Paper Prototype

Rachel Murch

EDCI 569 Section 1

Purdue University

Buying a Home

Buying a home is one of the most rewarding decisions a person can make in his/her lifetime. It is also one of the most difficult. This learner-led e-learning course is being developed because there is a considerable amount of information that a prospective home buyer should know before buying a home. The goal of this course is to familiarize potential home buyers with things to know when buying a home.

Learners and Learning Environment

Target Learners

The target learners for this e-learning course include adults (18 years of age or older) who are interested in or considering purchasing a new home in the United States.

General Characteristics

The target learners are first-time home buyers who are interested in learning about the home buying process.

Entry Behaviors

The prerequisite skills required to take this course include: 1) ability to use a computer; and 2) knowledge of how to take an e-learning course.

Prior Knowledge

Learners are not required to have an understanding of the home buying process or the real estate market to take this e-learning course.

Attitudes Toward Content and Potential Delivery System

Because the learners will initially be overwhelmed by the content of this course, it will be necessary for them to be able to navigate forward and backward through the course to review parts they did not fully understand beforehand. Learners will have a positive attitude toward this

course because the subject is complex and personal to them. They will be open and appreciative to have a resource to help them gain a baseline understanding of what to expect and things to know before buying a home. The content includes information that will help them move smoothly through the home buying process.

Academic Motivation

The academic motivation of the target learners is very high. The topic is relevant to them, they are interested in gaining an understanding of the content, and they are inclined to enter the home buying process with a better understanding of it.

Educational and Ability Levels

The educational and ability levels of this group will vary widely due to the wide range of individuals who are prospective home buyers (i.e., age, education level, computer proficiency).

General Learning Preferences

This audience does not want to sit through an instructor-led course for a day or two in order to learn this content. They are willing to do this during a time that is convenient for them.

How This Information Was Obtained

I conducted a learner analysis by interviewing a group of potential home buyers. The people who participated in this interview process were selected by a local real estate agent who asked her clients if they would mind participating. I also interviewed real estate agents in my area.

This section lists the questions that were asked to conduct my analysis.

Questions asked of real estate professionals:

1. What resources do you currently use to familiarize your clients with the home buying process?

2. Do you feel that the resources that you are currently using are sufficient?

3. Would it be beneficial to have an e-learning course that would help your clients understand the home buying process?

4. Would you be willing to direct your clients to an e-learning course that included topics such as financial preparation, finding the right home, and negotiating the deal?

Questions asked of recent home buyers:

1. When you started the home buying process, did you have all of the necessary information?

2. Did you get help from a real estate professional to purchase your home?

3. If so, were you comfortable asking him/her all the questions you had about the process, and did he/she able to answer all of your questions?

4. Did you use resources (printed or electronic) that helped you understand things like important financial preparation activities, how to find the right home, and how to negotiate the deal?

Learning Objectives

The learning objectives below were developed using the Mager format:

Module 1: Financial Preparation

Objective 1: Learners will identify the proper relationship between credit scores and financing options.

Objective 2: Given a list of financial choices, learners will identify those that improve their credit score.

Objective 3: Given the financial information of a fictitious home buyer, learners will identify what constitutes the buyer's maximum affordable home price.

Objective 4: Given a list of options, learners will identify the advantages of getting pre-approved for a mortgage.

Module 2: Finding the Right Home

Objective 5: Given a list of options, learners will identify the advantages of using a real estate professional to assist in finding the right home.

Objective 6: Learners will identify ways to find a realtor.

