



**HOW TO OWN
YOUR OWN HOME**
For Under \$199,000



How to Own Your Dream Home for Less Than \$199K

These days, you don't need to browse through the real estate listings for long before you start wondering -- *will you ever be able to afford your dream home?*

What would you say if we told you that you can own a home that was literally made for you, for under \$199K?

Amazingly, if you have the design-build know-how, the subcontractor and supplier connections, and the financial savvy, it is possible! And that is where we can help you...

We've been in your situation...in fact, that's how we got started. We began from Square One and learned every step of the process through personal experience – from buying a home to getting financing, to screening and managing contractors.

We found the process so difficult that we took the training and tests to become MHIC contractors...making it our mission to ensure that others would not have to struggle the way we did.

In other words - we've made the mistakes, so you don't have to!

In these two information-packed reports, we'll give you the little-known secrets to identify your dream-home-in-the-making – and then make it yours. We'll give you our hard-won tips for building a powerful team of subcontractors and suppliers. And we'll give you an exclusive glimpse of the possibilities our approach to home ownership offers you.

But these two reports barely scratch the surface! Every new homeowner's project is unique, and no report could cover all the information you'll need.

To pull it all together and get started on the road to affordable home ownership, schedule an appointment with us...and you'll get \$500 in free grocery coupons to add to the value you'll receive!

We're ready to walk with you every step of the way, spin our Rolodex to refer you to Baltimore's best contractors and suppliers, and provide the kind of expert knowledge we wish we'd had at the beginning.

So – when you're looking to create the affordable home of your dreams, where do you begin?

Choose Your Future Home

There's all the difference in the world between buying a finished home and creating the home that matches your wants, needs, and desires. True, you can do either for under \$199K – but you can have a far lower starting investment (not to mention financial help from state and local sources) if you choose a lower-cost building in need of renovation.

Baltimore City has a wealth of neighborhoods and properties that qualify for redevelopment financing and tax credits. So – not only will you be spending less up front, but you can recover much of your investment.

As with any other investment, however, there are smart ways to approach the project, and ways that are, well, not so smart! To find the home that offers the best value for you, you'll need a trustworthy advisor who can guide you through all the rules and regulations.

We have found the best rehab homes come from these four sources:

- Identifying Baltimore's best transitional neighborhoods
- Finding historic neighborhoods with homes that qualify
- Finding great homes in bankruptcy or foreclosure (legally)
- Applying for shells from Baltimore City's property disposition programs

Identifying Great Transitional Neighborhoods

What, exactly, *is* a transitional neighborhood?

Basically, it's a community where development is already in progress. If you drive through transitional neighborhoods, you'll see construction, trucks, scaffolding, zoning signs, dumpsters, permits in windows, or lockboxes on doors.

Even though home values in these communities may be low right now, they are likely to increase rapidly when the development is complete. You'll need a sharp eye, helpful friends in the real estate industry, and a great sense of timing to take advantage of these properties.

Finding transitional neighborhoods can take a bit of research. Here are your best strategies:

Check RFP Listings – Baltimore City publishes a listing of blocks that are open to RFP (requests for proposals). The winners of these RFPs are required to rebuild the home within a certain length of time. On the surface, the process is not difficult: you must fill out an application to enter a bid for the proposal, pay a small fee, and then put in the bid. You'll need to put a complete application together that shows proof of ability to do the work and financial capability such as pre-approval of financing as well as personal finances. You can find the City's listing of these blocks at <http://www.baltimorehousing.org>.

So what makes the process complex? Three things: first, the time it takes to put the application together and develop the bid. Second, the knowledge and experience of the City's requirements. And finally, the ability to actually complete the project.

Financially, this process has only one major difference from buying a house from a private owner: buying from the City is typically cheaper. Again, however, most first-time bidders don't know enough of the process, and either lose momentum in midstream, or lose the bid due to lack of experience. How can you stay on track and successfully win a proposal? Your best bet is to work with someone (like us) who has successfully completed many such processes and knows what is required.

Watch the Newspaper Listings – Business papers such as *The Daily Record* and *Baltimore Business Journal* publish the locations of large-scale development projects. Often, the blocks immediately surrounding these large-scale projects will appreciate in value.

Get to Know Your Realtors – Realtors are likely to know which neighborhoods are likely to appreciate in the near future, and a good, honest realtor can help you find a good value there. We can recommend some good ones.

