 - (5 year rate, Adjustable after 5 years or a 5 year rate, adjustable after 1 year)
- **Jumbo Rate** – A rate given for a designated period of time when the total amount of the loan must be paid

Financing Your Home

- **Home Mortgage Payment**

- **P – Principal** - The Monthly Principal amount of your home loan
- **I – Interest** - The Monthly Interest Rate on your home loan
- **T – Taxes** - The Monthly Property Taxes paid into Escrow
- **I – Insurance** - The Monthly Home Insurance paid into Escrow
- **PMI (Private Mortgage Insurance)** – An average of 2% of your monthly home loan principal, Paid monthly until your LTV ratio is 78% or 80% equity of the original loan amount



Financing Your Home

- **Private Mortgage Insurance (PMI)**
- Required with a Conventional Loan
- Conventional Loan is not Federally Guaranteed
- When the Home down payment is less than 20%
- When you have less than 20% equity in your home

Financing Your Home

- **Canceling PMI**
 - **Wait for automatic or final termination of PMI**
 - **80% of original Loan or Half of Loan period in years**
 - **Automatic cancellation when mortgage is 78% of original loan**
 - **Request PMI cancellation at 80% of mortgage amount**
 - **Pay down your mortgage earlier**
 - **Refinance your mortgage**
 - **Reappraise your home**
 - **Expand or renovate your home to increase its value**

Financing Your Home

- **Amortization**

- Is the split between how much of your loan payment goes toward principal and interest

- **Amortization Calculator**

- Loan Amount, # of Years, Loan Start date, Interest Rate

- **Amortization Schedule**

- A month by month account of how much of your loan payment will go toward your principal and interest payment



The Closing Procedure

- **Before Closing**
 - Have the Seller show you everything about the house
 - Do a thorough Walk Thru to ensure that everything is okay
 - Make any and all repairs before Closing



The Closing Procedure

- **Read and review all documents carefully**
 - Closing Disclosure
 - Mortgage Documents with financial numbers
 - Settlement Statement