

FIRST-TIME HOMEBUYER GUIDE





INTRO

Homeownership is part of the American Dream and provides emotional and financial benefits.

The LGBTQ+ Real Estate Alliance, a 501(c)6 nonprofit organization, is dedicated to advocating on behalf of the LGBTQ+ community on issues related to housing, along with increasing homeownership opportunities for the community.

The Alliance is made up of community members and allies in every facet of the real estate industry who are dedicated to enhancing LGBTQ+ homeownership rates. We understand the additional challenges and concerns our community faces in the journey to homeownership, which allowed us to craft this guide. Special thanks to Engel & Völkers, Berkshire Hathaway HomeServices, Empire Mortgage and U.S. Bank for their assistance.

We set out to cover every aspect of the home buying process and hope we can remove some of the anxiety and prepare you for what is coming your way. When it comes to your personal finances, we get it...no one likes surprises. We're here to try and help eliminate surprises.

We address issues that are unique to our community, including how to choose an agent, community, and financing. We highly recommend you utilize the professional directory on our RealEstateAlliance.org website to look for an agent, mortgage professional, or a variety of other professionals involved with the transaction whom you are able to select as the buyer. We also clearly lay out how you can avoid unconscious bias throughout the process and how to share instances of discrimination, should they occur, with the appropriate parties.

We hope you will choose to work with one of our members and encourage you to visit the LGBTQ+ Real Estate Alliance online at www.realestatealliance.org and use our member search and directory feature to your advantage.

We wish you the best on your journey to homeownership!

RYAN WEYANDT
CHIEF EXECUTIVE OFFICER
LGBTQ+ REAL ESTATE ALLIANCE





WELCOME TO THE HOMEOWNERSHIP JOURNEY

You are about to embark on your journey towards the American Dream of homeownership. It is an exhilarating ride filled with emotions, ups and downs, stress, joy, and just about every emotion in between. That said, we promise that there is no feeling that matches being handed keys to your new home.

The first thing to know about homeownership is that it is not for everyone - there is no "normal" or right and wrong. In fact, if you are not planning to stay in town for at least a few years, renting might be the best option for you.

The LGBTQ+ community has traditionally shown itself to be transient, benefitting from renting. In fact, in its most recent report on LGBTQ+ homeownership, Freddie Mac reported that only 32% of LGBTQ+ people live in the same general location as where they went to high school. This figure is dramatically lower than what North American Van Lines reported for the overall market, in which they state 72% of folks live in the same place, or close to where they grew up.

Amazingly, prior to COVID, 52% of LGBTQ+

renters have been in their place for two years or less. Also, 63% of LGBTQ+ renters have lived in 2-5 homes/apartments over the last 10 years.

As you would imagine, those who become homeowners are much more rooted, with 57% of LGBTQ+ homeowners reporting that they have been in their home for at least five years, and 73% reporting they have lived in only one geographic region over the last three years.

Most people become homeowners because of life events, both good and bad. This includes serious relationships, marriage, kids and more kids, new jobs, promotions, the desire to be closer to friends and family in addition to aging, illness, and unfortunately, deaths in the family.

Thankfully the 2015 Obergefell v. Hodges U.S. Supreme Court case which legalized same-sex marriage had far-reaching implications for our community. The U.S. Census reports that 80% of married couples own a home. Married LGBTs are now nearing that number, with Freddie Mac reporting that 73% of all married LGBTs own their own home.



ENGEL & VÖLKERS



"Home is a symbol of safety and pride. These sentiments should also align with the service provided to every single home buyer. Finding the right real estate advisor will help you make the best investment in your home and your future. It's about surrounding yourself with the right people who will take care of you every step of the way -- before, during and even after the transaction."
Anthony Hiitt, President & CEO, Engel & Völkers Americas.



"At EPM, we are happy to stand proudly in our solidarity with the LGBTQ+ community. It is our hope to influence change for the empowerment of all who identify in the rainbow community. We are more than just an ally with our words but with our actions. We extend our love to all."
Eddy Perez, Founder and CEO, Equity Prime Mortgage



"Berkshire Hathaway HomeServices is proud to be an ally of the LGBTQ+ Real Estate Alliance, an organization dedicated to empowering the LGBTQ+ community with the goal of achieving homeownership and fair housing for all."
Teresa Palacios Smith, Chief Diversity, Equity & Inclusion Officer, HomeServices of America and HSF Affiliates, LLC



"A big part of our challenge in addressing the importance and need for Homeownership is similar to many of the same challenges we deal with daily as it relates to diversity, equity, and inclusion. The ever present distraction of BIAS. Bias is something that is created when we see and allow limitations to come before possibilities. Our task is to work together, to promote and provide the possibilities for everyone!"
Lenny McNeill, Executive Vice President, U.S. Bank Home Mortgage



"The Corporate Equality Index is an important benchmark for our company to ensure we're continuing to embrace diversity, create more equitable opportunities and foster inclusion. This recognition shows we're continuing to do the right thing by evolving our approach to meet the needs of the LGBTQ+ community, including our employees, customers and other key stakeholders."
Greg Cunningham, Chief Diversity Officer, U.S. Bank

FREDDIE MAC FOUND THAT THE TOP FOUR REASONS THAT LGBTQ+ PEOPLE PURCHASE HOMES ARE:

- To stop paying rent to someone else
- To have the freedom and control to decorate their personal space
- To create a financial investment for their future
- To provide for greater stability personally and for a family

HERE ARE SOME OTHER WAYS THE LGBTQ+ COMMUNITY DIFFERS FROM SOCIETY AT LARGE

% OF RENTERS WHO WANT TO OWN A HOME



% OF RENTERS WHO BELIEVE HOMEOWNERSHIP IS GOOD INVESTMENT



HOMEOWNERSHIP IS PART OF MY AMERICAN DREAM



HOMEOWNERSHIP RATE



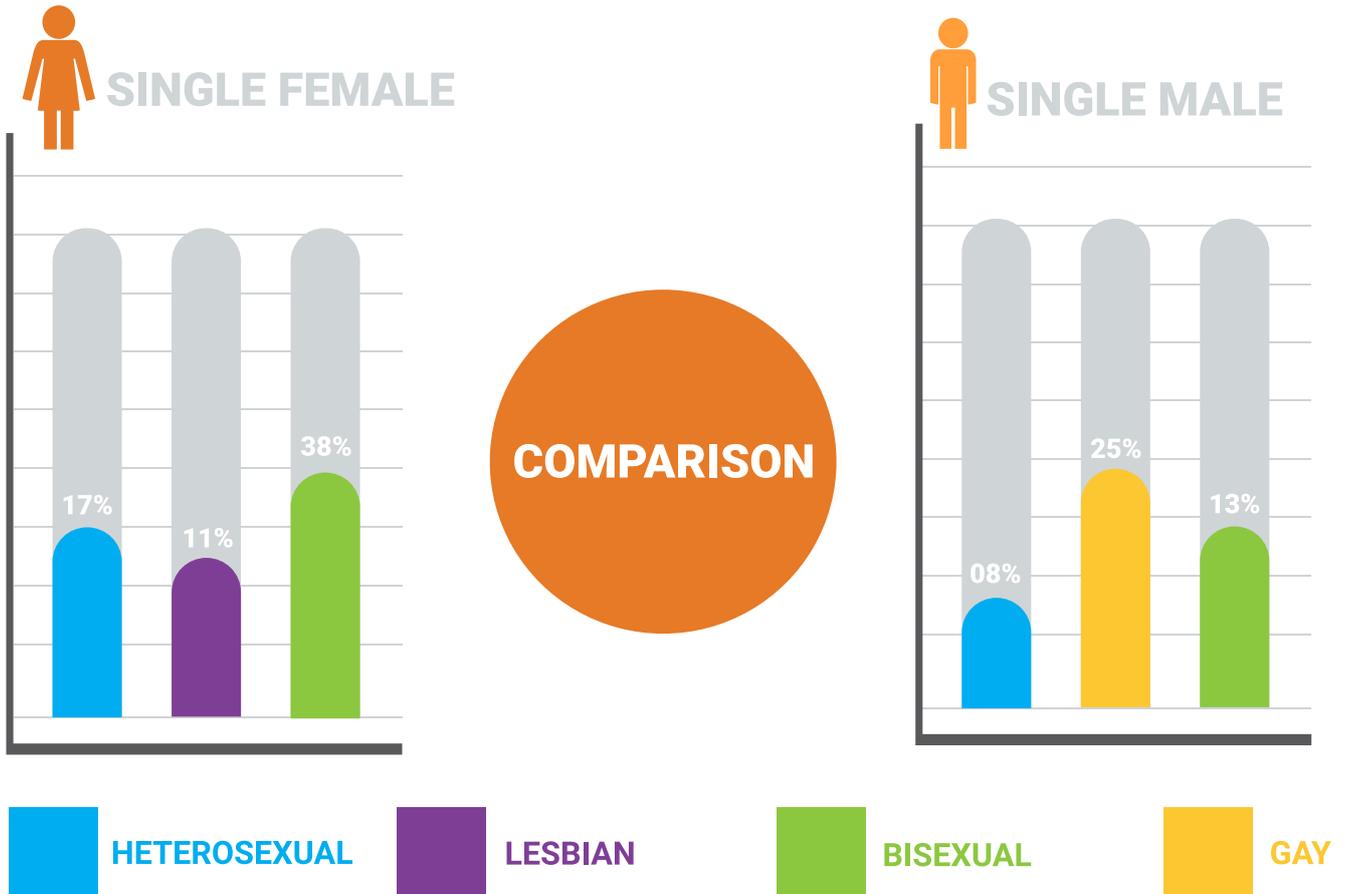
MARITAL STATUS OF HOME BUYERS

MARRIED 

UNMARRIED 



MARITAL STATUS OF HOME BUYERS



But enough about the numbers. Let's explore the benefits of homeownership, especially for those who have job stability, a desire to stay where they are, and a goal to build long-term financial stability.