How can you tell whether a neighborhood is likely to appreciate in value? Watch comparable sales nearby. So if there is a large scale development that is building 3-bedroom homes and selling for mid-200s, then you can figure your 3-bedroom home a couple of blocks away will be similarly priced.

It's important that you realize one thing when you're talking to realtors, however. Their job is to sell. If you are looking for a neighborhood that's likely to appreciate, some realtors will tell you whatever you want to hear – whether it's true or not. So you need to work with an honest realtor whose word you can trust.

Go Out and Explore – Often you can identify a neighborhood that is starting to improve simply by driving through it repeatedly over a long period of time. You'll see telltale clues like these:

- More parked cars on the street
- Fewer boarded-up houses
- For Sale signs on the houses, followed by new homeowners, rather than renters
- Massive improvements to surrounding homes

Buying a home in a transitional neighborhood is a long-term strategy, not a good option if you want to rehab a home and resell it in a few years. But the records show that if you pick the right neighborhood, and you're willing to wait for up to 10 years, the investment in your home will surely pay off.

Finding Historic Neighborhoods with Homes that Qualify

With a history stretching back into the Seventeenth Century, Baltimore offers a large number of older neighborhoods with homes that qualify for historic preservation. But is it possible to find qualifying properties that haven't already appreciated in value?

Surprisingly, yes! As with transitional neighborhoods, it just takes a bit of research. And once you've identified your prospective neighborhood or home, you'll need professional support to work your way through the rules and regulations.

Here are your best strategies:

Identify Your Neighborhood - You can begin your search using the City's map of historic neighborhoods at <http://maps.baltimorecity.gov/imap/default.aspx> or <http://www.baltimorecity.gov/government/historic/maps.php> . These maps aren't very user-friendly though, so we can help you determine if a certain area is historic. Once you have identified areas that look interesting, go and explore. Experience the personality of the community; see how it fits your lifestyle!

Research The House – To qualify for historic property funds, the house must be 50 years old, located in a historic district, and you must spend over \$5,000 on rehab costs. If the home qualifies, and if you spend over 25% of the assessed value, you can qualify for property tax abatement.

Follow The Rules – The qualifications above are just the beginning of the requirements you'll need to follow in order to qualify for the historic property credits. Their goal is to restore the property to its original appearance, through specific construction methods, period colors and interior finishes, and authentic architectural elements among other things. To work successfully within these specifications, you really need to consult with a specialist who has successfully restored historic properties. We can offer you that track record.

Finding a Great Home In Bankruptcy or Foreclosure (Legally)

With the collapse of the housing bubble, thousands of families have gone into bankruptcy or had their homes go into foreclosure. If you choose to buy a property under these circumstances, it's important to remember one thing:

The seller is going through a terrible experience, but you can help to lighten their burden and serve your own needs by buying their property. That is, if you have the knowledge or guidance to handle the situation properly!

A win-win solution is possible, but it's more challenging here than in the other approaches we've discussed.

Due to the changes that have taken place since the mortgage crisis of 2008, it's particularly important to have knowledgeable support when you are planning to purchase a home using this strategy. For this reason, we are only providing two crucial tips:

Follow the Rules – Be aware: a number of new foreclosure rules have been passed in recent months to protect homeowners, and you can go to jail for handling a transaction incorrectly. You'll need to contact a foreclosure specialist or realtor in order to properly acquire a house in this way. We can recommend some good ones.

Find the Owner - If you have a property in mind, but you can't identify the owner, you have to go through land records to find the deed and the owner. This can be done at <http://www.MDLandRec.net> if you provide your contact information. The site is not easy to navigate, however, unless you are familiar with the system. We can help with that.

While this is not one of the areas where we can advise you, we can refer you to experienced professionals who specialize in this field

Applying for Shells from Baltimore City's Property Disposition Programs

One of the best ways to own a home for under \$199K is to purchase the bare bones of the building and recreate it from the inside out. This process can be combined with building a historic rehab, and it's the strategy we use most often. The City is eager to have abandoned structures reclaimed and redeveloped, and will sell these properties very cheaply to help you along the way.

Here are the steps to follow:

Find Your Prospective Home – You can simply explore the City until you find a property that looks promising, but we've found it easier to begin your research from <http://www.BaltimoreHousing.org>. This will spare you the burdensome process of hunting down the private owners of boarded-up properties.

On the same site, you'll also get access to several programs for homeowners and developers, and property disposition programs such as SCOPE and Rolling Bid.

