

# The Massachusetts Homeownership Collaborative

## POST-PURCHASE COUNSELING: A MODEL CURRICULUM

*The “Homeowner 201 Education Initiative” is a post-purchase counseling curriculum developed by the Massachusetts Affordable Housing Alliance (MAHA) and the Metropolitan Boston Housing Partnership on behalf of the City of Boston for homeowners of single, two and three family properties in urban neighborhoods. The curriculum encompasses three sessions, each lasting approximately two hours each.*

*MAHA uses the Homeowner 201 curriculum as part of its homeowner resource center and discount program, entitled “HomeSafe.” Graduates of the workshop series are able to access a variety of discounts which MAHA negotiated from insurance companies and hardware stores, thus offering an additional incentive for homeowners to participate.*

### **Session 1 - Property Management and Maintenance, Crime and Fire Safety, Protecting Your Investment**

#### 1) Introductions/Welcome

What is MAHA?

What is HomeSafe?

What is Homeowner 201?

Do you own a single, two or three family home?

How long have you owned that home?

How did you hear about the workshops?

What do you want to learn from the workshops?

Icebreaker game

#### 2) Settling In

Meeting the Neighbors

Good source for referrals to contractors, pizza, etc.

Good connection to neighborhood associations

Good to establish relationship with neighbors before any potential problems come up

Protecting Your Investment

Emergency Numbers

Police, Fire, Ambulance, Poison control, doctor

House File

#### 3) Fire Safety

Smoke Detectors

Outside of each bedroom

- Near Living room
- Basement (heat detector), Attic
- Check batteries twice per year (April & October)
- Carbon Dioxide detector
- Fire Extinguishers
  - Types of extinguishers
  - One per kitchen, maybe one in basement
  - Inspect each year
- Fire prevention inspection tour
  
- Fire drills/escape plan/meeting place

4) Theft protection/crime watches

- Change locks and keys
- Deadbolts
- Window locks
- Alarm systems
- Vacation preparation
- Outdoor lighting
  - Timers/motion detectors
- Legal liability for not providing adequate security
- Crime watch
  - How to link up with one in your neighborhood
  - How to start one if one doesn't exist in your neighborhood

5) Peer counseling - sharing homeowner horror or success stories on fire, crime

**BREAK**

6) Getting to Know Your New Home

- Taking responsibility
  - No more landlord to call
  - Preventive maintenance
  - You own your yard too
    - trash cans, mowing the lawn, watering plants, raking leaves, shoveling sidewalks
- Learning about major systems
  - Pipes/Plumbing
  - Electrical
    - Fuses/Circuitbreakers
  - Heating
    - Furnace/boiler
    - Hot water heater
- Handling emergencies
  - Shutting off water
  - Gas leaks

## 7) Maintaining Your Home

### Seasonal inspections

#### Spring inspections

##### Outside

- Weather stripping and caulking
- Cracked or peeling paint
- Remove, clean, store storm windows
- Put up screens - clean or repair as necessary

##### Inside

- Check dryer vent, stove hood, room fans
- Change/clean filters on furnace
- Check seals, coils on refrigerator
- Adjust, clean burners on stove
- Check basement walls/floors for dampness
- Fireplace
- Leaky faucets
- Proper ventilation in attic
- Clean drapes and blinds

#### Fall inspections

##### Outside

- Weather stripping and caulking
- Cracks or holes in siding
- Take down screens - clean or repair as necessary
- Put up storm windows
- Drain outside faucets
- Clean gutters and drain pipes
- Check roof for leaks
- Check flashing around vents, skylights, chimneys for leaks
- Check chimney flue, make sure damper closes tightly

##### Inside

- Check insulation
- Have heating system serviced
- Drain hot water heater
- Change/clean filters on furnace
- Clean coils on refrigerator
- Leaky faucets
- Adjust, clean burners on stove

### Energy conservation/weatherization

doors

windows

insulation

sweaters

Programmable thermostats  
Light bulbs, turning off lights, radios, TV

Do-it yourself repairs

Tools  
Painting, wallpapering, installing new light fixtures

Hiring a Contractor

Local approvals  
Interviewing contractors  
Checking references/licensing/insurance  
Reviewing/comparing bids  
    Invoices for materials  
    Trade off - low cost vs. quality  
Monitoring work  
    Change orders  
Retaining last payment

Financing home improvements

8) Peer counseling - sharing homeowner horror or success stories on maintenance issues

9) Evaluation - preview of next week

## **Session 2 - Personal Financial Management, Tax Planning, Buying Homeowners Insurance**

1) Review of last week - any questions?