We urge potential homebuyers to start by looking at the emotional benefits of homeownership. The place where you live will become YOUR home. You will be free to knock down walls or paint them any color you want. You can decorate as you wish, have friends and family over whenever you want, and have the safety and security of knowing that you are in YOUR home.

You are obviously making an emotional investment in your home as you turn it into your castle, but there's no denying that homeownership is one of the great long-term wealth builders our society affords. But before you get going, you want to make certain you are financially prepared.

SO, YOU NEED A LOAN?

WELCOME TO THE CLUB!

Preparation starts with establishing a down payment, and unless you're a financing professional, there is great confusion over what this means and how to do it. Rumors, myths, and constant policy changes make it near impossible for the average Joe (or Joann) to stay on top of the information! Allow us to clean the muddy water a bit. For years, we've heard that the magic number in getting a home loan means that you MUST save 20% of what a home will cost, and have that money ready to go. This is both true and misleading. By coming to the table with 20% down, you are ahead of the game and will avoid a mandatory monthly fee called PMI (private mortgage insurance).

But, is 20% realistic to obtain, particularly for a first-time homebuyer? It has been increasingly harder and harder for many to save as much as they would like. For perspective, 20% down on a home with a purchase price of \$300,000 means that you need to come up with \$60,000 due at the time you sign the final papers (closing). Fortunately, the lending industry as a whole has become more flexible over the years (particularly since the housing collapse of 2008) to those with lower down payment availability. That said, you want to be prepared with as much money in the bank as possible for your own benefit - more to come on that. Oh, and now is a good time to tell you to get your money in the bank! Lenders do not acknowledge loose cash as a legitimate source of funds due to anti-terrorism and money laundering regulations.





Along with the down payment, you will want to have a cushion of savings accessible in some form so that you are well-prepared for repairs or updates you might need to make in your new home after it becomes yours. Remember, you won't have the landlord to fix everything. That's now on you. The good news is that home warranty programs exist and can easily be obtained as part of the financing process (and sometimes even paid for by the seller). Home warranties provide for a wide range of coverage should a pipe burst, or a dishwasher stop, or even rekeying the locks on your doors. That said, major issues will need to be taken care of prior to you purchasing the home, and negotiated through your real estate professional with the selling party. "Major issues" include roof integrity, plumbing issues, the use of lead paint or hazardous materials on the property, structural problems, and more.

The financial weight of making this purchase is very real, and it is the largest purchase many will ever make. It is no wonder that many wait until they have an established long term relationship or marriage to bring savings from both sides and increase their purchase power.

It also illustrates the level of commitment you must agree to in purchasing, even if that means sacrifices. These sacrifices, in some cases, mean lifestyle changes - a trade off of benefits. Perhaps your annual vacation to the islands won't be a thing anymore? Maybe Saturday nights at the bar are postponed to save for a downpayment? These are all things to consider, and why we say that purchasing isn't for everyone and requires emotional consideration.



All is not lost though for those who do not have 20% down. Lenders allow buyers to come to the table with “gifted funds” from family members or close connections, and with first time home buyers, there is precedent in receiving money in the form of a gift from family. For those lucky enough, this is a great way to supplement your savings efforts. There are also many grant and forgivable loan programs available for first-time home buyers, which we fully encourage folks to take advantage of.

Perhaps most importantly, if you’ve made it this far, you mean business and we have some very good news. 20% is not required.

A conventional loan (more to come on definitions later) can be obtained with as little as 3% down! Talk about a game-changer. Now, that does mean that your monthly payments will be higher, since you’re putting less down, and it does come with certain “strings” to ensure you maintain responsibility in the investment of buying a home, but it also means that you might be able to buy a home when you thought it was impossible.

Along with a down payment, lenders will want to see that your monthly debt burden is proportional to your income level. This means it’s critical that your total monthly debts equal less than 40% of your total monthly income. Certainly there are exceptions, but as a general rule, affordability and responsibility are key. This is a challenge for many with high student loan debt as lenders typically use 1% of your total loan amount as your monthly payment figure, even if your loan is in forbearance or deferment.

Therefore, in advance of moving into the home buying process, work to reduce loan debt, make sure you're using your credit cards responsibly, and avoid big purchases that might add more debt - wait on buying that new car or financing a new bedroom furniture set.

Finally, do your homework! Yeah, we know... boring... but this is your life! We all have a friend who is a Realtor, or maybe your parents have used the same "wonderful mortgage person for 30 years" - that doesn't mean you are obligated to use them. Relationships are huge, and you need to trust the professionals you're working with, but more importantly, this is a financial decision and you need to make sure you are getting the best deal, the best advice, the best knowledge and education, and the best service out there. Unfortunately, that's not always going to be inherited with a friend or someone that someone else knows. We strongly recommend you interview an array of professionals before deciding who to use. Treat them like your employee, and you're the boss. If something doesn't feel right, or you aren't satisfied, don't settle. You deserve the best, and with millions of real estate and lending professionals in the business, it might take more than a Facebook recommendation to find that person.



LEARN AS MUCH AS YOU CAN

One of the hardest parts of being a first-time homebuyer is that it's your first time -- you probably don't know what you don't know, and we know that!

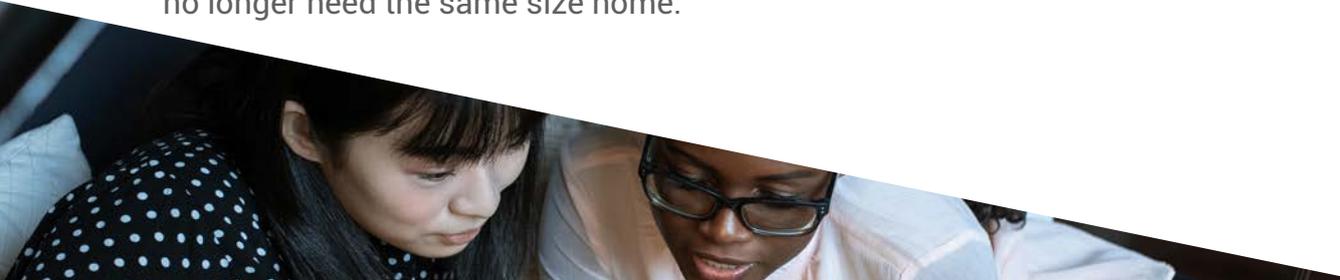
Admittedly, most of us come into the process without knowing much. Along with being ready emotionally and financially, you also want to narrow down where you would like to live. This requires a lot of research. In the pre-COVID era, most would look at commute times to work. For those who worked in an urban setting, this potentially included researching communities along accessible transportation routes and public transit options.

Understand that your real estate agent and lending professionals legally can't give you an opinion on where or where not to live. They legally can't tell you if they think you're making a bad decision by moving into a neighborhood where they know, for example, racism exists. Take time to get to know the area you're looking at for yourself. Walk around and get to know the neighborhood. Take multiple drives through the area at different times of day and night. You can do this long before ever talking to a real estate agent. Trust your instincts.

But even with that legwork, it may be hard to know if an area is below, at, or above your price range and/or personal standards. But that's okay. This is all new for you, and you might not even know what your price range is. In fact, any given major metro area is a maze of changing price points, qualities, accessibilities, and cultures.

Come to the process with a clear mind - don't emotionally commit yourself to something. Choice is your friend, and you don't want to be lonely, so have a few different choices! Don't fall in love with just one place. Remember, this is a financial decision too, and even if the town you love is too expensive, you can often find more affordable options nearby, allowing you to still enjoy the amenities you may have been attracted to.

The other thing to remember in this process is that your first home may not be your forever home. You may move again. In fact, the National Association of Realtors reports that in the 100 largest cities in the nation, most stay in their home for anywhere between 6 and 18 years. This is why you will hear terms like an "entry level" home and a "move up" buyer for those who want a larger home, one closer to better schools or work. You will also hear the term "downsizer" -- those who usually have seen their kids move out on their own and no longer need the same size home.



NOW, BACK TO THE RESEARCH PHASE

At some point you will get pre-approved for a mortgage. What does this mean and why do you care? This will give you a solid sense of how much money a lender will lend you. But first, let's get a handle on the basics. How much does my current rent translate to a mortgage?

The easiest way is to utilize online calculators where you can input your current rent to see how it compares to a mortgage and range of home prices. Here are a couple you can use from our partners - [U.S. Bank](#), [Equity Prime Mortgage](#) and others.

