HOUSING NANTUCKET

COMMUNITY DEVELOPMENT PARTNER

First Time Homebuyer Education

Session Two • March 11, 2026

Instructor: Anne Kuszpa, Executive Director

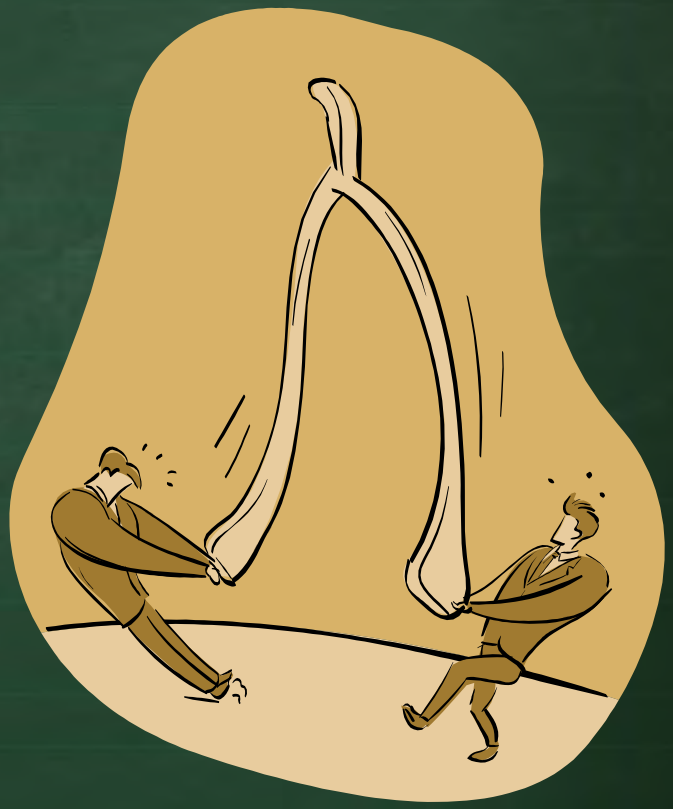
Introduction

Course Will Include

I. Introduction
II. Budgeting and Credit
III. Obtaining Mortgages
IV. Housing Search Process
V. Legal
VI. Appraisals
VII. Home Inspection
VIII. Insurance
IX. Successful Homeownership

Housing Search Process

- **What Kind of House is Best for You?**
  - What are your family's needs?
  - Develop a "must have" and a "wish" list
  - Prioritize that list



Housing Search Process

- **Types of homes**
  - Condominium
  - Single-family
  - Multi-family

  - Stick-built
  - Modular
- **Choosing a location**

Housing Search Process

- **How to Find a House**
  - Work with a real estate agent
    - LINK Nantucket
  - Internet Sites
  - Read newspaper real estate ads
  - Scout neighborhoods
  - Talk with friends
  - Foreclosures
  - Watch for affordable lotteries

Housing Search Process

- Types of Real Estate Professionals
  - Real estate broker
  - Real estate sales agent
  - Realtor®

  - Listing agent
  - Selling agent
  - Buyer's agent
  - Disclosed dual agent

Housing Search Process

- **Before working with a real estate agent:**
  - Know your housing priorities
  - Know what you can afford
  - Know what kind of real estate agent you want to work with

Housing Search Process

- **Finding a real estate agent:**
  - In your area
  - Access to LINK
  - Referral from a friend
  - Someone you like and trust

Housing Search Process

- **Hints for working successfully with a real estate agent:**
  - Ask lots of questions
  - Look at as many houses as you need to
  - Remember a seller's agent works for the seller
  - Use a house evaluation checklist
  - Visit several houses before making a decision
  - Don't make a decision without seeing a property at least three times

Housing Search Process

- **Fair Housing Laws**
  - Discriminatory practices:
    - Advertising or making statements that indicate a preference or limitation for someone of a certain race, gender, age, marital or familial status, sexual orientation, religion, etc.
    - Refusing to sell or rent to someone of a protected class
    - Setting different terms of conditions for a sale
  - Filing a complaint:
    - Write everything down! Keep a timeline
    - Contact a fair housing agency

Housing Search Process

- **What You Need to Know About Lead Paint**
  - Homes built before 1978 may contain lead paint hazards
  - Lead is dangerous to children under the age of 6
  - Lead is not hazardous if it is not flaking or peeling
  - Sellers must disclose <u>known</u> lead hazards

Housing Search Process

- **House Hunting Tips**
  - Take a notebook and map
  - Use a checklist
  - Don't look at too many houses at one time
  - Bring a camera
  - Make a rough sketch of the floor plan
  - Ask lots of questions
  - Talk with neighbors

Housing Search Process

- **Information you need before you make an offer:**
  - Who owns the house?
  - What is the tax assessed value?
  - When was it purchased and for how much?
  - What is the condition and age?
  - What are the taxes and insurance?
  - What is included in the price?
  - What are similar properties selling for?
  - How long has it been on the market?
  - Is the owner eager or pressured to sell?
  - Does the house have everything (or almost everything) you need?