2) Icebreaker game

You have \$1000 to spend, how should you prioritize the following:

- 1- Repair roof after several shingles blew off in storm
- 5- Buy new living room furniture
- 2- Replace drafty old storm windows
- 4- Replace badly stained carpeting
- 3 - Paint the bedroom

3) Budget planning

Important because

Prepares you for large expenses  
Identifies wasteful spending  
Prepares you for surprise expenses

Annual budgets/monthly budgets

total income - from all sources  
    interest or dividends  
    part time or seasonal jobs

all personal and family expenses

mortgage

utilities and telephone

insurance

regular maintenance and unexpected repairs

weddings, graduations, birthdays, holidays....

Paying yourself (Savings/Reserve)

If it includes rental:

vacancy loss (1 month per unit)

turnover costs (paint, shades, carpeting, floor

cleaning, oven cleaning)

advertising

Making a budget

Involve the whole family

Be specific, but be ready to compromise

Develop payment strategy depending on when you are paid

Use checking account to pay bill and track payments

Use 2 checking accounts if you have rental property

Keep the slips from ATM machines and debit card and

deduct from checking account

Save up for things you need rather than charging them

Adhere to regular savings plan

Look carefully at financing terms; avoid late fees

Get on monthly budget plan for utilities

Repair reserves

Depends on age of house, number of units, condition of

house, type of house, siding

Wood houses need to be painted every 4-5 years \$4,000-\$8,000.

New roofs can cost \$8,000 - \$10,000

On a house in moderate condition you may want to

budget for two minor repairs (\$250 each) and one

moderate repair (\$1500) per year.

Danger signals

Budget counseling

Consumer Credit Counseling Service 1-800-338-2227

for soft second owners, call MAHA at 822-9100

4) Tax planning

Biggest housing subsidy goes to homeowners

mortgage interest deduction

rental expenses plus depreciation

Have CPA or tax service assist you in preparing taxes

Use 1040 form

Itemize deductions

- Deduct interest on the mortgage
- Ask lender for amortization schedule for your loan
- Deduct interest on second mortgage as well
- Deduct points as interest
- Deduct real estate taxes
- Make sure you are receiving abatement for owner occupied property

#### Rental property

- Report rent you receive
- Deduct from rent cost of direct repairs, turnover expenses, advertising, commissions, collection, bounced check fees, eviction costs
- Deduct from rent pro-rated general expenses that affect rental unit (1/3 the cost of house painting for three family)
- Deduct from rent either direct utility expenses or pro-rated common expenses
- Deduct annual depreciation allowance
- Report a loss; if your deductions are greater than your income it will lower your taxable income

#### 5) Record Keeping

- Why are receipts important?
  - Proof of purchases and the amount paid
  - To validate warranties
  - Tax purposes - deductions
  - Resolve product disputes

Create a record keeping system in folders

#### BREAK

#### 6) Financing improvements

- Using the value in your house
  - Equity
    - Market value - brokers commission - principal balance = true equity
  - Equity loans
- Refinancing
  - Rule of thumb - interest rates go down 2% or more
- Prepaying your mortgage
- HILP
- Get the Lead Out
- LeadSafe Boston
- City of Boston PRO loans

#### 7) Foreclosure prevention

- Delinquency

Notice of default  
Counseling  
Notifying the bank of problems  
Forbearance agreement  
Modification

Temporary rate reduction  
Deed-In-Lieu  
Short sale (pre-foreclosure sale)

#### 8) Insurance

Homeowners insurance  
    Property protection  
        home and its contents, yard from fire, wind, vandalism, theft  
    Liability  
        legal costs, medical treatment for others, restore their  
        property in case of an accident on your property  
    80% Guide  
Mortgage insurance  
Mortgage Life insurance  
Flood insurance  
Title insurance  
Credit Life and Disability insurance  
Agent presentation  
    Impact of legislation on urban homeowners  
    Shopping for homeowners insurance  
        Independent agents v. direct writers  
        Fair Plan  
    Replacement cost vs. market value coverage  
    Review of typical policy  
    Questions and answers

#### 9) Evaluation and preview of week 3

### **Session 3 - Landlord Training, Lead Paint**

- 1) Review of last week - any questions?
- 2) Tenant Selection  
    Illegal discrimination for all landlords, for 2-3 family landlords
- 3) Peer counseling - sharing homeowner horror or success stories on tenant selection issues
- 4) Setting Rent  
    Being competitive, fair to your tenant  
    Do rent survey