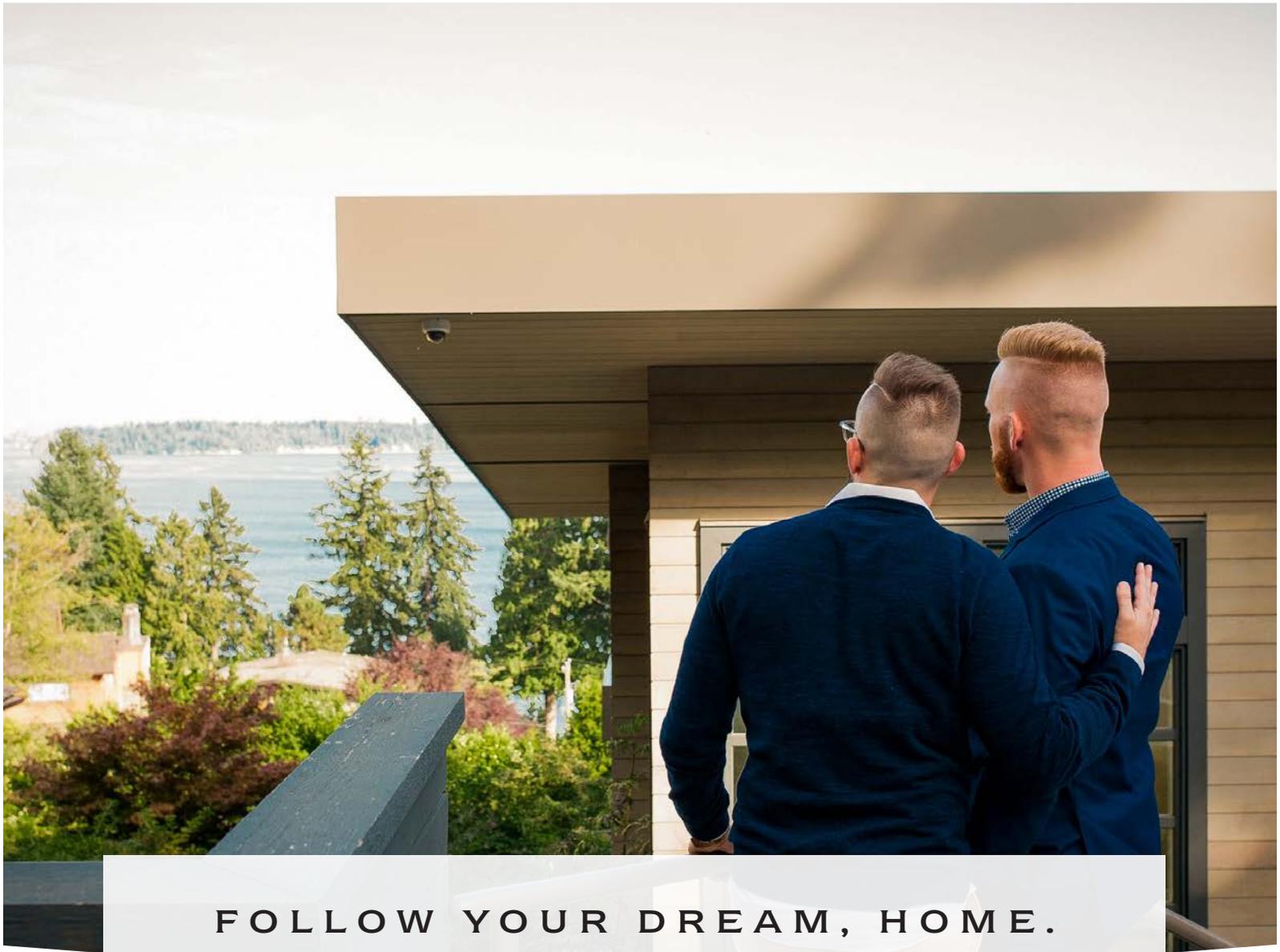
Right away you get an idea of the "how much" house you may be able to afford. Now let's move on to having an idea about taxes and insurance. It's pretty easy to get a ballpark reading, as most real estate websites will now list these fees as a monthly expense.

Add the mortgage payment + taxes + insurance and you've got your ballpark estimate. One of the areas of concern with this type of research is that you might be scared away. But don't be. The reality is that there IS likely a home for you.

And remember, as you continue through life and your career, this will likely be your first home, but not your last. But the earlier you can start building equity (money invested) in your home, the better off you will be going forward.

One last preparation tip -- pay more attention to articles about home sales near you, home design and even personal finance. The more information you have, the more confident you will feel about the home buying process





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THE IMPACT OF HOMEOWNERSHIP ON YOUR LONG-TERM FINANCIAL SECURITY

There is no denying that homeowners have financial benefits and advantages that renters do not enjoy.

First and foremost, homeowners essentially pay themselves instead of paying rent, building equity in their home. In its simplest terms, equity is the amount a home is worth minus what you owe. For example, if you buy a \$250,000 home and put 20% as a down payment, you would have a \$200,000 mortgage. Over time, the house value may climb and your mortgage payments would begin to chip away at the \$200,000 (not the interest). Let's say you sell 10 years later for \$310,000. Your equity would be \$310,000 minus whatever is left on your mortgage loan. You essentially lived rent-free for 10 years and made more on the increased value of the home.

Please remember that your home is not guaranteed to increase in value.

There are also tax advantages that homeowners receive. The best course of action is to speak with a tax professional about how homeownership would benefit you, since every situation is different. Don't have an accountant? Head over to www.realestatealliance.org and search our directory to see if we do!

Now you understand why you've heard that a renter "pays someone else's mortgage."

The landlord owns the property and charges rent, which likely covers the mortgage payment, taxes, insurance and utility bills, with maybe some profit. The landlord wins, because he/she gets tax benefits and also built up equity in the property. The renter? Well, when they move, they have nothing to show for it.

There is a term you may have heard that homeownership is "forced savings." Every time you pay your monthly mortgage statement, you are paying into the principal of the loan. When you sell, this is the money you essentially get back.

As time goes on, the equity you build up in your home will allow you to take loans - like Home Equity Loans - that can go towards home improvements and other needs you may have. Your home will likely be your greatest financial asset.

These are some of the big reasons why the U.S. Federal Reserve shows that a homeowner has a net worth more than 40 times that of a renter.

What's interesting is that Freddie Mac found that LGBTQ+ homeowners understood this wealth building aspect extremely well, with 95% reporting that a home is a good financial investment. As you would imagine, only 79% of renters feel this way, because they are likely unaware of the benefits.

MEET YOUR TEAM

(remember they're working for you)



LOAN OFFICER

The loan officer may work closely with the agent but does so independently. They work with the homebuyer to determine the type of mortgage that is best, ensure all paperwork is correct and then work with the lender to ensure a smooth transaction. While mortgage brokers may be able to shop around for the best loan type and rate, mortgage loan officers work directly for a lender. Choosing the right mortgage professional is very important, especially for an LGBTQ+ home buyer. Make sure to select someone with whom you can be completely transparent about your sexual orientation and gender identity. We encourage you to choose a professional from the community and/or a known ally.

AGENT

A real estate agent is a professional who assists buyers and sellers in real estate transactions. The majority of agents are licensed Realtors governed by the National Association of Realtors. You may also hear the term "broker," which means they are licensed to work independently or open their own brokerage and employ other real estate agents. Different states utilize different rules so feel free to clarify with a simple Google search on what a real estate broker does in your state. We will talk about how to choose the right agent in a bit.



UNDERWRITER

This is the person who is working with your loan officer or broker to review all of your documentation and ultimately deciding if the loan will be approved or not. You will likely never meet this person, but they are there to make sure you are able to afford the transaction and that the lender is safe in giving you the money needed.

APPRAISER

The appraiser is a safety net ensuring that the price of the property is in line with fair market values, based on a cosmetic inspection of the home and property. Lenders must make certain the property is at least equal in value to the mortgage. Along with evaluating the state of the current housing market, neighborhood trends, and property features, an appraiser takes a close look at the condition and size of a property. The appraiser is always facilitated through the lender but is managed by a third-party company to ensure the lender cannot unfairly inflate or deflate property values. All lenders require appraisals and the cost is transferred to you as part of your closing costs. You will know this fee well before you sign all of the paperwork.

HOME INSPECTOR

Once you make an offer, your home inspector will take a detailed look at the home to determine if there are any major concerns -- like a leaking roof, mold or issues with the foundation. Inspectors make sure that the home's electrical system, smoke detectors and other critical assets meet current legal codes and determine any repairs that will need to be made. While some deficiencies by law have to be corrected, your agent will work with you on how to proceed. Usually, repairs become part of the negotiation, but are required sometimes. Your agent will likely recommend a home inspector but you have a responsibility to choose the correct person and be involved with their discovery.

ATTORNEY

Some states require you to hire an attorney to assist in the closing process. Your attorney usually enters the process after you have an accepted offer. They review that document with the seller's attorney - this is called "attorney review" - and formalize/legalize it. Your attorney should definitely be well-versed on LGBTQ+ issues and housing discrimination, though hopefully they won't NEED to be.



HOMEOWNER'S INSURANCE AGENT OR BROKER

Just like a mortgage professional, an agent represents a company and may have access to specific company programs and incentives. A broker is not confined to a single company and can shop around for the best rates on your behalf, though they may not be able to access all company offerings. These professionals both consider numerous aspects of the financing, property features, property value, and your financial situation and provide appropriate quotes to protect you and your home should the worst happen. Insurance is required regardless of whether you purchase a single-family home, condo, townhome, or other dwelling.

TITLE AND/OR ESCROW COMPANY

In its purest form, the title company makes sure that the seller has the legal right to sell the property. Once they determine that there are no outstanding mortgages, outstanding loans tied to the property or other concerns, they work to transfer ownership to you. They also conduct a property survey. Again, your agent will likely recommend a title company, but you are free to choose your own. Just as with who you choose on the mortgage side, make certain your title professional has worked previously with LGBTQ+ homebuyers and understands the specific legal nuances. The same holds true for your attorney. Be ready to share your most personal financial information with them.