Objective 7: Learners will identify five things to consider when looking for a home.
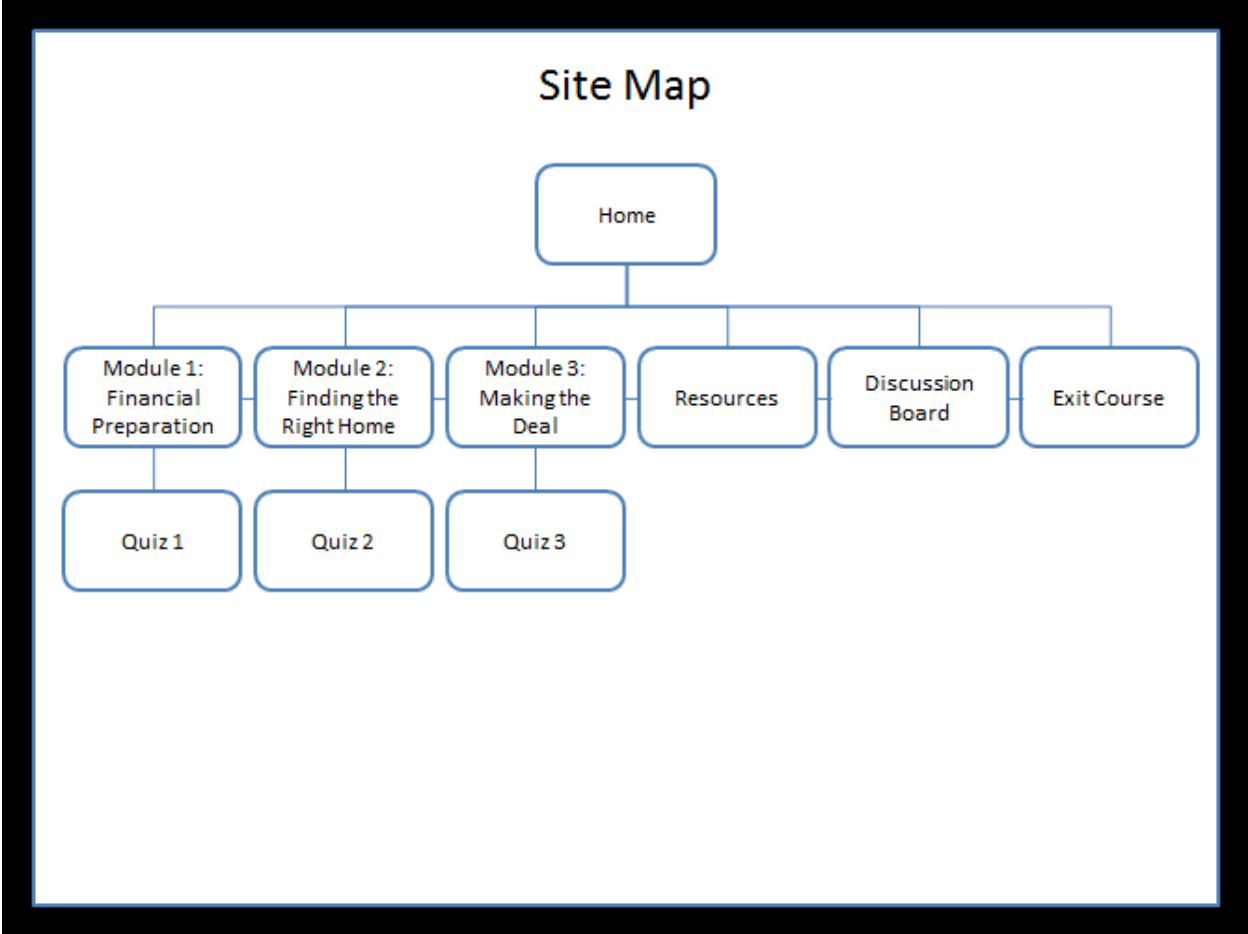
Module 3: Making the Deal

Objective 8: Learners will identify the common provisions included in a typical real estate contract.

Objective 9: Given a list of buyer and seller closing responsibilities, learners will identify which is typical for the buyer/seller to pay for/take care of.

Objective 10: Given a list of potential things to beware of during negotiations, learners will recognize those that are common.

Site Map

Site Map

Home

Module 1: Financial Preparation | Module 2: Finding the Right Home | Module 3: Making the Deal | Resources | Discussion Board | Exit Course

Quiz 1 | Quiz 2 | Quiz 3

Documentation

Legend:

Each module and objectives slide will be on a new slide together.
References will be shown as a footnote at the bottom of the page.

    I.   Section header
       a. New slide
          i. Same slide as above
              1. If this is the last level, then same slide as above
              2. If this is not the last level, then new slide
                  a. Same slide as above
                     i. Same slide as above
                        1. Same slide as above

Module 1: Financial Preparation

After this module, you will be able to:
- Identify the relationship between credit scores and financing options.
- Identify items that will improve your credit score.
- Identify what constitutes an affordable home price.
- Identify the advantages of getting pre-approved for a mortgage.

