



# Homebuyer University

## My Homeownership Team

Use this worksheet to understand the roles and responsibilities of people you will work with on your home buying path and to keep track of who is who.

### Homeownership Team Tracker

Use the table below to keep track of who you work with. The numbers on the left correspond to the more detailed explanations of these professionals following the table. The blank rows at the end are for you to record anyone else you hire or work with in your process.

#	Team Member	Name	Organization	Contact Information
1	HUD Housing Counselor			
2	Real Estate Agent			
3	Loan Officer			
4	Attorney			
5	Housing Inspector			
6	Insurance Agent			

## 1. HUD-Certified Housing Counselor

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### Who is this?

A certified, trained professional who normally works for a nonprofit housing agency or community development corporation (some work for real estate companies).

### What are their major responsibilities?

- Provide individual counseling sessions for homebuyers
- Provide individual financial and credit counseling sessions geared toward homeownership goals
- Teach about home purchasing process and problem solve barriers to achieving homeownership
- Advise and facilitate down payment assistance options

### Why would I use this professional?

- Can be an individualized supporter in your process
- May be a requirement for first-time homebuyers in order to access some types of loans or down payment assistance

### How much does it cost?

These counseling services are almost always free through nonprofit organizations.

### How do I find one?

Habitat Chicago can refer you directly at any time, whether it is during your Homebuyer University course or months after. You may also find a listing of HUD-designated agencies on HUD.gov.

## 2. Real Estate Agent

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### Who is this?

A licensed professional who has been specially trained to sell houses. Some agents represent buyers or sellers, while others specialize in one.

Agent vs. Broker vs. Realtor: An agent has passed state-certification and holds a license. A broker takes significantly more training and holds a license to practice as well as to manage other real estate agents. A realtor is a licensed real estate professional who is a member of the National Association of Realtors and must subscribe to their Code of Ethics.

### What are their major responsibilities?

- Arrange for home viewings
- Match buyers and sellers for the purpose of selling a property; communicate extensively between all parties
- Understand different loan products, including affordability loan products, such as FHA, VA or other loans
- Must act in your best interest and maintain confidentiality

### Why would I use this professional?

- They will have access to a listing service to all of the properties for sale in your area
- They will act as your principal guide through the whole homebuying process

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### **How much does it cost?**

The buyer's agent and the seller's agent are usually paid on commission that totals together 4-7% of the sales price of the home, typically paid by the seller and it is included in the sale price. For example, if the home sells for \$150,000 and the agents take 5%, the total commission will be \$7,500, which the two agents split. Affordability loan programs may have zero or lower commission fees.

### **How do I find one?**

- Ask your family and social networks for recommendations
- Use national real estate companies' referral services to match you with an agent based on your needs
- Visit larger real estate companies' websites for agent profiles and bios
- Use search engines such as Zillow and Trulia. These will have service ratings for all of the agents listed
- Visit real estate offices in the area where you would like to live
- Some nonprofit lenders have relationships with agents, or their own agents, and may even waive commissions
- You may drop a real estate agent if you feel that they are not meeting your needs

### **How do I select an agent?**

- Interview agents before hiring (see below)
- Listen to your gut: Will you enjoy working with the agent? Do they listen? Are they respectful of you and your concerns?
- Read your contract carefully and make sure the conditions work for you and your plans

### **What should I ask a potential agent?**

- Do you work full-time or part-time as an agent?
- How long have you been an agent? Can I see your real estate license?
- Do you work with both buyers and sellers?
- I am interested in \_\_\_\_\_ area(s). What is your experience with buyers in these areas?
- Have you helped buyers find homes at \_\_\_\_\_ price ranges?
- Will I work with you directly or with people on your team?
- How do you communicate with your buyers?
- How do you help buyers be competitive?
- What distinguishes you from other agents?
- How does your commission work?
- What kinds of guarantees do you offer?
- Do you have references?

## **4. Loan Officer**

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### **Who is this?**

A loan officer is a sales representative of a financial institution (the lender) which provides you with the home loan (mortgage loan) for purchasing a home.

A mortgage broker is a freelance agent who works to match borrowers to an appropriate lender.

### **What are their major responsibilities?**

- Direct source of contact for borrowers
- Help borrowers determine appropriate loan product offered within their lending institution
- Communicate with many parties to enable the loan and closing for the buyer
- May assist with down payment assistance applications if offered by the lending institution

### **Why would I use this professional?**

- Most people need financing to purchase a home, and so a lender is required
- A good loan officer will guide you in detail through the extensive paperwork process

### **How much does it cost?**

Nonprofit loan officers do not receive commission – they are only paid through a set salary. For-profit loan officers receive commission when they secure a loan. The commission (or fees) are based on the total amount of the loan. It is also often paid when you purchase points (fees paid to reduce your interest rate). While you don't see this cost, it can account for some motivation to sell you points. Points may be a great idea for you, but only purchase them once you've run the numbers on your own to make sure they benefit you in the long-run.