GLOSSARY OF KEY TERMS

Adjustable-rate Mortgage (ARM): An adjustable-rate mortgage is a type of mortgage that does not have a fixed interest rate. This means that the interest rate can increase or decrease based on various economic factors.

Amortization Table: An adjustable-rate mortgage is a type of mortgage that does not have a fixed interest rate. This means that the interest rate can increase or decrease based on various economic factors.

Annual Percentage Rate (APR): An annual percentage rate calculates the annual cost of a loan to a borrower, including fees and other costs involved in procuring the loan.

Appraisal: An appraisal determines an estimate of a home's market value, based on the home's condition, age, location, etc. An appraisal is conducted by a licensed appraiser and is calculated by comparing recent sales of homes in the neighborhood.

Attorney Review: The attorney review is when both the buyer and seller have agreed upon a price, leading their attorneys to negotiate the contract further until they come to a mutual agreement.

Closing: A closing occurs when all legal

agreements between the buyer and seller are finalized during the negotiation phase of the transaction. This is the date where you sign documents, make final payments, and receive the keys to the home.

Comparable Sales (Comps): Comparable sales are used to compare homes of similar size, condition, age, and style in the area. Buyers and their agents will look at comps to decide what a fair price would be to offer on a home, while sellers will look at comps to determine an accurate price to list their home.

Construction Loan: A construction loan, or a 203K loan, is designed for a home that requires building or renovation costs and is based on the price of the home after the construction is finished.

Contingency: A clause that defines certain conditions that are required for the sale of the house to go forward. Contingencies could include circumstances when the buyer has to sell their own house before moving in, or if the seller has to find a new house before moving out.

Down Payment: A down payment is a percentage of a home's full value that the buyer owes at the time of the property's closing.





Escrow: Escrow is when a neutral third party holds an account with documents and/or money for the property transaction. This occurs when both the buyer and seller have come to a mutual agreement and is used to protect both parties.

Existing Home: A newly-built home is called a "new home" while others are known as an "existing home."

Fixed-Rate Mortgage: Unlike an adjustable-rate mortgage, a fixed-rate mortgage has a fixed interest rate throughout the life of the loan, which is usually a 15- or 30- year period.

Freddie Mac: Freddie Mac is a government-sponsored enterprise that purchases, guarantees, and securitizes mortgages. Freddie Mac does not give loans to home buyers directly, but instead will purchase mortgages from banks who issue them to homeowners.

Homeowners Association: A group, typically run by resident homeowners in the community, that manages and enforces rules within the development.

Homeowners Insurance: Homeowners insurance ensures financial protection for the structure, as well as any belongings, in the event of a destructive event. It also provides protection for homeowners for accidents in the home or on the property.

HUD-1 or Estimated Closing Costs Statement: This document is a laundry list of every fee, including agent commissions, that will be paid at closing.

Interest Rate: The interest rate is the fee the lender charges. Current rates are at historically low levels near 3%. Each monthly payment will cover the interest and also the principal, the amount you borrowed and owe.

Lien: A lien is a legal claim that allows a holder to gain ownership of a property if debts are unable to be paid. The home acts as a sort of collateral.

Multiple Listing Service (MLS): An MLS is a database that provides details and data about properties for sale. Brokers and agents use the MLS to assist their clients.

Mortgage Insurance: Mortgage insurance is a policy which will protect the lender or titleholder in the event that the borrower falls behind on payments or is unable to pay completely. This lowers the risk for the lender, and allows borrowers to be able to qualify for loans that they may not have qualified for previously.

Offer: An offer is a proposal to the buyer or seller to buy or sell the property.

Open House: An open house is when the real estate agent/seller schedules time for potential buyers to visit the property.



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Points: This is a fee paid directly to the lender at closing in exchange for reduced interest rates. You pay up front for the right to have a lower interest rate for the entirety of the loan.

Pre-Approval: A pre-approval is an evaluation by a loan officer of the borrower's finances to determine how much money they can borrow, how much will have to be paid each month, and what the interest rate will be. This is a very important part of the first-time home buying process.

Private Mortgage Insurance (PMI): Those who do not have a down payment of 20% may be required to pay an additional fee of up to 1% of the mortgage annually. This fee is usually included in the monthly payment and can be removed after enough principal is paid off.

Principal: The principal is the amount of money you borrowed and have to pay back. The interest is the fee the lender charges.

Property Deed: A legal document that transfers ownership of the property from seller to buyer. It is often confused with the title, which identifies you as the owner.

Property Survey: A property survey is used to display the legal boundary lines on a home's property. Many mortgage companies require property surveys in order to ensure that the home is worth the amount of money they are loaning out.

Real Estate Settlement Procedures Act (RESPA): RESPA is a law passed by Congress in 1974 to protect homebuyers by eliminating unfair practices in the settlement process. Agents are required to discuss all costs with clients including attorney fees, mortgage fees, insurance fees, etc.

Sales Contract: A sales contract is a legally binding contract between the buyer and the seller that details the terms of the property's purchase.

Title: A title is a legal document that establishes the owner of the property.

Title Insurance: Title insurance protects property owners and lenders in the event of any problems occurring during the property ownership transfer.

Under Contract: When a home is 'under contract' it means that an offer has been made on the home and the seller has accepted, but the contract is not yet finalized. If the buyer or seller fails to meet any of the conditions in the contract, the sale will fall through.

Walkthrough: A walkthrough takes place before the closing, so that the buyers can have one final evaluation of the home before the deal goes through.





usbank.com/mortgage

Take 0.25% of your new first mortgage loan amount and deduct it from the closing costs, up to a maximum of \$1,000.¹ You may be eligible for this customer credit with a U.S. Bank Personal Checking Package, or with an existing U.S. Bank first mortgage.²



Work with a mortgage lender from your neighborhood.

The right mortgage supports your homebuying goals and fits your long-term financial strategy. We're here to provide you with a convenient, personalized way to purchase or refinance your home.

- Prequalify for a home purchase.
- Explore loan options for your needs to buy, build or borrow.
- Refinance to lower interest rate, take cash out or consolidate debt.
- Apply for a home equity line of credit to cover planned or unexpected expenses.

U.S. Bank is proud to support LGBTQ+ Real Estate Alliance.

Call today, 888.291.2334, and get the guidance and solutions you deserve from a knowledgeable, experienced team.



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1. For purchase or refinance transactions, the maximum credit is \$1,000. Certain mortgages may not be eligible for stated credits. Offer may not be combined with any other mortgage offers and can only be applied once per property within a 12-month period. 2. To receive the U.S. Bank customer credit, a U.S. Bank Personal Checking Package must be established prior to final loan approval, or must have an existing first mortgage with U.S. Bank. A minimum of \$25 is required to open a U.S. Bank Personal Checking Package. For a comprehensive list of account pricing, terms and policies see the *Consumer Pricing Information* disclosure and the *Your Deposit Account Agreement*. These documents can be obtained by contacting a U.S. Bank branch or calling 800.872.2657. Loan approval is subject to credit approval and program guidelines. Not all loan programs are available in all states for all loan amounts. Interest rates and program terms are subject to change without notice. Visit usbank.com to learn more about U.S. Bank products and services. Mortgage, home equity and credit products are offered by U.S. Bank National Association. Deposit products are offered by U.S. Bank National Association. Member FDIC.

