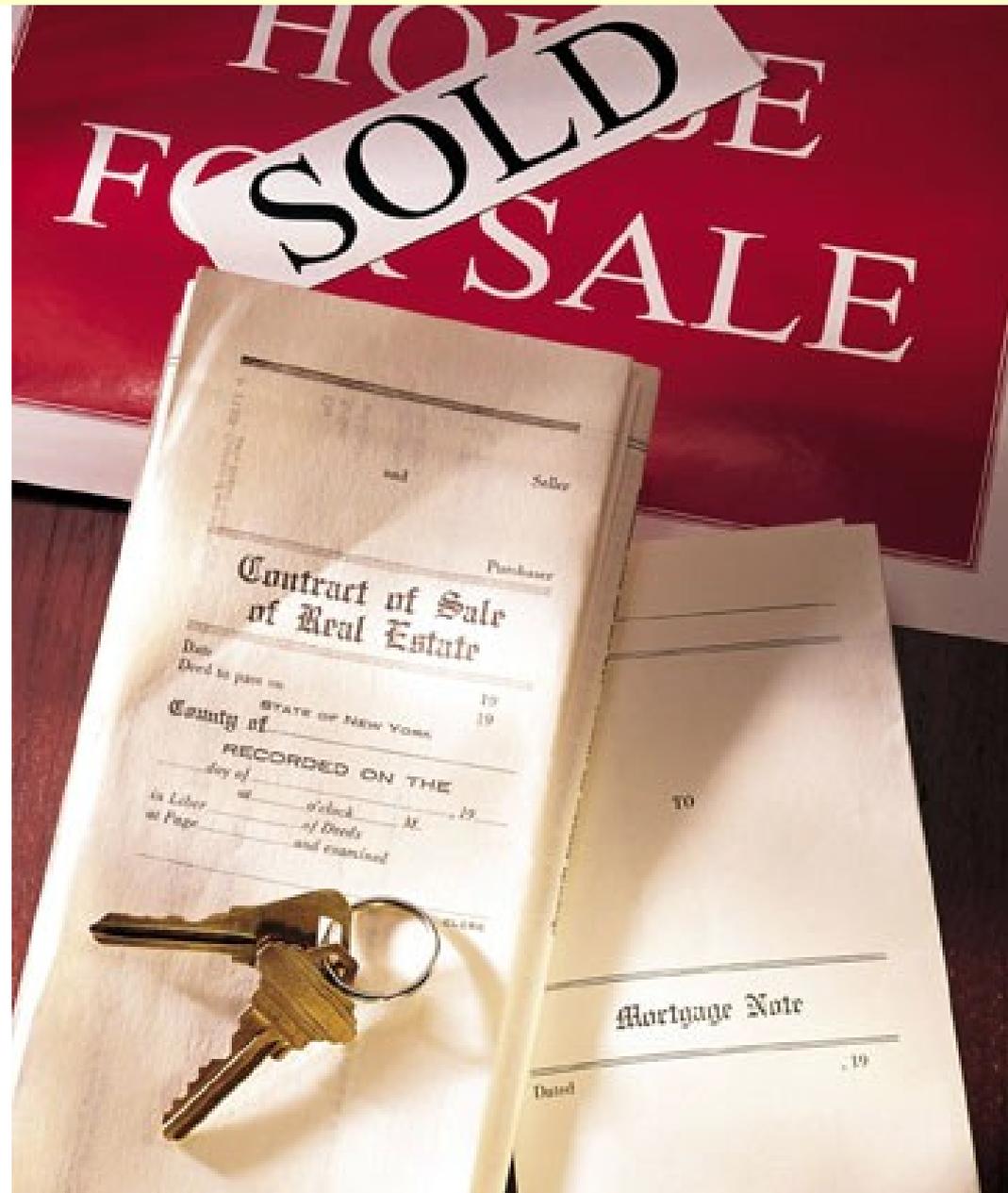


Renter's Education Program

And Guidance for Home Buyers



Welcome

*“Mid pleasures and
palaces though we
may roam, Be it ever
so humble, there's
no place like home.”*

*- John Howard Payne
(1791 - 1852)*



Word to the wise...