## 5) Setting up a good tenancy

Getting a responsible tenant is worth another month's vacancy

Types of tenancies

### Lease

Written contract with start and end date

Binds both parties

Can include restrictions like "no pets"

Rent increases can only be included as a "tax or utility escalator clause"

### Tenant-At-Will

Can be verbal or written

No set duration

Agreement can be terminated any time by either party with 30 day notice

Easier to raise rent and evict than with a lease

### Importance of clear policies

Common areas

Parking

Basement storage space

Hallways

Alterations

Painting

Other

Rent collection

Be clear about when it is due

Ask for communication about delays

### The grand tour - Moving your tenants in

Use and maintenance of appliances, heating, storm windows, bathroom ventilation, smoke detectors, fuses/circuit breakers, floors, plumbing, etc.

Policies about trash, lawn, snow removal

How to reach you in an emergency

### Security deposit/last month's rent

Security deposit

Up to one month's rent

Can be used to cover damages or unpaid rent

Strict regulations

Provide statement of condition of apartment within 10 days



Held in separate interest bearing account  
Annual interest payment to tenant  
Substantiate any use of deposit with receipts  
Subject to triple damages if you violate any regulations

Last month's rent  
Interest is due annually  
No separate account

#### Landlord access

Non-emergency  
Arrange convenient time in advance  
Tenant has to give you access to:  
Make needed repairs  
Inspect the unit  
Show the unit to other prospective tenants  
near the end of tenancy

Emergency  
Examples - water pipe bursting, fire  
Enter immediately, notify tenant afterward in writing

Changing the terms of tenancy  
Two ways - Both landlord and tenant agree to change or existing agreement must be terminated and a new agreement reached

#### 6) Eviction

For nonpayment

For any other reason

Lease - only when lease is violated

Tenant-at-will - no reason necessary providing you are not discriminating or retaliating against a tenant for enforcing their rights

#### 6 Steps:

Service of a Notice to Quit

nonpayment eviction - 14 day notice

other evictions - 30 day notice

must be in writing in triplicate

Served by sheriff or constable; or yourself with adult witness; or certified mail, return receipt requested

Service of a Summons and Complaint

Go to local District Court

Getting hearing date right  
Filing with the court on Filing day  
10 days before hearing  
The Tenant's Answer Day  
Tenant's written response  
3 days before hearing  
A Court Hearing  
Hearing before a judge  
You and tenant reach "Agreement for Judgement" which  
becomes court order  
Trained mediator  
Issuance of a Writ of Execution  
Issued after 10 days of hearing day  
Stay of Execution if rent is not owed  
Writ gives you authority to hire sheriff to forcibly  
remove tenant (if necessary)

7) Peer counseling - sharing homeowner horror or success stories on eviction issues

8) Alternatives to eviction

Mediation

Paying a tenant to leave

BREAK

9) Housing Codes

10) Lead paint

How & Why Is Lead Paint A Problem?

Health & Developmental Effects

How Kids Get Exposed

Why Do We Hear More About It Now Than We Used To?

The Requirements Of The Lead Law

Homes With Kids Under 6 Must Be Lead Safe

No Discrimination Against Tenants With Kids

Tenant Notification of Potential Lead Hazards

Lead Inspections And Orders To Correct Violations

Owner Is Liable If A Child Is Poisoned

Homeowners Insurance No Longer Covers You For Lead Poisonings

Tenants May Withhold Rent Even If Children Are Unharmed

Some Deleading Can Be Done By You Or Anyone You Want To

Hire. Other Work Must Be Done By A State Licensed Deleader.

The Deleading Process

Initial Lead Inspection  
Hiring A Licensed Deleader  
Final Inspection & Dust Collection

#### Financing Deleading

"Purchase & Rehab" Mortgages  
\$1,500 Per Unit State Tax Credit (\$4,500 for a 3-family home)  
City of Boston "Purchase & Rehab" grants  
MassHousing "Get The Lead Out" Program  
City of Boston Grants & Low Interest Rate Loans

#### Non-Profit Experts To Help You Manage The Deleading Process

Neighborhood "One Stop Shopping" Centers For Deleading  
Lead Safe Boston office in Fields Corner  
Ecumenical Social Action Council  
Boston Building Materials Cooperative (For Purchase & Rehab)  
Metro Boston Housing Partnership (For Purchase & Rehab)

11) Peer counseling - sharing homeowner horror or success stories on lead paint issues

12) Evaluation and graduation