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Nadeska Alexis:

Hey, I'm Nadeska welcoming you to season two of Beginner To Buyer. Beginner To Buyer is powered by Chase Home Lending. You can find lots of helpful tools and resources to buy your first home by visiting beginnertobuyer.com. Now, buying a home is obviously you one of the biggest and most meaningful purchases that most of us will make in our lifetimes. And in season one, we took you step by step through that process of buying your first home. On this season, we're going to guide you through your next steps as a new homeowner.

Dave Brown:

We just closed on a house on the 31st, so we're officially in the homeowner stage right now.

Dani Malloy:

I'm a little nervous. This is my first time owning a home, so I'm a little nervous thinking about all of the upkeep that's going to be required.

Lindsay DeAlba:

Each square foot of this home needs to be renovated, and when we initially walked in, we realized the number one priority would be to rip the 1974 carpet out because I was allergic to it.

Nadeska Alexis:

So if you're still in the market for your first home, we'll get all the info you need to make the best decision.

Jason Roberts:

I am currently renting. I've always wanted to own a home. I've always wanted that security and equity and chance to build wealth.

Cheyenne M. Davis:

I still don't have enough information to go about how to procure a home, how to purchase a home.

Nadeska Alexis:

So where do you even start when thinking about buying a home, what kind of help is out there for first time buyers? And how do you know when you're ready? Our chase expert, Sean Grzebin, is going to help us answer those questions later in the episode, but first we're going to hear from Cheyenne Davis, a content creator in the New York area. They're learning how to start the process of buying a home.

Cheyenne M. Davis:

Well, I currently live in an apartment that's a duplex. I like that I have enough space. I also like that I do have an upstairs and downstairs so I can have separation from my sleeping area and my living area. However, it's not the best insulated space. And as you know, since it's an apartment, there are neighbors and people that are directly next to me and it's very loud and I work from home. So I definitely want my own space now, number one, because I'm about to be 30 in a couple of years. And number two, I'm just thinking about the future. I've been looking to buy a home so that I can have more stability in my dwelling.

Nadeska Alexis:

That makes a lot of sense. Apartment living it's a good fit for a few years of your life, but like you said, it sounds like your needs are expanding and it's nice to just have some privacy as well.

Cheyenne M. Davis:

No, absolutely. Absolutely.

Nadeska Alexis:

So how does the idea of buying a home make you feel in general? Are you excited? Are you feeling a little bit overwhelmed? A bit of both.

Cheyenne M. Davis:

I'm definitely excited because the idea, I love to shop in general, so you just having something that I can shop around and look for just makes me excited. But also I'm very overwhelmed because number one, I don't really know much about buying a home. My mother and my grandmother are both home owners. However, I still don't have enough information to go about how to procure a home, how to purchase a home, things like that. And I have friends who are in the same age bracket as I am that also have purchased home and homes that even flip them and sold them. At the same time I still just find all the terms to be very confusing in terms that are pretty foreign to me. So I definitely am overwhelmed because not only is the jargon something that's all Greek to me, but also the fact that I don't really have enough information or even education around home buying that's really stumping me at this point.

Nadeska Alexis:

Okay. Well, where would you say that you are in the process right now? Are you just still trying to get a handle, like you said, on all of those terms? Or have you also started browsing for homes in the meantime?

Cheyenne M. Davis:

A little bit of both. I've started browsing for homes, but I'm a little dismayed because they're very expensive. I live in a high cost of living area and everything, like the median price for most homes that I'm seeing, even on the cheaper end or like 500,000, 600,000, and I'm like, I don't know if I can afford that. So I'm trying to weigh all of my options, but I also, as a person that has intersecting identities in a marginalized person, I'm also wondering if there are any incentives or any programs or grants that are available to me. Because again, as a person that has been oppressed by the system, maybe there are some opportunities for me to get a grant or something that would assist me in purchasing a home or even a program that for first time home buyer buyers and things like that, that would be helpful.

Nadeska Alexis:

All right, good. I think you are definitely thinking on the right track. There are a lot of resources out there. So for your first steps, have you been maybe doing some research online? You mentioned that you have friends who have bought and sold. Are you talking to them or have you considered reaching out maybe to a home lending advisor to get some advice?

Cheyenne M. Davis:

So I spoke to my friend that had flipped her home. My next step was to reach out to someone who is well versed in the space, like a home lender advisor, someone like that to assist me in this process because yes, friends are great and family is great too. However, they're not experts. And I definitely get an expert in the field that could really just say, "Hey, Cheyenne, this is what you do. This is A, B, and C. This is how you get to X, Y, and Z, and here are some things that could be some challenges, but also here are some things that could assist you in this process or or work in your favor in this process."