Content Outline for Module 1

    I.   How will you pay for your home?
       a. Cash
          i. Pros
              1. Attractive to sellers
              2. Quicker closing period
         ii. Cons
              1. Not likely that someone would pay cash
       b. Loan
          i. Common mortgage types
              1. Conventional
                  a. Characteristics
                     i. Not backed by the government
                    ii. Lender takes the risk if the borrower defaults
                    iii. Typically require 20% down payment
                    iv. Fixed or variable rates
              2. FHA-Federal Housing Administration
                  a. Characteristics
                     i. Backed by the government
                    ii. Popular for first-time home buyers
                    iii. Low down payment

                    iv. Must meet certain criteria
1. Specific credit score required
2. Special appraisal
3. Maximum amount allowed (by county)
4. The home must be in a condition to live in within x number of days (no major fixer-uppers)
             v. Additional fee
1. Monthly mortgage insurance required

3. VA
    a. Characteristics
        i. Less risky for lenders
        ii. Low closing costs
        iii. No down payment
        iv. Funding fee required
        v. More lenient qualification standards

Reference for section I.b.i: http://www.redfin.com/home-buying-guide/conventional-vs-government-backed-loans

    ii. Length of mortgages
1. 30 year
    a. Most common
2. 15 year
    a. Since the loan period is shortened, less interest is paid
    b. Higher monthly payments
    iii. Monthly payment breakdown
1. Principal: The cost of the home
2. Interest: The amount of interest you will pay on the amount borrowed
3. Taxes: Property taxes will vary depending on the location of the home
4. Insurance
    a. Homeowner's insurance: protects the homeowner in the event of damage or someone getting hurt at your home
    b. Mortgage insurance: may be required if you put less than 20% down on the home

Reference for section I.b.iii: http://www.redfin.com/home-buying-guide/principal-interest-taxes-insurance

II. Credit Scores 101: Things to know
    a. Credit scores impact your interest rate
        i. How is your interest rate determined?
1. Credit score (discussed in the next section)
2. Type of property
3. Loan term

4. Loan amount
5. Loan-to-value ratio (amount of mortgage/value of home)
6. Location

Reference for section I.a: https://www.lendingtree.com/mortgage/what-determines-interest-rate-article

b. Your credit score is your FICO Score (Fair Isaac Corporation)
    i. FICO calculates a credit score based on credit accounts and payment history
    ii. Credit reporting agencies that keep a FICO score
        1. Equifax: www.equifax.com
        2. Experian: www.experian.com
        3. TransUnion: www.transunion.com
    iii. Your credit score is made up of:
        1. 35% payment history
        2. 30% amounts owed to creditors and how that compares to the total amount of the credit line
        3. 15% length of credit history
        4. 10% number of accounts opened compared to total number of accounts, number of credit inquiries
        5. 10% type of credit

Reference for section II.b: http://www.nytimes.com/2009/01/06/your-money/credit-scores/primerscores.html?ref=creditscores&_r=0

    iv. Credit score range 300-850
        1. According to freescore.com, here are the good, bad, and miserable credit score ranges:
            a. Excellent = 720 and up
            b. Good = 680-719
            c. Average = 620-679
            d. Poor = 580-619
            e. Bad = 500-579
            f. Miserable = less than 500

Reference for section II.b.iv: http://www.freescore.com/good-bad-credit-score-range.aspx

c. What is your credit score?
    i. You can get your credit report and score by visiting annualcreditreport.com
    ii. If you are already working with a lender, they will be able to get your score for you
d. What your credit score means for financing options
    i. With a lower score:
        1. You will pay less interest on the money you borrow
        2. Lenders will trust you by lending more money
        3. More loan options will be available
e. Things you can do to improve your credit score:

               i.   Pay your debts on time
              ii.   Pay your bills on time
            iii.   Save money
            iv.   Pay off debt

f. Things to avoid doing that will lower your score:
               i.   Open new lines of credit/take out new loans
              ii.   Co-sign on someone else's loan
            iii.   Buy new things on credit
            iv.   Take money out of accounts
             v.   Close existing credit lines/cards