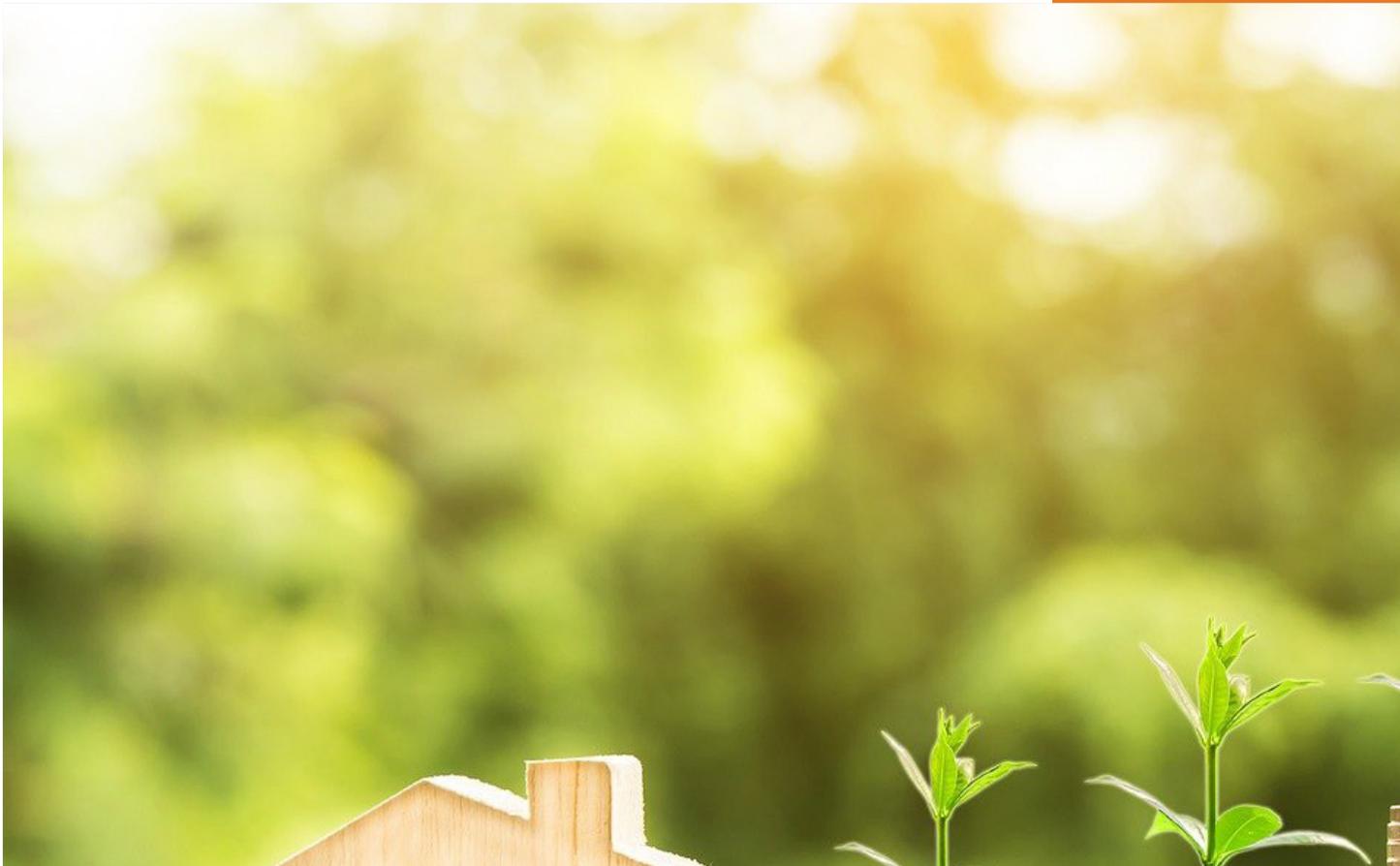


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MORTGAGE PRE-APPROVAL IS AN IMPORTANT STEP!

Many think the initial step is to choose a real estate agent. And that would be okay. But the best approach is to first get pre-approved for a loan. This step allows you to know that you are considered a viable candidate to receive a loan along with how much a lender would be willing to provide. It also makes sure that your real estate agent is able to start working to find you a home immediately.





HOW DOES IT WORK?

More than likely you will apply for a mortgage loan online. This process can take anywhere from 15-30 minutes or more, depending on what information is top of mind and what you need to look up. After the application is submitted, you will get a call from your lender to review.

HOW DO YOU KNOW WHAT LENDER TO CALL?

You don't! You should shop around and get quotes from multiple lenders to make sure you're getting the best rate and fee estimates. Do some research to see if your lender or their company have any reviews online. But, there is no need to have multiple lenders pull your credit. We encourage you to ask your first lender what your three credit scores are, write them down, then use those numbers when requesting estimates from additional lenders.

WHAT DO YOU NEED TO BE PRE-APPROVED?

Most pre-approvals simply require the information that you already have. You will need to provide basic information on your work history and job, your bank and any investment accounts, your residence history for a few years, personal information such as your social security number and information on where you're looking to purchase, such as the zip code.



CAN YOU GET PRE-APPROVED BY MORE THAN ONE?

More pre-approvals does not equal a stronger buyer. In fact, it can oftentimes reduce your credit score. One pre-approval letter will get the job done, and, you only submit one pre-approval letter when you're ready to buy.

ARE YOU OBLIGATED TO GO WITH THAT LENDER?

No. That's right, just because you received a preapproval and filled out an application, you do not have to go with that lender. You reserve the right to switch lenders at any time, for any reason, without having to give a reason. You are the client!

Besides having a better understanding of the price points you can afford, being pre-approved lets your prospective agent and seller know you are serious. Remember, in almost all instances, your agent works on commission. They do not get paid until you close on the home. While the seller normally pays that commission (not the buyer), agents obviously like to work with serious buyers. Also, a seller and their agent will want to know that you will be able to afford the home and have a mortgage. Otherwise, they might move on to the next potential buyer out of fear that the deal will fall through.

Most importantly, this is just a pre-approval; it does not guarantee you a loan. In almost every case, additional documentation and information will have to be submitted for final approval. Also, just because a lender qualifies you for a certain amount, you are not obligated to go that high with your home purchase. You don't want to become "house poor," which happens when too much of your income goes into your home. You want to have enough each month to still participate in the things you enjoy and continue to save for the future. As we all just found out, no one likes to be stuck at home!



UNDERSTANDING THE MORTGAGE PROCESS AND LOAN TYPES



Your mortgage process began with the pre-approval process. But once you put an offer on a home, you now choose the loan type and length of terms. We encourage you to be organized and have a wide assortment of documentation at the ready that will showcase that you are worthy of receiving the loan.

In the early 2000s, the housing market collapsed, largely due to many lenders offering mortgages - and preying on - those who should not have received a loan. This caused changes, and lenders now double and triple check your documents to ensure that you have a job, can afford the loan, and are not a credit risk. They may ask multiple times for various documents. At the very minimum, be prepared to have:

INCOME DOCUMENTATION

- ✓ 30 days history of income (most paychecks have year-to-date running totals)
- ✓ Two years company-issued W2s (additional income documents required for self-employment or contractor-based employment)
- ✓ If you just started a new job, have the offer letter ready to produce, and make sure it's signed by you and the company representative to show acceptance.

ASSET DOCUMENTATION

- ✓ 60 of bank statements for your check/savings accounts
- ✓ 60 days or the most recent full quarter of investment and retirement statements

TWO YEARS TAX RETURNS
(two most recently filed)

EXPLANATION OF BASIC FINANCING OPTIONS

CONVENTIONAL LOANS:

Fixed-Rate: These will usually be a 30-year or 15-year loan. The rate is locked in, giving you a monthly amount you will need to pay. The only thing that will increase in your payment would be your taxes and insurance, which most lenders handle for you. The benefit of a 30-year loan is that your monthly payments are obviously less than the condensed 15 year payment structure. The benefit of the shorter loan is that you will save on the interest. Interestingly, back in 2018, Freddie Mac reported that the 30-year fixed rate loan was the most utilized loan by members of the LGBTQ+ community.

Adjustable-Rate: These ARMs (adjustable rate mortgages) are utilized more when rates are rising and/or high. The premise here is that your rate is locked for the initial period, say five years (depending on which you choose) and then the rate will adjust annually based on the terms, as much as 2% in some cases. The important part is how they adjust; they can go up if rates are higher than when you locked, or down,



GOVERNMENT LOANS:

Veterans Administration (VA): A VA loan is for active, retired, and former eligible military members, or their widowed spouses, allowing those qualified to receive a loan with as little as zero down payment and a reasonable interest rate. The VA recognizes the LGBTQ+ community along with recognizing same-sex marriage and spousal benefits/protections since the Supreme Court ruled in favor of same-sex marriage in 2015.

Federal Housing Authority (FHA): These loans are backed by the FHA and don't require large down payments. Not every lender offers these loans and they are not available in every market. If you qualify, you may only need as little as a 3.5% down payment. These can be a great option if you do not have a sizable down payment or a less than stellar credit history. You will face PMI fees (discussed earlier) for the duration of the loan.

This is a great time to remind those who do not have a 20 percent down payment that they can still get a mortgage and buy a home. Remember, there are conventional loan options for as little as 3% down for first-time homebuyers, and VA and FHA loans. There are also a variety of first time buyer incentive programs including federal, state, city, community, nonprofit, and private down payment assistance programs, loans, and grants.



CHOOSING THE RIGHT AGENT AND WHAT TO EXPECT

Having the right real estate agent can make all the difference. Not only do they serve as your counselor and negotiator, they are your soundingboard, therapist and head cheerleader. They also have a fiduciary responsibility to represent you in the transaction with respect to honesty and confidentiality.

Before choosing your agent, look closely at yourself and think about what types of people you work best with. Extroverts vs. introverts? Texters or phone users? Storytellers or professorial types? Take charge vs. take orders?

Work style and personality are obviously important. Remember, the agent you choose will become an important part of your life and having the right fit is critical. You have to get along with this person and trust them.

The LGBTQ+ buyer may want to have an LGBTQ+ agent or ally who understands the added challenges you may face. This is normal and you should feel free to bring up any concerns you may have during the interview process. Feel free to use the professional directory at www.RealEstateAlliance.org to find a suitable business partner.

Of course, you need to determine if they are

a good agent. Good old-fashioned research helps! Talk to family and friends and get recommendations. If you are new to the area, on a visit ask a local who the top real estate agents are. Search online and read reviews.

Once you narrow down to a few agents, you should contact them and set up meetings, not only to get to know them better, but also to make sure they will be able to deliver what you need. Talk to them about your style and make sure the fit is right. Learn how they go about providing you with new current listings along with how they like to keep you updated throughout the process. Ask about proprietary tools they, their company or real estate brand use. And, as you interview potential agents, you should ask how many buyers have they helped in your price range. Ask for past client references who you can speak with. Remember, you're the boss.

One other important point -- even though the commission for your agent and the seller's agent is basically baked into the home price, the buyer's agent is paid by the seller after the home closes. Your agent's fee covers the hours they spend assisting you throughout the process, including up front research, visiting homes, their expertise and connections, along with their negotiation skills.