Housing Search Process

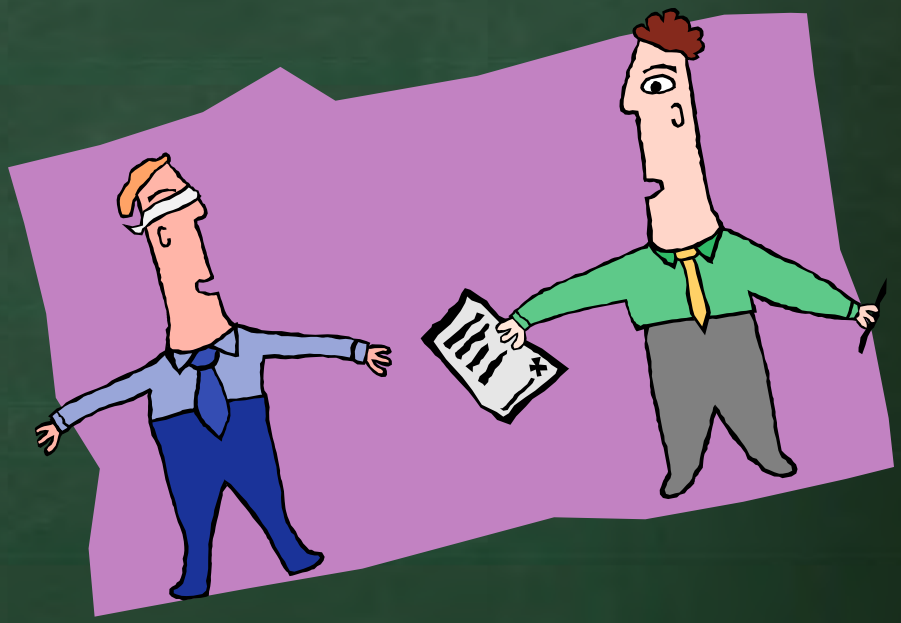
- **Other things you should know before making an offer:**
  - Know the highest price you will pay
  - Do not indicate to the real estate agent the highest price you are willing to pay
  - The agent must, by law, present every formal offer to the seller
  - Your first offer should generally not be the highest price you can afford
  - Know if the property is bank owned or short sale

Housing Search Process

- **Negotiations**

- **Offer to Purchase Document**
  - A legally binding document
  - "Earnest" money

Have your attorney look at the offer before you submit it!



Legal

- Why You Need A Real Estate Attorney
  - Offer to Purchase
  - Purchase and Sale Agreement
  - "Due Diligence"
- The Lender's Attorney
  - Title exam, check liens, handle closing for lender

Legal

- Tips for Finding an Attorney
  - A specialist in real estate law
  - Referrals from friends or relatives
  - Referrals from Housing Nantucket
  - Ask about charges; fees are negotiable
  - Using the lender's attorney

Legal

- The Offer to Purchase - The Offer must include:
  - Address
  - Price you are offering
  - Timeline for acceptance
  - Timeline for signing Purchase and Sale
  - Contingencies (next slide)

Legal

- Contingencies ("but for"):
  - Home inspection
  - Pest inspection
  - Lead paint inspection
  - Financing
  - Appraisal
  - Title V inspection (if on septic)
  - Seller's contribution
  - Other

Legal

- **Purchase & Sale Agreement - The final binding agreement between buyer and seller. P&S includes:**
  - Legal description of property
  - Agreed upon sales price
  - Amount of earnest money and down payment
  - Items of personal property to be included
  - Period of time to get a mortgage commitment
  - Price confirmed by appraisal
  - Date, time and place of closing

Legal

- **The Closing - Documents to be signed:**
  - Closing Disclosure
  - Note
  - Mortgage
  - Affidavits
  - Deed
  - Homestead Declaration
  - Other

Legal

- **Before the Closing:**
  - Confirm moving date
  - Property walk-through
  - Landlord notice
  - Notify utility companies
  - Confirm amount of money needed for closing
  - Get paid insurance binder
  - Save all receipts related to purchase and move

Legal – Land Bank Fees

For all real estate transfers on Nantucket, the Nantucket Land Bank collects 2% of the sales price from the purchaser at closing. These monies are used to purchase open space for public use.

First-time home buyers are eligible for an "M" exemption of up to $1,200,000 of the purchase price.