III. Home prices

a. Before looking at homes, you need to figure out what price range you can afford
               i.   Do it yourself by using an online mortgage calculator like this one:
                  http://cgi.money.cnn.com/tools/houseafford/houseafford.html
              ii.   Talk to a lender (covered in the next module) who can help you determine what price homes you can afford

IV. Mortgage pre-approval

a. Preapproval vs. Prequalification
               i.   Prequalification is given based on what the borrower tells the lender
              ii.   Preapprovals are given based on actual financial information
                     1.   What you will typically need to provide a lender to obtain a prequalification letter:
                         a.   Credit report
                         b.   Credit score
                         c.   W-2s
                         d.   1099s
                         e.   Pay stubs
                         f.   Bank statements
                         g.   Retirement account statements

b. Advantages of being prequalified:
               i.   Search parameters will be narrowed by price, saving time
              ii.   Increased opportunity to look at specific aspects of homes when comparing
            iii.   Added security for the seller because they know you are a serious buyer
            iv.   Faster closing process

c. Finding a broker
               i.   The best way to get connected with a good mortgage broker is to ask your family and friends who they have used and trusted
              ii.   If you are using a real estate agent, they will usually have a broker who they normally work with and trust

Reference for section IV.a: http://www.nytimes.com/2012/06/10/realestate/mortgages-the-advantages-of-preapproval.html
Reference for section IV.b:
http://homebuying.about.com/od/financingadvice/a/advofpreapprova.htm

Module 1 Assessment
Correct answers are highlighted in yellow

Question 1:
Read the following statement and indicate whether it is true or false.
   The higher your credit score, the more financing options are available.
   ☐ True
   ☐ False

Question 2:
Select the actions that will improve your overall credit rating: (mark all that apply)
   ☐ Closing an existing credit card
   ☐ Paying your debts on time
   ☐ Financing a new car
   ☐ Cosigning on a loan for a family member
   ☐ Paying your bills on time
   ☐ Taking out a 401k loan
   ☐ Put money in your savings account
   ☐ Pay off debt more rapidly
   ☐ Give money to your kids or family members
   ☐ Taking money out of your bank accounts

Question 3:
Please read the following scenario and use this calculator to answer the following question:
Calculator (Link this to http://cgi.money.cnn.com/tools/houseafford/houseafford.html)

Sam is a middle-aged man who has worked at Pacific Gas & Electric for 20 years. His income is $6k/month, and he has debt totaling $75k coming from a car loan, RV loan, and credit card debt. His monthly debt payments total $1200 and his credit score is 620. Sam has $25k as a down payment, and he thinks he can get a 4.5% interest rate.

What is the maximum price range of homes that Sam can afford?

   ❑ $50k-$100k

   ❑ $101-$150k

   ❑ $151k-$200k

   ❑ $201k-$250k

   ❑ $251k-300k

   ❑ >$300k

Retrieved from: http://cgi.money.cnn.com/tools/houseafford/houseafford.html

Question 4:
Select the advantages of getting pre-approved for a mortgage: (mark all that apply)
   ☐ Search parameters will be narrowed by price, saving time

- ☐ There is a larger pool of homes to look at
- ☐ Increased opportunity to look at specific aspects of homes when comparing
- ☐ Added security for the seller because they know you are a serious buyer
- ☐ If an offer is already made on a home, your offer cancels the other offer out
- ☐ Faster closing process

Module 2: Finding the right home

After this module, you will be able to:
- Identify the advantages of using a real estate professional to assist in finding the right home.
- Identify how and where to find a realtor.
- Identify important things to consider when looking for a home.