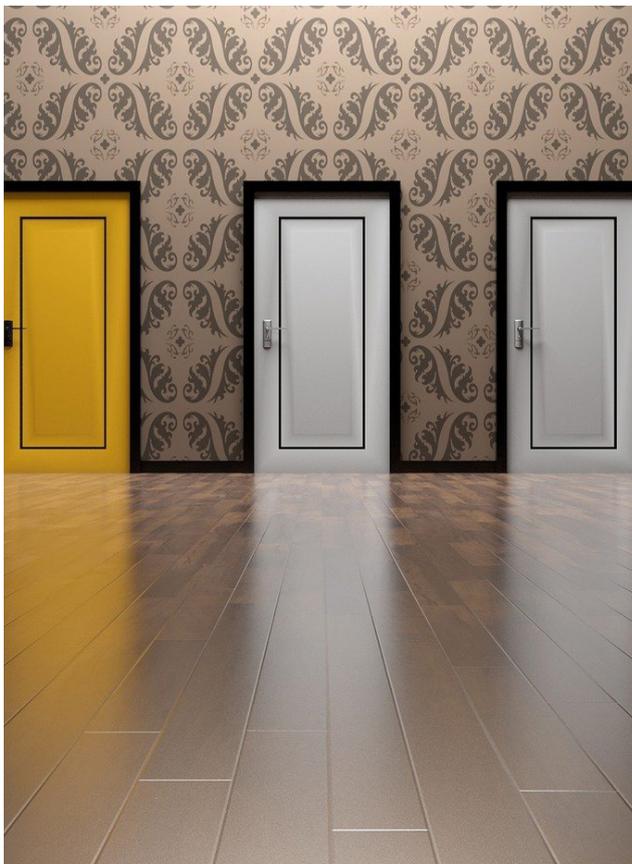


YOUR SEARCH BECOMES REAL

As you begin your first-time home buying journey, you will have a lot of fun and also some nervousness (realistically this will feel more like stress). There are a lot of decisions to make.

To aid you with your homebuying efforts, there are great online resources and databases that

showcase available properties on the market to lead you to your new home. Websites like Realtor.com, company websites, (including our partners - engelvoelkers.com, bhhs.com, realliving.com and homeservices.com) along with agent sites are great ways to get a feel for the types of homes on the market. You can sign up for alerts when homes hit the market



The challenge is that without a clear roadmap, you may soon become overwhelmed. That's why it is suggested you have a strong checklist:

- Price range you can afford
- Location you are interested in
- Type of property you would like to own
- Plus/minus list of the attributes and amenities most important to you

PRICE

We touched earlier on what type of mortgage you want and how much you can afford and/or want to spend. One thing to remember, because you likely are paying over 30 years, a slight "reach" to a more expensive home may not be as costly as you think.

LOCATION

One of the most important decisions is where you want to live. Members of the LGBTQ+ community are very aware of existing and emerging “gayborhoods,” including Greenwich Village (Manhattan), Boystown (Chicago), Castro (San Francisco), The Gayborhood (Philadelphia), most of Palm Springs (California), Asbury Park (New Jersey) and even Gay Village (Montreal). But you might be surprised to know that while 44% of LGBTQ+ renters live in urban areas, when it comes to homeownership, 72% of the community lives in the suburbs or small communities.

When you're committing yourself to a permanent location, the community where you choose to reside matters greatly. Everyone has different features and attributes that make a neighborhood ideal, so it is important to determine what kind of community best suits your desires. Consider the following characteristics:

Size: Are you looking for a small-town intimate feel or a larger urban area? Or something in between?

Schools: If you have a family or are planning to grow a family, local school systems may be an important aspect to consider. Freddie Mac reported in 2018 that for LGBTQ+ millennials and older, 24% are parents, with many more wanting to be. If you are in this group, make sure to research public/private schools in the area you are looking to buy in order to ensure that you can see yourself sending your children there. Because of “steering laws” that prohibit real estate agents from guiding you to specific neighborhoods, many agents will refrain from such a discussion, including talking about school districts. A great resource is

GreatSchools.org. Do not be afraid to call the superintendent of schools or the principals to gain some perspective. Along with a great education, we need to know our kids will be welcomed.

Accessibility: Just because you will soon be a homeowner does not mean you will change as a person. Make sure the community you choose has the amenities you want and need. Is it near your family and friends? How close is it to shopping, restaurants and other amenities? Commute times? Family neighborhoods vs. singles scene? Walkable community or rustic quiet? These are questions only you can answer. And groups like PFLAG can help you get comfortable with different communities. As LGBTQ+ people we are aware that not every

Members of the LGBTQ+ community should do extra research to make sure they will be in a “friendly” town or neighborhood. Freddie Mac showed us that 21% of LGBTQ+ people surveyed did not feel they lived in an LGBTQ+-friendly city or town. That number grew to 25% when commenting about their neighborhood. This is an important reminder to do your research carefully.

TYPES OF PROPERTY



MULTI-FAMILY HOME

For those who may not have a lot of money available, purchasing a two-family home is a great option. You can even go up to a four-plex with a regular mortgage loan! You live in one unit and rent out the other. The renters will help you cover the cost of the mortgage as you gain equity and tax advantages from the property.



CONDO/TOWNHOUSE

Condominiums are a great solution if you're looking for a lower price range and less maintenance. You may also find they are located in more centralized locations, closer to public transportation and in areas that have good schools and amenities. Condos include shared ownership of common areas like playgrounds, hallways or recreation rooms. Purchasing a condo will most likely require you to become a member of a community homeowners association that may involve monthly fees and require additional mortgage approval steps.



FIXER-UPPER

Another way to get into homeownership at more affordable levels is by purchasing a fixer-upper. The home may need cosmetic or other work. But if you are willing to put in "sweat equity" and do work you can create a gem. If you go this route, learn about FHA 203(K) Rehab loan, which allows you to get a single mortgage to cover the price of the home and needed repairs. There are requirements for inspections and reappraisal after the work is completed, but by consulting with professionals this is easily achieved in most cases.



SINGLE FAMILY

A single-family home is a house in the traditional sense -- a detached dwelling where the owner also owns the land that the house sits on. With that comes the upkeep, both inside and outside. Freddie Mac's report says that 76% of all LGBTQ+ homeowners live in a single family home.



NEW CONSTRUCTION

As you would imagine these homes are usually the most expensive as they provide modern amenities and potentially customized layouts and design... but, you get what you're looking for!



PLUS/MINUS LIST

This is a critical part of your entry into the process - knowing your MUSTS vs. WANTS. This starts with your "Plus/minus" list.

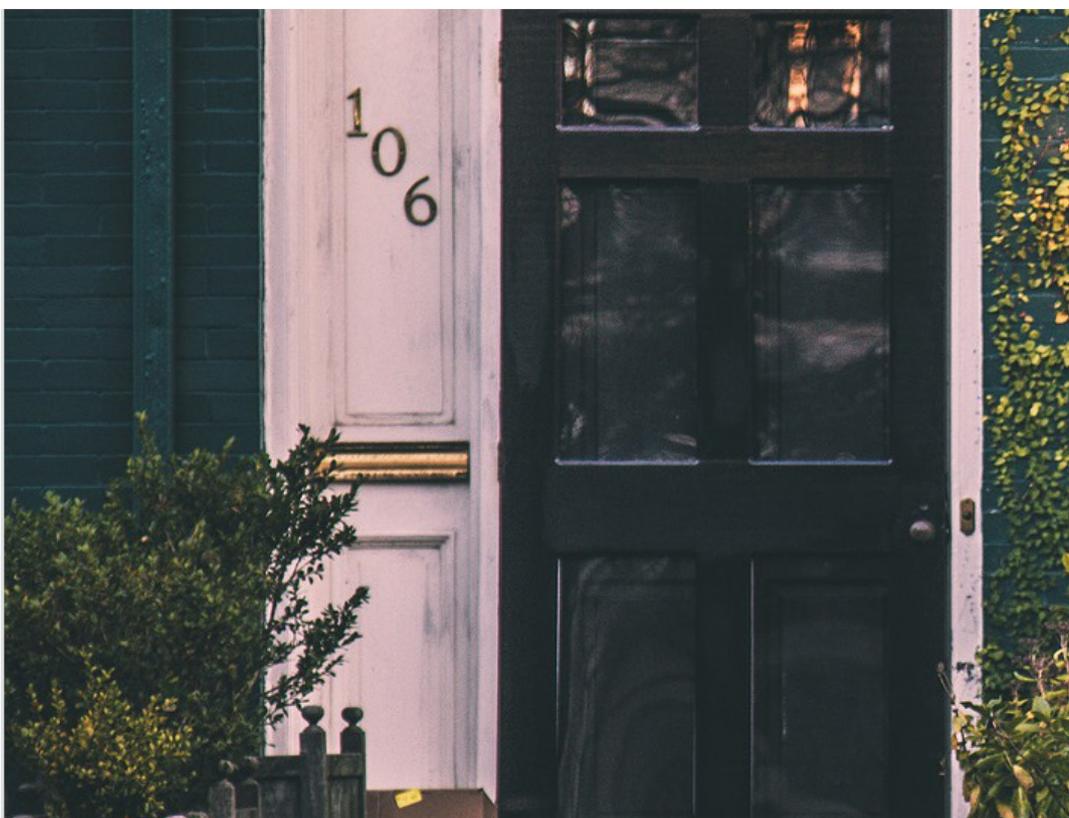
Do you want a new property or a fixer upper? How many bedrooms? Do you want a large yard? Go into as much detail in your list as you possibly can, adding sections like "Must Have," "Would Like," "Could live with," and "No way!" The list is a key home buying tool, as it helps you determine important features that you're looking for. Here are some home features to consider:

- Number of bedrooms
- Number of bathrooms
- Square footage
- Open floor plan
- Formal dining room
- Eat-in kitchen with island
- Fireplace
- Hardwood floors
- Garage

- Central air conditioning
- Backyard
- Deck
- Pool
- Home office space
- Quiet street
- Finished basement

By listing every possible feature that matters to you, you will be able to know if a home might be right for you. As you identify homes online, you should refer to your checklist to make sure a home meets your needs. If it doesn't, move on.

