

# Successful Homeownership

## A financial educational workshop

Presented by Partners in Community  
Building, Inc.

For more information or to register for a  
Homebuyers class call 312.328 0873 or visit our  
website

[www. picbchicago.org](http://www.picbchicago.org)

**House Smart: Successful Homeownership**



## Homeownership presented by PICB:

Homeownership is a huge responsibility that offers many rewards in return. PICB is pleased to help you prepare for this important step.

Our 8 hour classes will prepare you for the process that you will go through in order to purchase a home and you will receive a certificate for qualifying grant programs. Our topics include, but are not limited to:

- ✓ **budgeting and credit**
- ✓ **Improving credit scores**
- ✓ **Shopping for your dream home**
- ✓ **How much you can afford to pay for a home**
- ✓ **Getting a mortgage loan**
- ✓ **First time homebuyer programs**
- ✓ **Post-purchase; maintaining your home and finances**

PICB is HUD certified counseling agency committed to improving the life styles of seniors, families, and individuals of low to moderate income. Our mission begins with you – a potential homeowner.

# What is successful homeownership?

Being able to enjoy the comfort, security and financial rewards of homeownership for as long as you choose to stay in the property.



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# Barriers to Successful Homeownership

- Buying a home you cannot afford
- Choosing a loan whose monthly payment could increase significantly
- Spending your equity
- Falling behind on property taxes and insurance premiums
- Not maintaining your home
- Not asking for help at the first sign of money troubles

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# Costs of Homeownership

- Downpayment
- Closing costs
- Mortgage payment
- PMI
- Property taxes
- Insurance
- HOA dues
- Repairs and maintenance
- Miscellaneous

# Budgeting and Saving

- Income vs expenses
- Current vs projected expenses
- Essential vs nonessential expenses
- Fixed vs variable expenses
- Annual, semi-annual and quarterly expenses
- Occasional expenses
- “Savings” is a fixed monthly expense!

# Tax Benefits & Responsibilities

- Deduct: points, interest, PMI, property taxes
- Improve your monthly cash flow: Adjust your Form W-4
- Pay your property taxes!

# Food for Thought

- According to the Federal Reserve Board, a homeowner's net worth is 46 times that of a renter's.
- According to the Nat'l Assoc. of Realtors, in 2007, first-time homebuyers made a median down payment of 2%, while repeat buyers put 16% down, indicating the wealth-building effect of homeownership.
- Buying a home should be approached as a long-term investment.

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# Insurance

- **Homeowners insurance:**
  - Repairs or rebuilds your home
  - Replaces your personal possessions
  - Pays living expenses if you are displaced
  - Pays legal fees and damages in a lawsuit
- **It does not cover:**
  - Valuable jewelry, art, antiques and collectibles
- **Special coverage is needed for:**
  - Flood, earthquake and some other risks

# Insurance Premiums

- Understand variables that determine premium
- Take advantage of discounts
- Consider a higher deductible
- Shop around
- Consider cost of claims
- Stay insured!

# Building Equity

Equity = value of the property minus what you owe on it

2 ways to build equity:

- loan repayment
- appreciation (time and improvements)

# Preserving Your Equity

- Don't bank on future appreciation
- Beware of predatory lenders
- If you take out a home equity loan or HELOC, use it carefully
- Don't use your home as an ATM!
- Refinance for the right reasons

# Avoiding Foreclosure

- Avoid risky loans
- Make mortgage payments on time
- Stay current on property taxes
- Maintain adequate insurance
- Keep the home in good shape
- Keep an emergency fund ready
- Avoid borrowing against your equity for consumer purchases
- Get help at the first sign of trouble!

# Congratulations!

You've completed the  
**8 Hour**  
***Successful Homeownership***  
training.

Good luck!

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