Content Outline for Module 2

I.   You may want to find a real estate professional to help you find the right home
    a.   Some advantages include:
        i.   Assistance in determining how much you can afford by recommending and working with mortgage brokers
        ii. Access to the MLS (Multiple Listing Service)
        iii. Help you narrow your options
        iv. Act as a resource to answer your home buying questions
        v.   Refer you to other specialists such as home inspectors or lenders
        vi. Negotiate on your behalf
        vii. Assist throughout the process and act as your advisor

Reference for section I: http://www.homefinder.com/content/Buying-Guide:The_Benefits_of_Using_a_Real_Estate_Agent

II. How and where to find a realtor
    a.   Similar to finding a mortgage broker, you will want to ask your friends, family, and co-workers
    b.   Search the internet and read reviews from past clients
    c.   Look for an agent that is familiar with the area you want to buy in
    d.   Interview them by asking:
        i.   Ask about things you are not as familiar with (such as mortgage insurance) to see how complete and simple their explanation is
        ii. Find out what their commission is (varies by location and market so get comparisons)
        iii. How many homes have you listed and sold in the past 6 months?
    e.   Bottom line: Find someone who you feel comfortable with, and who will represent your best interests

Reference for section II: http://www.homefinder.com/content/Buying-Guide:How_and_Where_to_Find_an_Agent

III.   There are many things to consider when looking for the right home. You may already have an idea of what you want, but be sure to consider the following:
  a. Location in town/city
  b. Location on the street
  c. Multi-family/single-family
  d. Price
  e. # of levels
  f. # of bedrooms/bathrooms
  g. # of garages
  h. Size of lot
  i. Size of family/future size of family
  j. Floor plan
  k. Condition of home
  l. New/existing home
  m. HOA costs
  n. Parking
  o. Property taxes

Module 2 Assessment
Correct answers are highlighted in yellow.

Question 1:
Select the advantages of using a real estate professional: (mark all that apply)
  ☐ Assist in determining how much you can afford by recommending and working with mortgage brokers
  ☐ It's nice to have someone to talk to
  ☐ Access to the MLS (Multiple Listing Service)
  ☐ Help you narrow your options
  ☐ Lower price on homes when you use a realtor
  ☐ Act as a resource to answer your home buying questions
  ☐ Refer you to other specialists such as home inspectors or lenders
  ☐ Negotiate on your behalf
  ☐ Skip steps in the process to save time
  ☐ Assist throughout the process and act as your advisor

Question 2:
Read the following statement and indicate whether it is true or false.

The bottom line for finding the best realtor for you is to make sure his/her commission is low:
  ☐ True
  ☐ False

Question 3:
List 5 things to consider when looking for a home:
1.

2.
3.
4.
5.

Answers could include:

- Location in town/city
- Location on the street
- Multi-family/single-family
- Price
- # of levels
- # of bedrooms/bathrooms
- # of garages
- Size of lot
- Size of family/future size of family
- Floor plan
- Condition of home
- New/existing home
- HOA costs
- Parking
- Property taxes

Module 3: Making the Deal

After this module, you will be able to:
- Identify the appraisal value considerations.
- Identify the common parts included in a typical real estate contract.
- Identify which is typical for the buyer/seller pay for/take care of.

Content Outline for Module 3

I. The appraisal is an important piece in the home buying process.
   a. Considerations that go into the appraisal value
      i. Comparisons in the neighborhood
      ii. Condition of home
      iii. Lot size
      iv. Square footage
      v. Curb appeal
      vi. Location
      vii. Updated/outdated
      viii. # of bed/baths
      ix. Energy efficiency/condition of appliances
      x. Current market

b. Sometimes the appraisal is lower than the offer/list price, and the bank will likely not approve the loan
    i. If the appraisal is too low:
        1. The buyer can pay the difference in cash
        2. The seller can lower the price
        3. You can get a second appraisal

Reference for section I.b:
http://homebuying.about.com/od/financingadvice/qt/053107LowApprsl.htm

II. Parts of the real estate contract
    a. A real estate contract has many sections, but here are some things you can expect to see:
        i. Buyer and Seller names
        ii. Address of property
        iii. Goods included
        iv. Terms of payment
        v. Possession date
        vi. Additional terms agreed upon by both parties
III. When making the deal with the seller there are many negotiable items, but here is an example of how it would be split:
    a. Buyer
        i. Home inspection
        ii. Acid wash pool/spa
        iii. Changing the locks
        iv. Homeowners Insurance
        v. Termite/Pest inspection
    b. Seller
        i. Closing costs
        ii. Structural repairs
        iii. Real estate commissions

Module 3 Assessment
Correct answers are highlighted in yellow.