Houses subject to an affordability restriction are entirely exempt under the "O" exemption.

If the first time home buyer sells the property within five years, this fee will be due to the Land Bank with interest & penalties.

Legal

- Title Insurance
  - In case liens are discovered
  - Owner's title insurance

- Homestead Declaration
  - Homeowners may protect $500,000 of the equity in their principal residence against the claims of some unsecured creditors

Questions???

IV. Appraisals

VII. Appraisals

- What is an appraisal?
  - An opinion of a property's market value (what a typical buyer would pay) performed by a professional licensed or certified appraiser.

VII. Appraisals

- Why is an appraisal needed?
  - Most commonly ordered by the lender to help decide how much to loan on a property
  - Banking rules require it
  - Homebuyer's protection- it is important to know the value of the property before buying.

VII. Appraisals

- Why is an appraisal needed?
  - Can also be ordered by a buyer or seller before entering into a contract, but buyer/seller ordered appraisals cannot be used for lending purposes
  - Sometimes ordered to settle a legal matter, such as a lawsuit, estate, or divorce

VII. Appraisals

- Who hires and pays for it?
  - The lender will typically hire the appraiser, but the buyer (borrower) pays for it as part of closing costs
  - The borrower is entitled to a copy of all valuation reports at no additional charge at least 3 days before the loan settles.

VII. Appraisals

- Are all "opinions" appraisals?
  - No. Appraisals are prepared only by state licensed or certified appraisers and their work must fully comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

VII. Appraisals

- Who is the appraiser?
  - A professional expected by all parties to perform valuation services competently and in a manner that is independent, impartial, and objective.
  - Licensed by the State of Massachusetts after meeting certification standards.

VII. Appraisals

- How is a property inspected?
  - The lender will typically ask the appraiser to inspect both the interior and the exterior of the property.

VII. Appraisals

- Appraisers vs. Home Inspectors
  - An appraiser looks at a property the way a buyer would, taking into consideration any visual flaws. The appraiser considers the local real estate market and neighborhood. The appraiser's focus is on estimating a value for the property.
  - A property inspector is concerned with the improvement's structural integrity. An inspector normally itemizes defects or makes recommendations on fixing problems.

VII. Appraisals

- How does the appraiser determine value?
- The appraiser:
  - Does not "set" what the property is worth; the market does
  - Analyzes market data to form an opinion of what value the market would place on the property
  - Will use the sales comparison approach to determine an opinion of value

VII. Appraisals

- How does the sales comparison work?
  - The appraiser compares recent sales of similar properties in the area to the property being appraised.
  - The appraiser adjusts the comparable sales, or "comps", for differences to arrive at an indicated value for the "subject".

VII. Appraisals

- The Appraisal Report
  - Usually, the appraisal will be reported on a form created by the two government sponsored enterprises that buy mortgages from the lender; Fannie Mae and Freddie Mac.

VII. Appraisals

- The Appraisal Report
  - Should accurately describe the property
  - Should analyse any prior transactions of the property that happened within the past three years
  - Should accurately characterize the subject and comparable sale properties in the Sales Comparison Section, often called the "grid".

Uniform Residential Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$				$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS		DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.					sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							

SALES CO

Subject

Comparable Sales

Location

Physical Characteristics

VII. Appraisals

- Comparable Sales:
  - Will have preferably sold in the past six to twelve months
  - Should be similar to the property being appraised:
    - Located in the same or similar neighborhood as the subject property
    - Have similar physical characteristics
  - Should be ones that you would have considered buying!

N	Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
A P P R O A C H	Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (see page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Indicated Value by: Sales Comparison Approach $ Cost Approach (if developed) $ Income Approach (if developed) $

C O N C I L I A T I O N

This appraisal is ☐ made ☐ subject to the completion, repairs, or alterations on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

Adjusted Values

Final Property Value

VII. Appraisals

- Red Flags (that might indicate a poorly prepared appraisal):
  - Comparing properties that you would never consider buying to the subject property
  - Using incorrect data
  - Containing errors that could affect the value conclusion
  - Making inconsistent adjustments from one comparable sale to another
  - Using unsupported conclusions relating to fair housing laws

VII. Appraisals

- What do I do if I think the appraisal is inaccurate?

Contact the lender in writing:

- Describe the problem, as you understand it
- Provide any evidence you may have
- Ask the report be independently reviewed or ask for another appraisal
- PERSIST!

Second Session Wrap-up

- Questions?
- Contact Housing Nantucket at:
  - 508-228-4422 or
  - info@housingnantucket.org
  - www.housingnantucket.org

See you next week!

5:30pm Wednesday October 16th

Second Session Wrap-up

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See you next week!

5:30pm Wednesday March 18th