On Foreclosures

- Some SC military personnel renting housing in southern FL are facing higher than normal eviction notices due to property owners foreclosing on their properties
- In many cases, landlords are not using rent payments to pay their own mortgages and are taking/spending renters security deposits.
- The housing market decline, coupled with rising interest rates on loans, has caused landlords to loose their houses which has cause service members (renters) financial hardships.
- An additional potential problem is significant rent increases as mortgage interests rates continues to adjusts.
- Florida, Ranked 3rd behind Nevada and California Approx 300,000 Foreclosures in 2007



What you can do

- Talk to your Sponsor and the USAG-M Housing Office before you arrive
- Now is the time to act - Don't wait until you arrive – that may be too late!
- Prepare yourself NOW by using our experience – we're here to help you make your best housing decision
- Consider renting through the rent set aside program
- Consider living in our one of our family housing residences
- Use our lease addendum to help protect you should your landlord become foreclosed
- Use the Housing Office renter's checklist
- Review the online Sponsorship Training at www.southcom.mil/AppsSC/pages/newcomers.php



Your Sponsor

- As you PCS, you'll make very important decisions about your housing
- Your sponsor can be one of your best resources.
- So, don't be shy, ask him or her lots of questions
- Your sponsor may not have all the answers, but he or she knows where to get the answers and get back to you
- For more information on sponsorship contact our Relocation Manager



Sponsorship Training

- If you're appointed to sponsor an inbound service member and/or family, let us help you provide the best service possible
- Sponsorship training will provide you with the latest information and contacts to get the latest information on housing, schools, Tricare, spouse groups, medical and other vital services
- Sponsorship training is held on the 3rd Thursday of each month in the USAG-M, DMWR Conf Room, 8300 NW 33 Street Ste. 180, Doral, FL 33172
 - Supervisory Training 1000-1200
 - Sponsorship Training 1300-1500
- Sponsorship briefing materials are online at: www.southcom.mil/AppsSC/pages/newcomers.php



Housing Office

- Every service member and civilian assigned to U.S. Southern Command is required to contact the U.S. Army Garrison -Miami Housing Office
- You must contact the Housing Officer before you enter into a rental agreement
- Make your visit count!!, We are here to help and educate you on home rental or ownership
- Remember, we know the area and market and can be a vital resource to you as you make the best housing decisions for you and your family



Rent Set Aside

- In the Rent Set Aside Program, landlords waive all or most of your initial security deposits normally required at the onset of a lease
- You must initiate an allotment for rent through the housing office
- You pay your rent each month automatically via payroll deduction
- Most landlords, who are not participants in the Set Aside Program, expect first month, last month and a security deposit, therefore, the program may reduce your up front costs of your transition to the Miami area
- In rent set-aside, everyone wins, the landlord receives his/her rent automatically on the 1st of each month, and the renter has reduced out-of-pocket initial expenses



Family Housing Program

- Government Leased Apartments are offered to junior enlisted (E-6 and below) service members with families. Government family leased housing (FLH) include 2 and 3 bedroom apartments primarily located in the suburbs of Miami-Dade and Broward counties.
- We have a few apartments near to USSOUTHCOM. Nonetheless, the driving distance ranges between 4 to 24 miles from your place of duty.
- Pet owners are required to pay a pet deposit, some of which may not be refundable. Currently none of the FLH complexes allows for pets over 24 lbs. Pet deposits can equal up to \$500.
- Benefits: Utilities included, property self-insured by the U.S. Government thus in the event of a disaster, service member can make a claim against the government for loss or damage to his/her personal property



If the Worst Happens

Your landlord is foreclosed and you're forced to relocate

- Contact the Financial Readiness Program ASAP
- The Financial Readiness Program can provide you with emergency funds based on your emergency needs
- And refer you to county agencies to help you recover your losses by filing actions in small claims court
- We can also refer you to community agencies that may be able to provide you with additional funds



Protections Under SCRA

- **Servicemembers' Civil Relief Act (SCRA)**
- SCRA does not provide relief to military tenants in a foreclosure proceeding
- SCRA does allow a judge, when a member of his/her dependents are being evicted, to stay the eviction for 90 days or to adjust the obligation under the lease to preserve the interests of all parties
- This provision does not prevent the eviction, it only delays it and provides a fair process



Army Emergency Relief

- Army Emergency Relief provides emergency financial assistance to the service members of all service branches and families facing urgent financial hardships
- AER funds can be provided to assist with urgent needs for rent, utilities, food, emergency travel, repair of essential POV, non-receipt of pay, funeral expenses, emergency medical or dental expenses, and clothing after fire or disaster.
- AER does not normally assist with legal expenses, debt payments, bad check fees or penalties, marriage or divorce
- AER does not normally assist with living expenses while service members are on ordinary leave.