Question 1:
Identify the variables that go into the appraisal value: (mark all that apply)
- ☐ Comparisons in the neighborhood
- ☐ Condition of home
- ☐ How much is still owed
- ☐ Lot size
- ☐ Square footage
- ☐ Curb appeal
- ☐ Friendly neighbors
- ☐ Location
- ☐ Updated/outdated

- ☐   # of occupants
- ☐   # of bed/baths
- ☐   Energy efficiency/ condition of appliances
- ☐   # of prior owners
- ☐   Current market

Question 2:
Identify the common parts in a real estate contract: (mark all that apply)
- ☐   Buyer and Seller names
- ☐   Address of property
- ☐   Credit scores of Buyer
- ☐   Goods included
- ☐   Terms of payment
- ☐   The date the locks will be changed
- ☐   Possession date
- ☐   Additional terms agreed upon by both parties
- ☐   Number of future occupants

Question 3:
Identify if the Buyer or Seller typically pays for the following items during the closing process:

Closing costs - Seller
Home inspection - Buyer
Structural repair - Seller
Acid wash pool/spa - Buyer
Changing the locks - Buyer
Homeowner's insurance - Buyer
Termite and pest inspection – Buyer
Real estate commissions - Seller

Assessments

Assessments in this course are designed to reinforce the content learned, and are not meant to provide a grade to the learner. If a question is answered incorrectly, the correct answer will be highlighted or provided so the learner knows what he/she did not answer correctly. Leaners will use the quizzes in each module to self-assess what they have learned. They will also have the opportunity to go backwards though the course to review the material again to be sure they understood it properly. Correct quiz answers will trigger a "That is correct!" message. Wrong answers will trigger a "Not quite, the correct answer is _____" message.

Merrill's Five Star Instructional Design Rating

The type of instruction for this Intro to Home Buying course is "Tell & Ask." This course is a learner-led course that is primarily for sharing information, with a few short quizzes that are designed to reinforce the content and have learners recall important information. For these reasons, the Intro to Home Buying course gets no stars because it does not meet the basic requirements for Merrill's Five Start Rating.

Storyboard

These storyboard images were created using Microsoft PowerPoint. The final course will be
created using a tool such as Camtasia or Articulate Storyline by importing the PowerPoint slides
to create the final product.

Home Page:

Section Headers:

Financial Preparation

Home

Financial Preparation

Finding the Right Home

Making the Deal

Resources

Discussion Board

Exit Course

After this module, you will be able to:

➢ Identify the proper relationship between credit scores and financing options.

➢ Identify items that will improve your credit score.

➢ Identify what constitutes the maximum affordable home price.

➢ Identify the advantages of getting pre-approved for a mortgage.

PREV NEXT

Module 1 Section 1 with Quiz Question 1

2/10/2013

Financial Preparation

Home

Financial
Preparation

Finding the
Right Home

Making the
Deal

Resources

Discussion
Board

Exit Course

How will you pay for your home?
Cash
➢ Pros
  • Attractive to sellers
  • Quicker closing period
➢ Cons
  • Not likely that someone would pay cash
Loan

PREV   NEXT

Financial Preparation

Home

Financial
Preparation

Finding the
Right Home

Making the
Deal

Resources

Discussion
Board

Exit Course

Common mortgage types:

Conventional

FHA – Fair Housing Administration

VA

PREV   NEXT

2/10/2013

Financial Preparation

Home

Conventional
Characteristics:
- Not backed by the government
- Lender takes the risk if the borrower defaults
- Typically require 20% down payment
- Fixed or variable rates

Financial Preparation

Finding the Right Home

Making the Deal

Resources

Discussion Board

Exit Course

http://www.redfin.com/home-buying-guide/conventional-vs-government-backed-loans

PREV   NEXT

Financial Preparation

Home

FHA
Characteristics:
- Backed by the government
- Popular for first-time home buyers
- Low down payment
- Must meet certain criteria
  - Specific credit score required
  - Special appraisal
  - Maximum amount allowed (by county)
  - The home must be in a condition to live in within x number of days (no major fixer-uppers)
- Additional fee
  - Monthly mortgage insurance required