### **How do I find one?**

Finding a lender and loan officer often happen simultaneously. While you are comparing loans and lenders, you may also be talking with loan officers at each lending institution to gather information. When you narrow down to the lenders you want to pursue, you are also narrowing down to your loan officer options.

Sometimes, it goes the other way around, starting with referral from friends and families and then looking at the actual loan products. Either way is fine, you just want to make sure both the loan and loan officer are a good fit for you.

### **How do I select a loan officer?**

- Interview loan officers before finalizing your choice (see below)
- Look up their NMLS numbers on the Nationwide Mortgage Licensing System to see their record and if they have any complaints
- Listen to your gut: Will you enjoy working with this person? Do they listen? Are they respectful of you and your concerns?

### **What should I ask a potential loan officer?**

- How long have you been a loan officer? Can I see your NMLS number?
- How long have you been with \_\_\_\_\_ (company)?
- What are your work hours?
- How many mortgages have you completed for first-time buyers? (For FHA loans, etc.)
- Will I work with you directly or people on your team?
- How does your commission work?

## **5. Attorney**

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### **Who is this?**

A real estate attorney is someone you opt to hire when you are ready to close and provides you with legal guidance relating to the purchase or sale of real property. In Illinois, you are not required to have an attorney present at the closing. Your agent and escrow officer can typically handle straightforward situations.

### **What are their major responsibilities?**

- Prepares and reviews real estate documents such as purchase agreements, mortgage documents and title documents; writes the real estate contract (in some states)
- Explains the documents that will be signed throughout the purchase process
- May also settle disputes or review the terms of any document being signed

### **Why would I use this professional?**

- As your attorney, they will act in your best interest and should protect you from bad or suspicious deals
- Can handle anomalous, or non-standard, agreements

### **How much does it cost?**

Some attorneys charge between \$150 and \$300 per hour, while others charge a flat fee. Expect to pay no less than \$400.

## 6. Housing Inspector

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### Who is this?

A professional hired by the buyer to conduct a basic assessment of the physical health of the home. This usually happens after the offer is accepted but before closing.

A general contractor is not the same as an inspector. A general contractor may have a lot of knowledge, but inspectors are legally certified and specialize in home inspections.

### What are their major responsibilities?

- Determines whether the property has adequate sanitation, drainage systems, and general structural safety to satisfy regulations regarding public health
- Writes a report describing any major problems
- Will refer buyer to a specialist if inspection uncovers items outside scope of expertise (e.g. signs of wood damage/critters, electrical concerns, roof ware, etc.)
- Can also give advice on normal maintenance, such as changing the furnace filters to cleaning the gutters, as well as what the likely replacement schedule is for major home features (roof, boiler, etc.)

### Why would I use this professional?

- Unexpected discoveries in the integrity of your future home can be used to negotiate further with the seller
- Understanding the repair needs of your potential home helps you evaluate its worth to you
- Understanding the replacement schedule of your home features helps you set up an accurate budget for home maintenance

### How much does it cost?

The average cost of an inspection is \$300. This can vary depending on the size of the property. Specialists fees are additional.

### How do I find one?

Always choose a certified inspector. Find one through an inspector's association or by referral. Your real estate agent will often have a few referrals.

## 7. Insurance Agent

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### Who is this?

A representative of an insurance company who sells and maintains insurance for your home. This is an ongoing relationship for the duration of your ownership of the home/use of the company.

### What are their major responsibilities?

- Works on behalf of an insurance company to sell and renew home insurance policies
- Recommends how much insurance you should have based on the home you are purchasing
- Helps settle pending claims and sorts out issues with other agencies

**Why would I use this professional?**

- All lenders will require proof of homeowners' insurance prior to closing, and so working with an insurance company is required at a minimum
- Some people also want a familiar contact person at the company to be able to ask questions to or seek assistance on claims.

**How much does it cost?**

Insurance payments are included in the monthly housing payments you make. Policy costs vary widely but \$1,033 for the year (\$86/month) was the average in Illinois as of 2018. Agent commissions are included in the fees you pay.

**How do I find one?**

- Compare rates on third-party rating sites
- Consider using the same company as your car insurance if they offer bundling discounts
- Seek recommendations from friends, families or your agent