Legal Issues/Assistance

- A tenant cannot claim mental anguish caused by foreclosure proceedings amounts to a claim of uninhabitability. There is no precedent justifying the tenant using the early lease termination/rent withhold procedures of Florida Statutes 83.51, 83.56, and 83.60 solely because of the tenant being advised that the landlord is being foreclosed upon.
- Florida Statute 83.682 provides that a servicemember may terminate his/her lease, with a 30-day notice, upon receipt of temporary duty orders, temporary change of station orders, or state active duty orders to an area 35 miles or more from location of the rental premises, provided such orders are for a period exceeding 60 days.



Legal Issues/Assistance

- Check address of rental property via websites
- Check homeowners' mortgage information
- Examine the type of loan and the amount financed. Most foreclosures are 80/20 loans with adjustable rates. Determine amount financed, add taxes, determine insurance cost, and determine whether or not the rent payment is close to the same amount the homeowner should charge to cover his/her mortgage.
- Check for clause allowing tenant the right to cancel lease if the landlord has any lien or lis pendens filed against the property.
- USAG-M provides free legal assistance for those facing foreclosure issues, and provides them with the necessary information to receive these services if desired



Needs and Wants

- What do I **NEED** in a home and neighborhood?
- What do I **WANT** in a home and neighborhood?



Buying versus Renting

Pluses of Buying

- Appreciation/Investment
- Tax Advantage
- Privacy

Negatives

- Immobility
- Sales Commissions
- Maintenance
- Financial Risk

Pluses of Renting

- Mobility
- Low Maintenance
- Learn area before buying

Negatives

- Landlord restrictions
- No equity buildup
- No tax advantage
- Cost is not fixed

Rent or Buy?

Renting may be better if:

- You move often
- Are unfamiliar with the area
- You are low on cash
- You dread the time, effort and expense of ownership

Rent or Buy?

Buying may be better if:

- Area is appreciating
- You can itemize your taxes
- You have pets
- You are ready for stability

Renters Checklist and Inspection



Renter's Checklist

- ___ Reviewed your options under rent set aside program?
- ___ Considered screening landlord/owner's public records before entering lease?
- ___ Foreclosure clause included? (May want to consider using a foreclosure clause to allow you to break the lease if the landlord goes into foreclosure).
- ___ Military clause included?
- ___ Considered a longer lease term (more than one year)? How long is your PCS tour at SOUTHCOM? Will moving mid tour be a big inconvenience/expense to you? Unless move is for 1) convenience of the government, 2) service health and sanitation standards, or 3) PCS orders. Mid tour moves for foreclosure or landlord's sale of the property are not paid by the government.
- ___ Considered what you will do if the landlord's management company wants to sell after you lease period ends? Again, mid tour move is at service member's expense the majority of the time.
- ___ Can you speak to previous renters of the property or individuals/families who have rented before from the landlord? Can you check other references that the landlord can provide?
- ___ Will you handle any renter's issues through a management company or work directly through telephoning the landlord?
- ___ Does the landlord live in S. Florida? Does the landlord live overseas? If you will pay rent through a management company, is the management company located in S. Florida?
- ___ If you must handle renters' issues through a management company, then what authority does the management company have to act on behalf of the landlord to remedy problems? If the management company must go-through the landlord on issues affecting renters, then will the landlord be easily accessible to the management company?

Renter's Checklist (Cont.)