Financial Preparation

Finding the Right Home

Making the Deal

Resources

Discussion Board

Exit Course

http://www.redfin.com/home-buying-guide/conventional-vs-government-backed-loans

PREV   NEXT

2/10/2013

Financial Preparation

- Home
- Financial Preparation
- Finding the Right Home
- Making the Deal
- Resources
- Discussion Board
- Exit Course

VA

Characteristics:
- Less risky for lenders
- Low closing costs
- No down payment
- Funding fee required
- More lenient qualification standards

http://www.redfin.com/home-buying-guide/conventional-vs-government-backed-loans

PREV NEXT

Financial Preparation

- Home
- Financial Preparation
- Finding the Right Home
- Making the Deal
- Resources
- Discussion Board
- Exit Course

Length of mortgages
- 30-year
  - Most common
- 15-year
  - Since the loan period is shorter, less interest is paid
  - Higher monthly payments

PREV NEXT

2/10/2013

Financial Preparation

Home

Financial
Preparation

Finding the
Right Home

Making the
Deal

Resources

Discussion
Board

Exit Course

Monthly payment breakdown- PITI

Principal: The cost of the home

Interest: The amount of interest you will
pay on the amount borrowed

Taxes: Property taxes will vary
depending on the location of the
home

Insurance

➢ Homeowner's insurance: protects
the homeowner in the event of
damage or someone getting hurt at
your home

➢ Mortgage insurance: may be
required if you put less than 20%
down on the home

http://www.redfin.com/home-buying-guide/principal-interest-
taxes-insurance

PREV   NEXT

Home

Financial
Preparation

Finding the
Right Home

Making the
Deal

Resources

Discussion
Board

Exit Course

Financial Preparation Quiz

Question 1:
Read the following statement and indicate
whether it is true or false.

The higher your credit score, the more
financing options are available.

❑ True

❑ False

PREV   NEXT

Resources:

Resources

www.realtor.com

www.redfin.com

www.realestate.com

www.houselogic.com

http://homebuying.about.com/od/buyingahome/u/Buyers.htm

Home

Financial Preparation

Finding the Right Home

Making the Deal

Resources

Discussion Board

Exit Course

PREV   NEXT

Discussion Board:

Discussion Board

Home

Financial Preparation

Finding the Right Home

Making the Deal

Resources

Discussion Board

Exit Course

Share information and ask questions of others who are new to home buying!