The list also gives your agent a head start in identifying the right homes to introduce you to. As you enter the home touring phase, most buyers will view between 6 and 10 homes. Make sure you take photos and great notes so you do not get confused about which house had what. Carry a notebook with you.



FROM OFFER TO CLOSING...

“This is the one!”

While incredibly exciting to have discovered a home you love, this is only the beginning of the process and we strongly encourage you to maintain your calm... keep your cool! Buying a home is not as simple as most other purchases.

THE OFFER

The first step your agent will help you with is the offer, which obviously must be accepted by the seller. Price is an important part of your offer, along with the pre-qualification for a loan. A seller wants to make certain that you actually have the funds to purchase the home.

Your agent will draw up the appropriate papers and then begin initial negotiations to ensure that you get to an accepted offer. This may likely include contingencies that hold both parties to certain milestones in

order to continue. Once both parties agree, your agent will help you with depositing funds into an escrow account. This act again ensures the seller that you are a serious buyer.

In states that require attorneys to guide the closing process, your attorney will draw up a formal document that is agreed upon by the seller's attorney. Unfortunately, until that document is signed, the seller can accept a better offer. But once you get to that point, you are one step closer to closing!



INSPECTION

Next up is the inspection that should be preceded by seller's disclosures, which is a legal document (what is included varies by state) where the seller shares problems with the home, outstanding permits and all the way up to any challenges there might be with the neighbors or if a serious crime was ever committed in the home.

Your home inspector will review a wide assortment of areas of the home -- from the roof and attic to the foundation and drainage. They also examine the electric, plumbing, air conditioning and heating systems,

along with looking for termites, moisture, mold and other concerns. One overlooked area is the determination of previous work on the home and if it was done within legal codes.

Unless this process forces you to walk away, your agent will now work with you again on negotiating the fixes. While we said earlier that some items are legally the obligation of the seller, the buyer can usually make requests that hopefully the seller agrees to. For instance, if the roof needs some repair, the seller can agree to fix it or take off money on the price of the home.

GETTING THE LOAN

Now it's onto getting a loan - which we covered earlier - and the subsequent appraisal, which makes certain the home is valued fairly. The lender needs to know that should you default on the loan, they can recoup their losses.

Assuming nothing goes wrong on the seller's end, the closing process is next. Be prepared to pay some closing and legal fees (and complete more paperwork than you've ever managed in your life!). The process is cumbersome because you are exchanging an expensive asset - the home and the land it occupies.

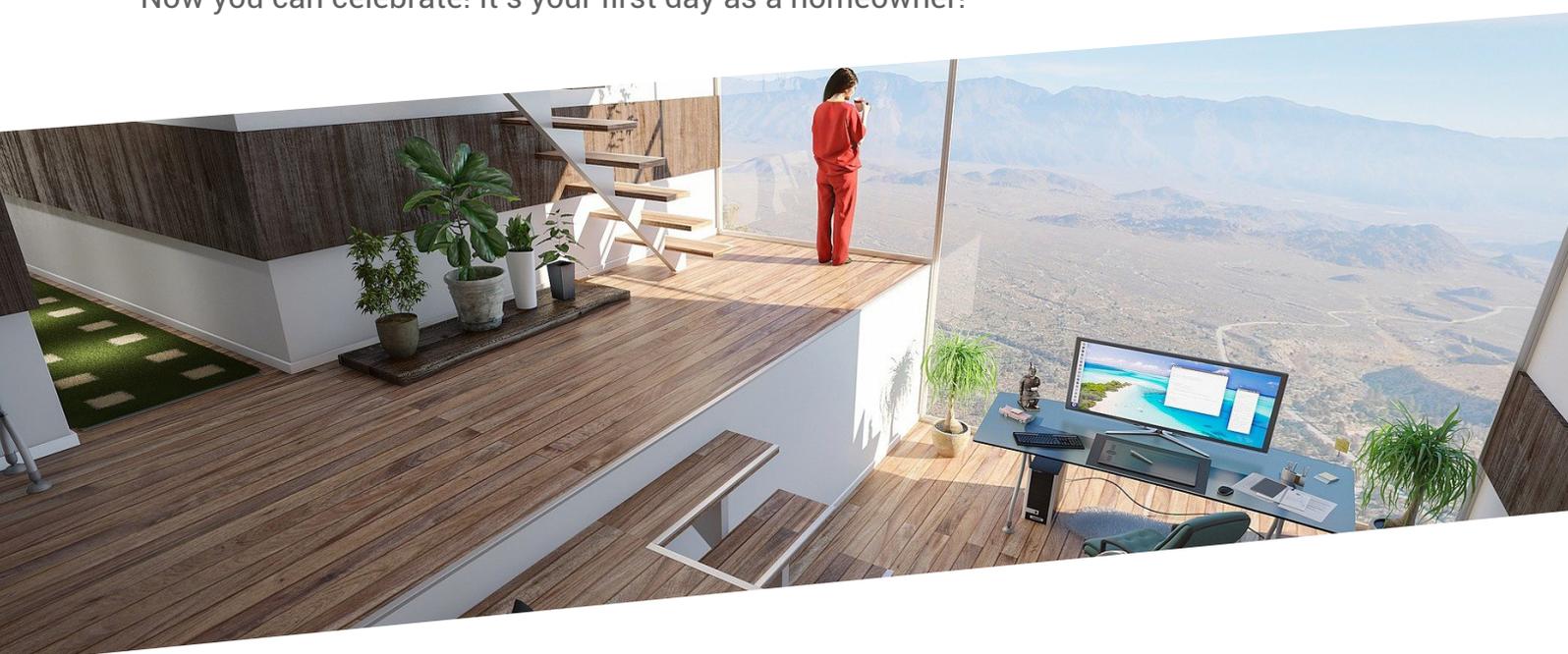
CLOSING

The closing process includes the inspection and securing the mortgage, and leads up to the paperwork.

Some states require an attorney to run the closing process while others require a title and/or escrow company, real estate agent and lender to lead. It is not necessarily a speedy process, but closing times have dropped significantly as processes streamline and most lenders can close a purchase in 30 days or less.

As you near the big day, all or some of the parties may elect to take a final walkthrough to make certain the home is ready for sale. Then on closing/settlement day, the two parties will sign a variety of documents and you will ultimately be handed the keys, alarm codes, warranty paperwork and all the booklets for the appliances.

Now you can celebrate! It's your first day as a homeowner!



AVOIDING DISCRIMINATION

Housing discrimination remains a real concern for the LGBTQ+ community. A number of years ago, the nation celebrated the Fair Housing Act, which essentially outlawed housing discrimination....except against us.

All of these years later it is still permissible at the federal level and in 27 states for housing discrimination to take place based on sexual orientation or gender identity. That is why the Equality Act is so important. This bill passed in the U.S. House of Representatives in 2018, after having been first brought up in the 1970s.

Unfortunately, at that time then Senate Majority Leader Mitch McConnell refused to allow the Equality Act to come up for vote in the Senate and it fizzled out in committee. The hope is that the Biden administration will bring a newfound focus to ridding our nation of housing discrimination. By the time you're reading this, you may already have seen this happen. But, just because laws change, hearts and minds take time to move.

You will be happy to know that so many of the major players in the real estate and finance industries, including the National Association of Realtors (1.4 million members) publicly support the Equality Act.

Please understand that the fear of discrimination is greater than real examples of it occurring. For instance, Freddie Mac found that while 46% of all LGBTQ+ renters fear discrimination in their future home buying process, only 13% of LGBTQ+ homeowners report they have experienced it. Only 4% actually formally reported discrimination.

As you go on your path towards homeownership, you may see instances of discrimination. Because the National Association of Realtors has worked hard to outlaw such activities in the industry, the bulk of what you may encounter will likely be unconscious bias or ignorance. Those helping you in the process can make unintended mistakes in what they say simply because they are unaware. It usually is not malicious, and should be corrected with that in mind.

You may also experience real examples of discrimination where you may not be shown a home or a neighborhood. You might see that a condo on the market is suddenly unavailable to you or other instances where you do not feel you are on a level playing field with other buyers. There are instances where mortgage interest rates are quoted higher for an LGBTQ+ buyer than someone else. Then comes the dilemma of if you should write a personal statement to the sellers or not. Defer to your real estate agent on this one, but more often than not, disclosing that much personal information is not a benefit regardless of sexual orientation or gender identity.

