

# HOUSING WATCH

## Homebuyers Score Amazing Perks

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By Sheree Curry

It's still difficult for some homebuyers to qualify for a home mortgage in this economy. And with tax credits out the door, buyers and sellers are looking for creative ways to help fund home purchases, including some people, like Emetria Sanchez of Fresno, Calif., who didn't think they could qualify for a purchase.

For Sanchez, a county employment program led her to homeownership. For Efrain Hernandez, who lives near Homestead, Fla., some fast negotiating and builder incentives paved his way to homeownership.

When Sanchez (pictured above with her daughters) was laid off from her job as an administrative assistant at a trucking company in early 2009, she had to get rid of her car, with its high payments, in order to keep making the rent on the four-bedroom, two-bath home she shares with three of her four children.

"I thought I was going to have to move out and become homeless. I was living off assistance and it was not even close to what I was making while I was working," Sanchez told HousingWatch. Determined not to lose a roof over her head, she began working odd jobs, like cleaning homes, while pounding the pavement looking for full-time employment.

### **County, State Programs**

After several months of searching, Sanchez finally landed a human resources position in September 2009 at Electronic Recyclers, which began hiring employees via an "80/20" program, which is a subsidized employment program that allows employers from the Fresno County region to hire new employees at a significantly reduced cost.

The 80/20 program is part of the federal government's American Recovery and Reinvestment Act, an economic stimulus program, and is funded by the federal Temporary Assistance for Needy Families Emergency Contingency Fund. Potential employees under the program, which ended in September, are from families with an income less than 200 percent of the official federal poverty level.

A couple of weeks after her hire, however, foreclosure notices were taped to the door of her rental home. Although Sanchez says that she made all of her \$1,350 rent payments, her landlord apparently had not been using it toward paying the mortgage.

"I started calling the numbers on the notices I received on my door to get some information. The lender told me that they couldn't tell me too much, since I wasn't the homeowner. They did confirm that the owner was in the process of trying to refinance." The lender spoke to the homeowner about selling the home, Sanchez says, and a deal seemed possible.

By pooling her income tax refund with money that she had put aside to pay for moving expenses (when she thought she'd was going to be evicted), Sanchez managed to buy the home.

"My down payment total I had to come up with was \$7,000. The purchase price was \$144,000. It was appraised at \$160,000." Sanchez closed in April 2010.

"Finding the job, to me, it was a blessing," she says.

"A portion of our workforce are people who have been historically marginalized, such as people who have been incarcerated before or people who have come off of welfare or still are on it," says John Shegerian, owner of Electronic Recyclers. He says that ever since the 1992 rioting in Los Angeles that followed the Rodney King verdict, he has made sure all of his businesses have a social bottom line aside from just a profitable bottom line. "Our employees turn their lives around. They are buying homes or paying rent on rental properties. We give them financial backing and support."

### **Homebuilder Incentives**

Efrain Hernandez also became a homeowner when he negotiated a contract on a five-bedroom, three-bath home in a development near Homestead, Fla. He managed to save himself tens of thousands on the purchase of the house of his dreams, reported McClatchy/Tribune News, when he talked homebuilder Lennar into taking \$40,000 off the list price and paying \$18,000 in closing costs, then obtained a \$7,500 no-interest down payment loan from Miami-Dade County.

The use of special incentives to help boost sales has been a relatively common marketing strategy among builders for some time. According to the National Association of Home Builders, some builders have introduced new incentives in response to the expiring tax credit. However, only a relatively small number have compared to the number that historically advertise some type of special sales incentive.

In a 2010 study, the NAHB/Wells Fargo Housing Market Index said that nearly three-fourths of all builders indicated that they were currently using and planned to continue their current use of at least one incentive.

In August, Cachet Homes of Scottsdale, Ariz. started promoting its own \$8,000 homebuyer credit (pictured left).

"We are touting our incentive as: 'The government incentive may have ended but you can get the same incentive buying a Cachet Home and you don't even have to be a first-time buyer,'" VP of sales Susan Goodrich told HousingWatch. "Buyers could use the \$8,000 towards closing costs or upgrades. It has helped to pull extra traffic into our communities and for people to purchase that needed assistance with their closing costs."

## **Consumer Data Rebates**

In Manhattan, RealDirect, a web-based, data-driven real estate marketing firm, is offering buyers the opportunity to earn a 1 percent rebate check on the sale price of a home at closing. This rebate amounts to a savings of \$8,990 for a home at the median sale price for a Manhattan apartment (according to a Q2 2010 Miller Samuel report). In order to participate, homebuyers fill out a free, online survey that RealDirect analyzes to understand buyers needs.

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