Join the forum at:
newtohomebuying@freeforums.net

PREV NEXT
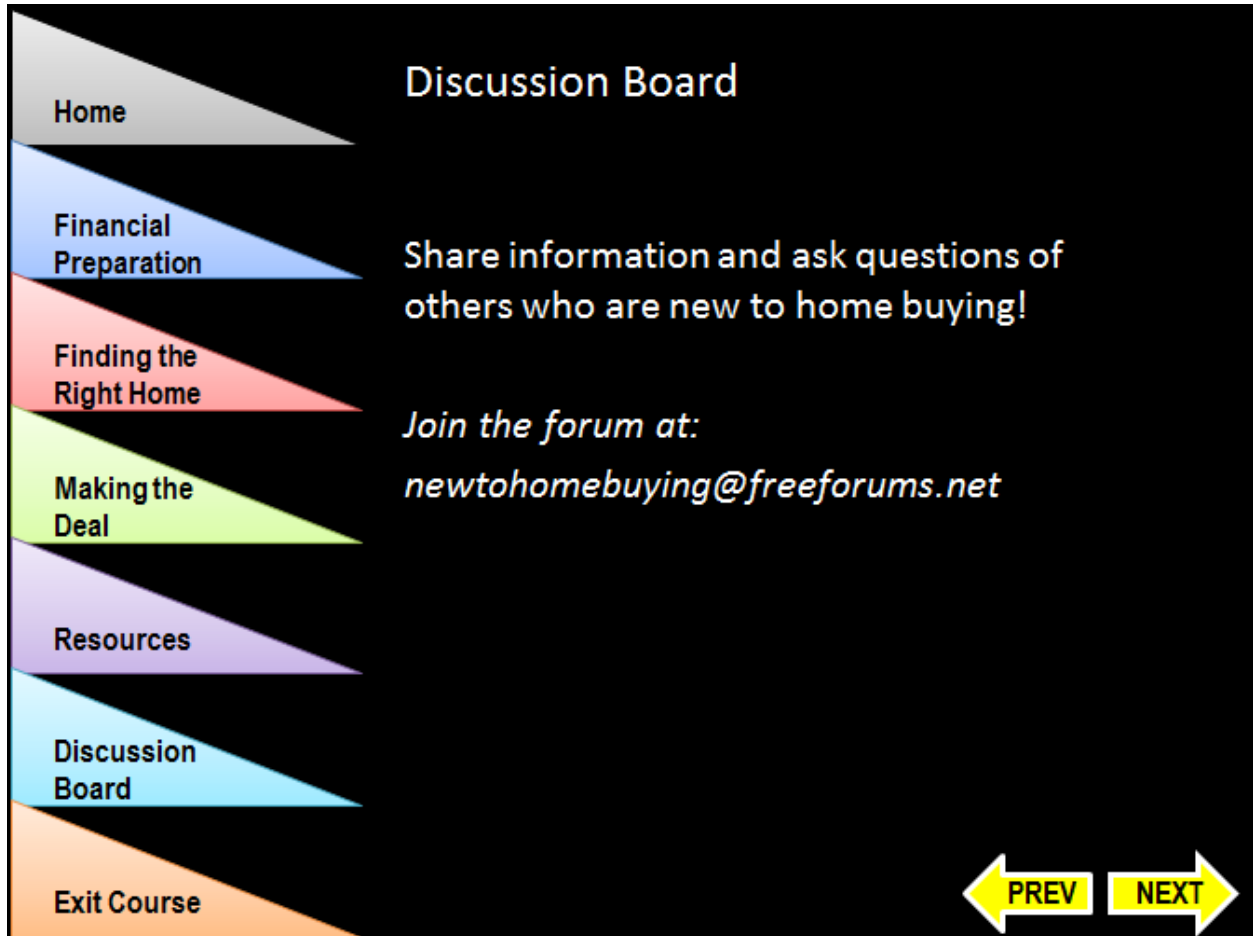
References

Dick, W., Carey, L., & Carey, J. O., (2009). *The Systematic Design of Instruction (7th ed.).* Upper

Saddle River: Pearson.

Horton, W. (2012). *E-Learning by Design (2nd ed.).* San Francisco: Pfeiffer.

Techniques & Methods for Writing Objectives & Performance Outcomes. Retrieved on 1/19/13

from http://classweb.gmu.edu/ndabbagh/Resources/IDKB/objective_formats.htm

Websites used for content sections:

http://home.howstuffworks.com/real-estate/10-factors-in-your-home-appraisal.htm#page=0

http://www.streetdirectory.com/travel_guide/76099/real_estate/what_to_look_for_when_closing_a_real_estate_sale.html

http://www.realestateabc.com/homebuying/

http://cgi.money.cnn.com/tools/houseafford/houseafford.html

http://ezinearticles.com/?Five-Most-Important-Parts-of-a-Real-Estate-Contract&id=3648250

http://www.homefinder.com/content/Buying-Guide:The_Benefits_of_Using_a_Real_Estate_Agent

http://www.realtor.com/Basics/AllAbout/Realtors/Why.asp?source=web

http://www.redfin.com/home-buying-guide/welcome

http://www.redfin.com/home-buying-guide/conventional-vs-government-backed-loans

http://www.redfin.com/home-buying-guide/principal-interest-taxes-insurance

https://www.lendingtree.com/mortgage/what-determines-interest-rate-article

http://homebuying.about.com/od/financingadvice/qt/053107LowApprsl.htm

http://www.homefinder.com/content/Buying-Guide:How_and_Where_to_Find_an_Agent

http://www.nytimes.com/2012/06/10/realestate/mortgages-the-advantages-of-preapproval.html

http://homebuying.about.com/od/financingadvice/a/advofpreapprova.htm

http://www.nytimes.com/2009/01/06/your-money/credit-scores/primerscores.html?ref=creditscores&_r=0

http://www.freescore.com/good-bad-credit-score-range.aspx