- ___ Is the property governed by a Home Owner's Association (HOA)? If so, does the HOA require a background investigation prior to move in? What is the total cost of the investigation? How long would it take, approximately, for the HOA to complete the investigation? What happens if I am rejected by the HOA?
- ___ What about property maintenance issues? Does a maintenance person live nearby?
- ___ Who do you call for emergencies or repairs? Is there someone on call at all times?
- ___ Are outlets and jacks available for both cable TV and telephone?
- ___ Has the residence been exterminated since previous tenants moved?
- ___ Does the residence have a security system?
- ___ Are hallways and/or exterior well lit? Is the street well lit?
- ___ What is the location of the nearest fire extinguisher?
- ___ Does the residence have smoke detectors?
- ___ Where is the nearest emergency exit?
- ___ Does the residence have adequate locks (dead bolts)?
- ___ What will you do if you lose your residence keys?
- ___ Are there laundry facilities in the residence? If not, are facilities nearby?
- ___ Is there adequate storage space?
- ___ How close are grocery and convenience stores? What about other shops?
- ___ How, where, and when do you dispose of recycling and trash?
- ___ Considered what your average electricity cost will be?
- ___ Who pays for water and/or trash? You or the landlord?
- ___ Are there adequate electrical outlets?
- ___ What constitutes a full refund of your security deposit?
- ___ Are pets allowed? If so, is there an additional charge?
- ___ Talk to other renters if possible.

Inspection of Rental Property

- **INSPECTION OF RENTAL PROPERTY**
- **Exterior**
- **Sidewalks/Driveways/Lots/Lawns**
- Unbroken pavement, grass and shrubs trimmed, no trash
- **Trash Area**
- Containers adequate to building occupancy
- Clean; each can covered
- Screened if visible from street
- **Address**
- Number visible and readable from street
- **Windows/Screens**
- No broken glass
- Porch/stoop/doorway
- Clear access
- Stairs, treads, porch flooring, and railings intact and sturdy
- Sturdy exterior door with functioning lock
- Exterior of structure
- No missing bricks, blocks, siding, gutters, or downspouts
- No cracks in foundation wider than a quarter-inch
- Reasonable paint or finish

Inspection of Rental Property (Cont.)

- Mailbox provided for each apartment
- Insect and rodent free
- **Entrance**
- **Apartment Doors**
- Fit, finish, and functional hardware (lock and latch)
- Fire-resistant doors required in multifamily buildings more than three stories
- **Hallway/Entryway/Stairway**
- Clear passage (no storage or clutter)
- Lighted
- Handrail on stairs
- Carpet intact if provided
- **Living Area**
- **Structural**
- Walls/floor/ceiling
- No holes
- Reasonable finish/paint
- No leakage, dampness, or water spots
- **Windows**
- Glass intact
- Opens and closes tightly; lockable

Inspection of Rental Property (Cont.)

- **Sleeping Areas**
- Minimum: 7'x 10' for one person
- Minimum: 10' x 10' for two people
- Must have window to exterior
- **Bathroom**
- Toilet
 - Strong flush and refill
 - No leaks
- Sink
 - Hot and cold water
 - No leaks or drips
 - Drains quickly
- Tub and/or shower
 - Hot and cold water
 - No leaks or drips
 - Drains quickly
- Privacy
 - Door with functional hardware

Inspection of Rental Property (Cont.)

- **Kitchen**
- Sink
 - Hot and cold water
 - No leaks or drips
 - Drains quickly
- Appliances
 - Electrical connections are voltage appropriate.
- **Utilities**
- **Heating**
- Working system and thermostat (65+ degrees during heating season)
 - Properly vented
- **Electrical**
- 110-volt/60-amp/3-wire (grounded) service
- All outlets and switches work.
- At least two outlets in every room
- At least one grounded outlet in every bathroom and laundry room
- At least one light fixture in hallway, stairwell, bathroom, laundry, and furnace room

The Neighborhood

Location,
Location,
and Location!”



Check Out the Neighborhood

- Visit at different times
- Walk around – meet the neighbors
- Look and listen
- Investigate zoning and neighborhood regulations
- Test drive your commute
- Consider the amenities

The House

- What type of house?
- How many rooms?
- Features?
- Fixer-upper?



Real Estate Agents



Real Estate Agents - Who Are They?

- Broker
- Realtor
- Agent



Real Estate Agents - Who Should I Use?

- Experienced?
- Licensed?
- Recommended by friends or family?
- References?