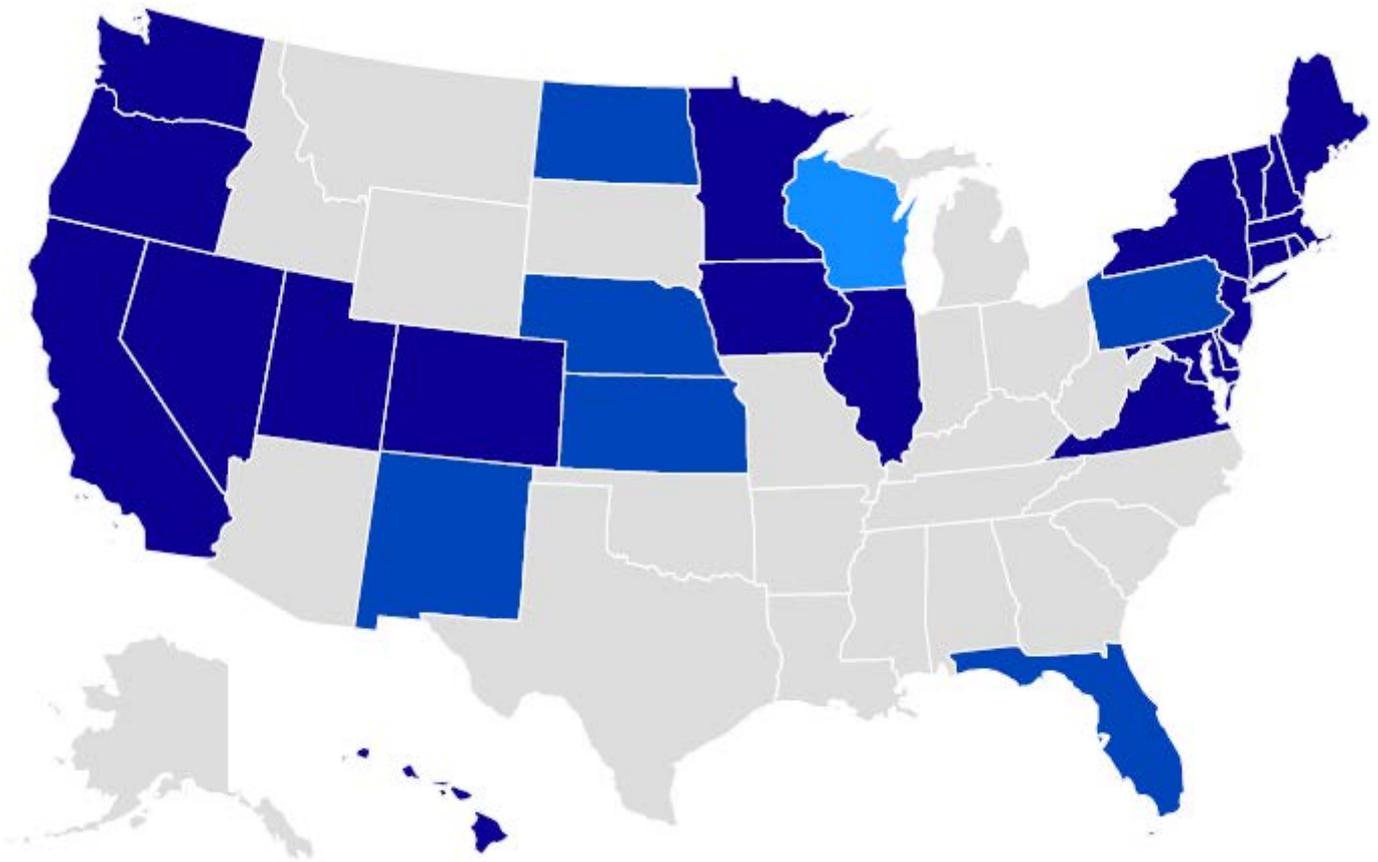
HERE ARE SOME SIGNS THAT DISCRIMINATION MAY BE OCCURRING

- Refusing to show or sell a home on the market
- Telling prospective buyers that the dwelling “isn’t right” for their family
- Lying about or exaggerating sales terms in order to discourage certain homebuyers or to price them out of the market
- Failing to inform prospective buyers about all available listings in their price range and desired locations
- Using stall tactics to avoid showing a home to a buyer
- Refusing to negotiate with interested buyers
- Engaging in harassment or intimidation
- Offering non standard and unfavorable terms in the purchase of a home or property insurance
- Changing the terms of availability between a phone contact and an in person visit
- Steering prospective buyers to specific neighborhoods during their home search
- Engaging in excessive or inappropriate questioning upon requesting information about a home
- Denying loans or insurance to prospective buyers of homes in certain neighborhoods
- Scrutinizing the loan application of one applicant more closely than another applicant
- Imposing different terms or conditions on a loan, such as higher or lower fees, points or rates





STATES WITH NO LGBTQ+ HOUSING PROTECTIONS



<https://www.hrc.org/resources/state-maps/housing>

The LGBTQ+ Real Estate Alliance encourages you to report these instances of discrimination. To make change, we must voice our concerns. Share your issue with us at info@RealEstateAlliance.com, our friends at the National Fair Housing Alliance and even Lambda Legal.

LGBTQ+ AND ALLIED ORGANIZATIONS YOU CAN RELY ON

CONGRESSIONAL LGBTQ+ EQUALITY CAUCUS

The Congressional LGBTQ+ Equality Caucus was established in the U.S. House of Representatives in June 2008. Leaders of the group are Representatives who are part of the LGBTQ+ community, with the support of a number of allies. Learn more at <https://lgbt-polis.house.gov>.

NGLCC

The National LGBT Chamber of Commerce (NGLCC) is the world's largest LGBT business advocate and a direct link between LGBT entrepreneurs, corporations and government procurement leaders. The NGLCC represents the interests of the more than 1.4 million LGBT owned businesses in the United States. Learn more at www.nglcc.org

PFLAG

PFLAG provides confidential peer support, education and advocacy to LGBTQ+ people, their parents, families and allies. With more than 400 chapters in all 50 states and 200,000-plus members, PFLAG can provide assistance in urban centers, smaller cities, suburbs and rural communities. Learn more at www.pflag.org.

NATIONAL FAIR HOUSING ALLIANCE

The NFHA works to eliminate housing discrimination and ensure equal housing opportunities for all people through leadership, education, outreach, membership services, public policy initiatives, community development, advocacy and enforcement. Learn more at www.nationalfairhousing.org.





EMPOWERING PEOPLE MORE.

Here at EPM, our mission is to be a resource, and voice, for financial empowerment through helping individuals and families become homeowners.

We are thrilled to continue to serve our local communities through our partnership with LGBTQ+ Real Estate Alliance.

We look forward to helping you!



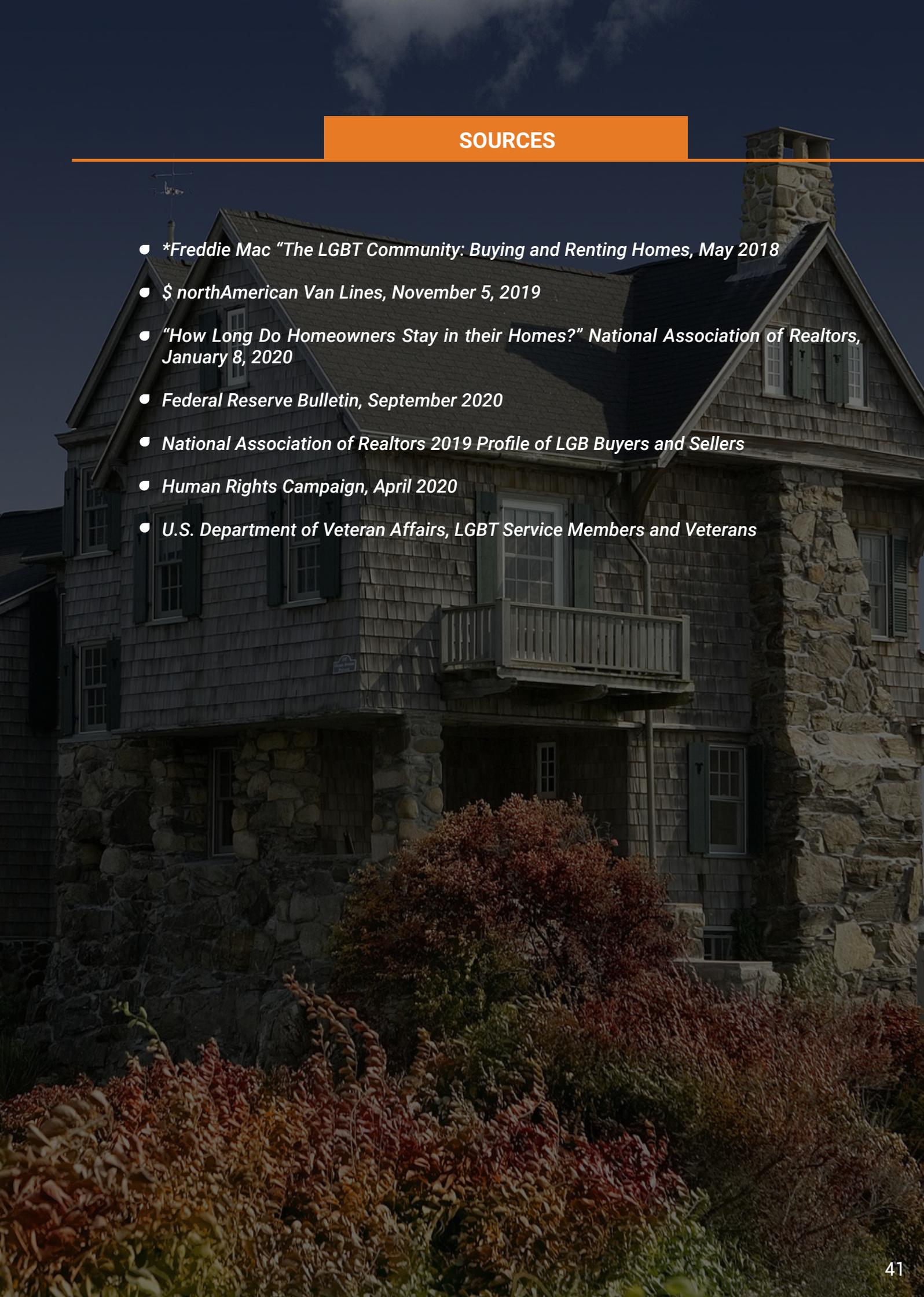
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