Purchase Your Home – The BaltimoreHousing site provides information on purchasing City property...however, the process can be challenging if you are not familiar with purchasing from the City. To ensure success, your best bet is to consult with someone who has been awarded property from the City before.

Reconstruct Your Home - If you've purchased a shell from the city, you will probably want to do a full-gut rehab – in other words, designing and building a new house within the walls of the original home. While this will require the most experienced contractor, it also gives you the freedom to be as creative as you want in meeting the needs of your family and lifestyle.

As exciting as this process is, it's also very complex, requiring design-build experience, and skill in coordinating a diverse team of subcontractors. You'll need connections within the building supply community to get access to vendors' preferred-customer discounts (available only to professional developers), and a knowledge of City property rules and regulations.

We've completed many gut-level rehabs and can assist you in any part of this process. In fact, the second report in this package provides a general listing of the most common subcontractors and suppliers you'll need.

If you call us to set up an appointment, we'll provide you with step-by-step guidance and support, along with referrals to subcontractors and suppliers who offer the best values in Baltimore. And you'll get \$500 in free grocery coupons to sweeten the deal!

Take Advantage of Government Dollars

When you're looking to redevelop or renovate a property that has seen hard times, you may be surprised at the sources of financial aid you'll find. However, the steps you'll need to take to qualify for those funding sources can be very complex, with many requirements for eligibility.

We're not saying this to discourage you! However, you need to be aware that the more knowledgeable support you can have while you're applying, the greater your chances of success.

For the home ownership strategies that we've recommended, your best two forms of financing are likely to be:

- HUD 203(K) Loan
- Local and State Tax Credits for Construction Costs

Apply for a HUD 203(K) Loan to Finance Construction and Renovation

The HUD 203(k) loan is basically a home improvement loan, created because banks traditionally require collateral in good condition, with a value that can securitize the loan.

Homes in dire need of repair and purchased for rehabilitation were unlikely to qualify for normal bank financing. So HUD created the 203(k) loan to make it possible for homeowners to reclaim such properties.

As you pursue a HUD 203(k) loan, you'll need to bear three things in mind:

Is Your Project Eligible? - Determining the eligibility of your project can be a long and challenging process, with many requirements. To ensure your success, it's best to work with a realtor that specifically consults on such projects. We can refer you to experienced professionals who will help you find an eligible property and adhere to all program requirements

The 203(k) Also Covers Refinancing - If you have already settled your home purchase in cash, you can still refinance with a 203(k) loan. While this is not an area where we can advise you, we can refer you to professionals who can help.

Watch Your Timeline and Quality Standards - While the 203(k) terms do not require a general contractor to do the work, they do require repairs to be completed within six months. Work must also be periodically inspected by certified 203(k) inspectors, and work is not allowed to cease for more than 30 days until the project is completed.

To meet these terms, you need to have very clear communications with your subcontractors about scheduling, and you must be sure they understand the timeline of the project. You can use funds from your 203(k) loan to cover contractor fees.

Report Construction Costs for Local and State Tax Credits

Document and Report Your Investment - While you are renovating your new home, remember to document all your work and keep all of your receipts. Then, when tax time comes, remember to report the money you've invested. For historic projects, you can receive a refundable state income tax credit equal to 20% of the construction costs.

Apply for Property Tax Credits - Local governments, such as Baltimore City and County, also offer property tax credits amounting to thousands of dollars...and investors can also qualify for an additional Federal tax credit if their property is rented.

Bottom line? You can get up to \$40,000 in cash back for every \$100,000 of construction costs!

Let Our Experienced Advisors Help You Meet Legal Requirements

If you have ever felt that an affordable dream home – one that is tailor-made to your needs and lifestyle – was out of your reach, we hope this report has proven otherwise! Between local and Federal programs, you truly have more options than ever to own a home for less than \$199K.

While the laws and programs exist to make home ownership possible, they aren't designed to make it easy... and the process of renovating a home can be extremely challenging in itself. With qualified, knowledgeable help, however, you can transform a frustrating struggle into a stress-free, successful project! And that is where we come in....

Don't waste another minute wondering where to begin...

- risking lost investments and legal penalties for honest mistakes...
- struggling to find the answers and resources you need...
- or being blindsided by the questions you didn't know you needed to ask.

We know what it's like to go through the process alone. Our mission is to keep you from struggling as we did. Call us at 443.708.4002 for an appointment today, claim your \$500 in free grocery coupons, and let us help you with each step of making your affordable dream home a reality!