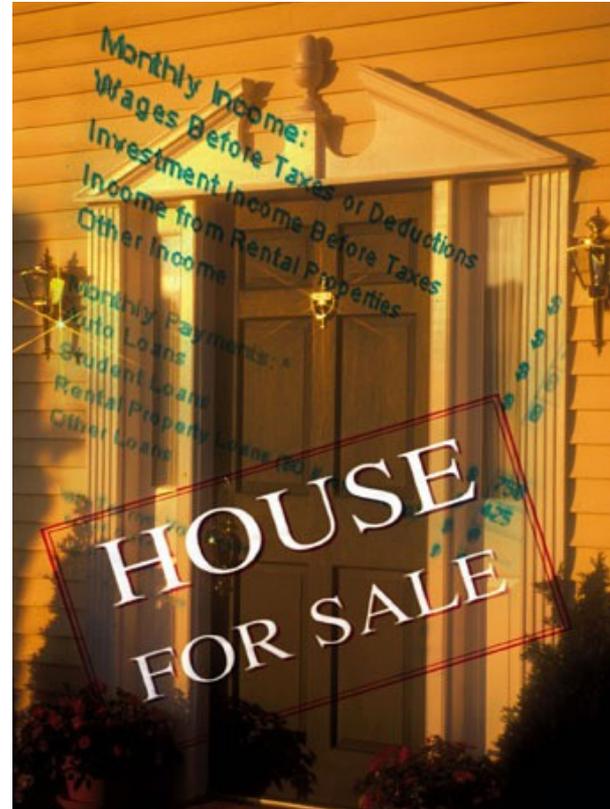


Financing



Mortgage Loans

- Size of loan
- Interest rate
- Term



Types of Mortgages

- Fixed-rate
- Adjustable-rate (ARM)
- FHA Loan
- VA Loan



	A	B	
1	Food	House	Car
2	297.62	796.81	324.23
3	265.81	796.81	311.5
4	190.93	796.81	354.8

Debt to Income Ratio

- The percentage of your income available for a mortgage payment after all other continuing obligations are met



28/36 Qualifying Ratio

- Applies to conventional loans
- 28% - maximum percentage of your monthly gross income allowable for housing expenses
- 36% - maximum percentage of monthly gross income allowable for housing and recurring debt

Debt to Income Example

- Yearly Gross Income =
\$45,000 / Divided by 12 =
\$3,750 per month income
- \$3,750 Monthly Income x .28 =
\$1,050 allowed for housing expense
- \$3,750 Monthly Income x .36 =
\$1,350 allowed for housing expense
plus recurring debt

Finding A Lender

- Loan Officers
- Mortgage Brokers
- The Internet



Obtaining Your Loan

- Get pre-qualified or pre-approved



Making an Offer



Considerations

- Price
- Type of mortgage
- Personal property included
- Needed repairs
- Earnest money
- Inspection
- Schools
- Insurance
- Taxes

More on Homeowner's Property Taxes

- Property taxes are based on “assessed property value”
 - Taxes paid by the seller in the prior year are no indicator of your taxes after you buy the home
- Homestead exemption will reduce your property tax by reducing the taxed value of your property by 25k (millage rate is applied to assessed value minus \$25k)
 - Homestead exemption does not reduce your taxes by \$25k
- You'll qualify for a Homestead Exemption if title was recorded and you were living in the dwelling as of 1 Jan of the tax year
- Example; In May 2003, 06 pays \$272k for his home – taxed till yearend based on seller's \$150k prior purchase of the property; In 2004, same 06 receives estimated taxes again based on \$150k prior purchase; in Nov, 2004, same 06 receives retroactive bill based on his \$272k purchase

Home Inspection

- The best way to know what you're getting for your money is to hire a professional home inspector!



Closing - The Final Step!

- Set your closing date as close to the end of the month as possible
- Determine your prepaid closing costs



Selling Your Home



Selling Your Home

Before you list your house:

- Clean – clean – clean
- Refresh the décor
- Make necessary repairs
- Increase curb appeal



Showing Your Home

- Always have your house available to show
- Try not to be home during a showing
- Know the disclosure laws



Summary

“A house is made of walls and beams; a home is built with love and dreams.”

- Author Unknown