Nadeska Alexis:

I think you're absolutely right, especially like you mentioned before, trying to figure out some programs or grants for a first time homeowners, things that could really help you out. Do you have any reservations about speaking to a home lending advisor and do you understand the role that they would play in the ways that they could help you?

Cheyenne M. Davis:

I do have some reservations primarily, and if I can speak candidly, because I know that a lot of black folks are at a disadvantage when it comes to home owning, I also know that there may not be a lot of black people in the space that could offer that advice or that guidance, and I really would like someone that is, that I can relate to in that way. Someone who is black that could assist me in that because I would feel more comfortable and I would feel safer in the process. I feel like the housing market and whether it be renting or a homeowner is a very unsafe space for people that look like me or share my intersections. And I definitely would want someone that could handle that with care.

Nadeska Alexis:

I understand that. And I think when I purchased my first space, and again, I live in Brooklyn, also a really expensive area, I was feeling really intimidated and really overwhelmed. And at the time I didn't think of a home lending advisor as someone who would necessarily be helpful to me, but I did find a lending advisor who was black also, which made me feel comfortable and really helped me through the process. So do you think as a next step maybe you would be willing to start that search to find that right person?

Cheyenne M. Davis:

For sure. Absolutely.

Nadeska Alexis:

Okay. And how do you feel, like we mentioned New York, New Jersey, really expensive areas to buy, but in terms of your personal finances, how do you feel about things like your credit score? Have you been already saving for a house? Do you feel like you're sort of moving on the right track there?

Cheyenne M. Davis:

Well, I have not really been saving, I will be honest, because Covid kind of killed that. For me, I was just graduating grad school. I didn't have a job. I didn't get a job until late last year. So I'm kind of playing catch up on my own. Also, my credit scores a work in progress. I also owe a lot for student loans. So these are things that I have to consider. My credit score is okay, I feel like it's okay enough to buy a home. I would absolutely like for it to be better.

Nadeska Alexis:

And I mean, look, those are a challenges a lot of people are facing. Those are not necessarily deal breakers. It also sounds like you're in a position where now as you get a bit more knowledge about the process, you can start planning and thinking about buying in the next year or two, especially since the market is a little bit crazy. So you mentioned some of the things earlier that you would ideally like in the house, but I think part of the process is deciding the list of must-haves and some of the things you might be willing to compromise on. So what are the things that you feel like you absolutely need to have and some of the things you could maybe live without for now in your first home?

Cheyenne M. Davis:

So some of the things I would absolutely need to have, I need high ceilings. I have a lot of furniture that's tall. I have a cat and I have a very tall cat condo, so I definitely need something with height spoons for her. I also want at least two bedrooms because I have people that like to come visit often. And I also need an office space for myself because I work from home. So primarily two to three bedrooms, open floor plan for the kitchen and living area. I like having something that's open concept, something with a lot of natural light and something that is close to public transportation because I do not have a car and I don't think I want to purchase a car at this point or lease a car.

So I definitely need something that is accessible to supermarkets and shopping and things like that. But also public transportation. Some things I can live without. I'm okay with not having a backyard. That's something that I've been considering whether or not I want a backyard space or not, part of me wants it, but also at the same time, it's not something that I'm going to use as a deal breaker. And honestly speaking, I'm okay with something that is not fully modernized if it's something that's not too much of a work in progress that's okay. However, I don't want a fixer upper project.

Nadeska Alexis:

That makes sense. And how about the neighborhood? Is that such a big deal for you? Do you feel like you would be spending a lot of time just hanging out in your neighborhood or are you someone who's often on the move?

Cheyenne M. Davis:

That is actually a great question Nadeska I would definitely love a neighborhood that's diverse, that is safe, that is welcoming. These are things that are all important. Even though yes, I am often not home, I still would like to have that home base where I have a community that feels supportive and feels like I could res resonate with them. I definitely think my next steps would be with a professional or an expert.

Nadeska Alexis:

Okay, at some point in your process, I think you would also like to speak to a real estate agent. They can help with shopping around. But I don't know if you feel like you're ready for that step or if the first step for you is just speaking to a lending advisor because they can help you with a financial plan.

Cheyenne M. Davis:

For sure. One of the reasons why home ownership is important to me is because as a person that's black, as a person, that's fat, that's non binary that's queer. Again, we don't have a lot of folks who share intersections with me that are homeowners. And I want people to understand, like you said, that yes, the process can be very overwhelming. Yes, the process can be a little disappointing or saddening or frustrating, but at the same time, I really want to emphasize the importance of having a space for black people to call their own, because we don't always have that, we don't always have those opportunities.

Nadeska Alexis:

Don't feel too discouraged by the process. It can be a bit of a rollercoaster ride, but it's like I'm telling you as someone who's been through it's absolutely doable. Even if you don't land on your dream home with your first purchase, you could start smaller and then eventually upgrade as the market goes up. So thanks again for sharing your story.

Cheyenne M. Davis:

Thank you for allowing me to share it.

Nadeska Alexis:

Starting the home buying process can be intimidating for anyone and especially if you're coming from a marginalized community. So I want to make sure to get Cheyenne the guidance they need to get off on the right foot. I'm turning to Sean Grzebin, the head of consumer originations at Chase Home Lending to give us the basics on the real estate market.

So Sean, for a home buyer who's stepping into the market for the very first time, maybe you're used to renting, it's helpful to understand what kind of real estate market you're getting into. So what are some of the most common ways that the market is defined?

Sean Grzebin:

Well, it's really interesting. It can go either way. You're either in a buyer's market or you're in a seller's market. And obviously as a person that's looking to buy a house, you want to be in a buyer's market. And that's the case where you basically have enough inventory out there that meets or exceeds the demand of people looking to buy houses. The seller's market gives obviously the seller the advantage. That's the situation where you have way more buyers than you do homes available. And so depending which one you're going into, there are definitely different strategies you want to apply to make sure that you get the most out of the journey.

Nadeska Alexis:

Absolutely. And your real estate agent, they would absolutely know this like the back of their hand, but if you haven't gotten to that stage in the process yet, and maybe you're just digging around online, you as a first time buyer, what are the easiest ways to tell what kind of market it is?

Sean Grzebin:

Well, the beauty of the internet these days is you can simply Google it, and you'll probably find out pretty quickly what's going on out there. The news is obviously the best outlet. There's a lot of public publications out there that cover what's going on with real estate trends. Realtors obviously a good way to find out. You can even talk to a home lending advisor who could also give you that information. But

generally speaking, you could pretty much go and look at inventories, available housing inventories, they're usually expressed in a number of months, and that's just the number of months where the amount of supply will be exhausted if demand is kept up and kept in pace. So really any of those sources can get you to the place where you need to understand the market.

Nadeska Alexis:

And as you mentioned before, a buyer's market obviously would be the best time to buy. But even in that kind of market, there are some things that you should still consider. So what are some of those things?

Sean Grzebin:

Well, I think first and foremost, it's all about what you could afford. And so figuring out your budget, figuring out how much money you have for down payments, and then figuring out really locations. So I always think best way to start is curiosity. Get online, search around, look at some homes, get a feel for areas, look at schools, things of that nature. And then from there, I always think the first best step is to talk to home lending advisor. I'm obviously a little biased given my role in the company, but our advisors are truly advisors. They're not there just to originate loans. They're there to help our customers really achieve their goals and their dreams. And so if you stop and talk to a home lending advisor, they can give you a really good idea of how much you'll need for a down payment, how much the ongoing cost of the house and the ownership is going to be, and then ultimately what you can start out at and get pre-approved or pre-qualified, depending on how ready you are at that stage.

Nadeska Alexis:

Right. And even though a seller's market is less favorable to a buyer, it's still not impossible to buy a home responsibly in that kind of market. So what are some strategies that you might consider when you're actually buying in a seller's market?

Sean Grzebin:

Again, a seller's market. It's really all about what you could afford comfortably. At the end of the day, there's no really right time to buy a home. It's really about what's comfortable for you and your finances. Obviously when you're renting, you're basically helping someone else because you're contributing to their mortgage payment. But when you're looking to really start to grow your wealth and establish your position, buying a home is really dependent upon what you're paying in rent, generally, what you're making from an income perspective. And then ultimately from those two points you can figure out whether or not it's best to rent or buy. And you'll never get the answer right in terms of timing the market. People have tried, people always tried, and generally speaking, there's no perfect timing. It's really about how comfortable you are with the mortgage payment and the ongoing expenses of being a homeowner.

Nadeska Alexis:

Absolutely, and there are of course some things that you could compromise on to still find a house that's right for you and your family in a seller's market, but when should you absolutely not compromise? When should you just hit pause for a minute?

Sean Grzebin:

I always like to think if it's a house that you can see yourself living in for 30 years, then you don't compromise. In a situation like that it's always better to rent. You'd much rather rent something you hate than buy something that you're going to hate in the long run. So my advice to potential homeowners is if you like the house, you can live in the house, the payment is comfortable, then you shouldn't really get caught up on whether or not values are going up or values are going down. It's not really as much an investment as it is a home. That's where you're looking to grow your family, achieve your dreams, and really not compromising on location is one of the things I see as the biggest pitfall. Whenever people tend to do that, usually are unhappy and we really don't want our customers unhappy when they're trying to chase this dream.

Nadeska Alexis:

Yeah. When you're taking a two hour commute to work daily, you have a lot of time to think about why you might have made a mistake there. Right?

Sean Grzebin:

Exactly. Commute's a big part of it. Traffic patterns, again, schools are a big part of it. If you're a family or you're a parent, you never want to really make a mistake when it comes to that because there's a long term impact to that.

Nadeska Alexis:

Absolutely. And in any kind of market buyers or sellers market, there are really some basic steps that you should follow as a buyer. Can you run us through some of those steps?

Sean Grzebin:

Yeah. Again, I think establishing your budget and it's all about how much money can you save and what is your goal. And again, a lot of times it's better to meet with a professional, whether it's a realtor or a home lending advisor that can help you establish the things you need to be prepared for. And you're going to have to get your income documents together or your asset statements together. Together. You're going to need to get a feel for, again, how much that down payment's going to cost for the particular zip code you're looking to buy in. And then ultimately understanding again, those ongoing costs of being a homeowner. Many times people go in and just look at the payment because they're renting today and not realizing that you have annual property taxes, you have homeowner's insurance, and you just have things that go wrong when you're a homeowner and you don't have the landlord to call. So those are some of the, I think, really important steps and really you can achieve most of that by talking to a realtor or a home lending advisor.

Nadeska Alexis:

Absolutely. And we'll go into a lot more details about these steps over the course of this season's episode, and we also did a deep dive on them in season one, so please make sure you go back and listen to those episodes. And Sean, you touched on some of these things. Thinking beyond just the actual purchase price of the home. So if you're a recent home buyer, what are some of the things that are impacted by the kind of market that you just bought into?

Sean Grzebin:

Well, again, I think property taxes are usually result of the value of your home. So generally speaking, when you see home values go up, actual annual property taxes go up, that's something to look out for. Again, the homeowner's insurance that you'll pay are going to be a function of the value of the home and the contents within the home. So paying attention to those things. You have your utilities, which again, generally speaking from a renter perspective, you're responsible for, but some you may not be so you have to be prepared to carry all of those expenses and then comfortably have something left over to actually enjoy the home. And so we always like to plan around a percentage of your income that goes against the home and those ongoing expenses so that it becomes a little easier as you go through that process. It's all about your savings, how much money have you been able to save outside of your monthly expenses?

Putting that aside and having that amount ready because every single loan you're going to get pretty much will require some form of down payment, whether it's a 3% down program or a bigger down payment requirement there. So knowing that you have the liquid assets, understanding your stocks and your personal assets is really step one. From there, it's good understanding of what's going on with interest rates. And today as we sit in 2022, we have seen rates go up pretty dramatically and that matter is because every single quarter that goes up in rates is about 16 bucks a month in your monthly payment on \$100,000 loan. So knowing what's going on with interest rates is a super important part of that, understanding your credit score, and there's a lot of cool services out there. Chase offer is one, Credit Journey that allows you to see your credit score because a credit score is a requirement of getting a mortgage loan.

There's different minimums for different programs. So getting a good idea of what that is, and to the extent you're not quite ready, a lot of these services help prepare you to actually get your credit score up and to move forward to handle that. And then at the end of the day, planning for those extra costs, again, the annual property taxes, the homeowner's insurance, and then things that go bump in the night, you always have to be ready for an emergency, a water heater breaking, anything that goes along with it. So really kind of understanding those things in that order I think are things you have to worry about when you're thinking about the money aspect of buying a home. But again, the good thing about buying a home, especially if you have a really good team helping you buy that home is you'll get a home inspection.

Through that home inspection process. They'll identify a lot of common maintenance things that go wrong so that when you actually take ownership, many of those things hopefully have been cared for, but you're totally right. With what's going on, the price of everything is more and it takes longer to get things. So kind of understanding some of those things going into it are important, but really having a good professional home inspection and then getting those things repaired before you buy the home, I think is the key to getting off on the right step in home ownership.

Nadeska Alexis:

Absolutely. Like you said, planning and budgeting and saving are overly important. If you do those three things, you're you. Things are going to generally turn out well for you. Sean, thank you so much for your time.

Sean Grzebin:

Oh, thank you.

Nadeska Alexis:

I think that was a really nice way to start off this season of the Beginner To Buyer. Make sure you check out season one for a deeper understanding of the entire home buying process because on this season we're doing a quick review and then we're moving forward with all the info you need, whether you're still hoping to get those keys to your home or you've already picked them up. On the next episode, we'll take a closer look at the real estate market and how changing interest rates can affect the decision of when to buy a house and when to refinance a house. Until then, you can learn more by visiting beginnertobuyer.com. Beginner To Buyer was created by Magnet Media and Chase Home Lending. Our executive producers are Ashley Bobo and Akosh Bashwani. Our lead producer is Pamela Lawrence and our media editor is Matthew Depietro.

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