Buying a house can be an exciting but daunting task. It's important to be aware of the potential scams and traps that might be involved. Here are some tips to help you navigate the process:

1. **Avoid Scams**
   - Always verify the credentials of any service provider you hire.
   - Be cautious of high-pressure sales tactics.

2. **Understand Buying an “As-Is” House**
   - Make sure you understand what “as-is” means in the context of the property.
   - It’s important to have the property inspected by a professional before proceeding.

3. **Reduce Your Property Taxes**
   - Research local property tax regulations and look for ways to reduce your costs.
   - Consider tax deferment options if available.

Remember, knowledge is power. The more you understand the process, the better equipped you are to make a wise decision. If you need assistance, the CLEARCorps Detroit team is here to help.
Keep your family healthy and safe!

Buying a house can be an exciting time, but if the house has an old roof, tax debt, or the old windows have lead-based paint, your house could harm your family’s health and hurt your finances.

In this brochure, you will learn about the hidden costs of buying an “as-is” house, how to avoid scams, and learn what basic systems your home needs to be **healthy and safe**.

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### House Repair Budget

If your new house needs any major repairs, write in the estimated costs below to determine how much money you need to make the house livable.

- Roof replacement or repairs? $_______
- Furnace replacement or repairs? $_______
- Window replacement? $_______
- New pipes or other plumbing repairs? $_______
- Wiring or electrical upgrades or repairs? $_______
- Other major structural repairs? $_______
- Exterminator for pest infestation? $_______

**Total cost of repairs:** $_______

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CLEARCorps Detroit wishes you the best during your search for a new home. We hope this booklet can help you make good decisions for your family. Please contact us if you have any questions or concerns at 313-924-4000.

Thank you.
My Monthly House Budget

Total Monthly Income (include all sources): $________

How much does my house cost every month?

- Monthly mortgage payment: $________
- Monthly homeowners insurance: $________
- Monthly utility bill (higher in winter): $________
- Monthly security system payment: $________
- Monthly water bill: $________
- Property taxes (divide annual cost by 12): $________

Total Monthly Costs: $________

Other Major Costs

- Are there back property taxes? $________
- Is there an unpaid water bill? $________
- Are there any liens against the house? $________

Total Other Costs: $________

Signs of a Scam

When buying a house, it could be a scam if the seller:

- Makes promises or tells you they will do something but will not put it in writing
- Tells you not to worry about taxes
- Asks you to sign something without reading it
- Asks you to sign a form with blank spaces
- Won’t provide title insurance or documentation
- Will not record a land contract
- Tells you not to contact an attorney
- Pressures you to make a quick decision

And remember, if it’s not in writing, you have no legal protections!

For questions or concerns about scams, contact the United Community Housing Coalition at (313) 963-3310.
Know the Condition of Your House

A home for sale may be damaged or need repairs. People looking to “flip” houses will not fix problems, and vacant properties may be stripped of wiring, the furnace, and other metal items.

**WATCH FOR:**

**Roof:**
- Tarps, visible holes, tar, or raised shingles mean the roof needs to be repaired or replaced.
- **Hazards:** Mold growth, asthma trigger
- **Average Repair Cost:** $5,000 - $10,000 (depends on size of home and if re-decking is needed)

**Structural Damage:**
- Porches and stairs may be unstable or rotting, railings may be missing.
- **Hazards:** Tripping and falling, structural collapse
- **Average Repair Cost:** $1,000 - $5,000

**Water Pipes:**
- Watch for leaks. Water pipes may be missing and may need to be replaced.
- **Hazards:** Mold and mildew, asthma trigger
- **Average Repair Cost:** $1,000 - $6,000

Deeds & Property Taxes

**City of Detroit Property Tax Unit**
(313) 224–3560

**Wayne County Treasurer**
(313) 224-5990, www.waynecounty.com/treasurer

**Michigan Department of Treasury**
(517) 373-3200, www.michigan.gov/taxes

**Wayne County Register of Deeds**
(313) 224-5854, www.waynecounty.com/deeds

**Detroit Department of Water and Sewerage**
(313) 267-8000, www.dwsd.org

**HUD Homeowner’s Hotline**
(888) 995-HOPE

Healthy Homes Repair Resources

**Lead Abatement Grants:**

**Michigan Dept. of Health and Human Services**
Lead Safe Homes Program
(866) 691-5323, www.michigan.gov/leadsafe

**City of Detroit Housing and Revitalization Dept.**
Citywide Lead Hazard Reduction Program
(313) 628-2565 or (313) 224-3461

**Home Repair Loans:**

**Detroit 0% Home Repair Loans Program**
(313) 640-1100, www.detroithomeloans.org
Homeownership Resources

Home Buying Assistance

MSHDA Homeownership
(517) 373-6840, www.michigan.gov/mshda

Housing Counseling (HUD)
(800) 569-4287

United Community Housing Coalition
(313) 963-3310, www.uchcdetroit.org

Southwest Housing Solutions
(313) 841-3727, www.swsol.org/housing

Bridging Communities
(313) 361-6377, www.bridgingcommunities.org

Habitat for Humanity—Detroit
Affordable Homeownership Program
(313) 521-6691 x 119, www.habitatdetroit.org

Legal Assistance

Michigan Legal Services
(313) 964-4130, www.milegalservices.org

Legal Aid and Defender Association
(877) 964-4700, www.ladadetroit.org

William Booth Legal Aid Clinic—Salvation Army
(313) 361-6340, 3737 Lawton St, Detroit, MI 48208

Lead-Based Paint Hazards:
If the house was built before 1978, lead-based paint may have been used on wood windows, interior trim and doors, and exterior surfaces such as porches and siding.

Hazards: Lead-based paint can cause lead poisoning in children, which results in brain damage and other developmental issues.

Average Repair Cost: $1,000 - $10,000

Heating System:
If a house has been vacant, scrappers may have taken the furnace. Many old houses don’t have insulation and are expensive to heat. Old furnaces may produce Carbon Monoxide (CO), which can be deadly.

Hazards: Excess Cold, CO poisoning

Average Repair Cost: $1,500 - $7,000

Electrical wiring:
Scrappers often strip vacant houses of light fixtures and wiring. Old houses are not meant to have a lot of electric appliances in use, and overloading outlets can result in an electrical fire. Exposed wires can cause shock.

Hazards: Fire, electric shock

Average Repair Cost: $1,000 - $5,000

Pests:
Look for signs of mice, rats, cockroaches, and bedbugs. Look for droppings and pest entry points. Ask the seller.

Hazards: Asthma trigger

Average Cost for Exterminator: $200 - $600
12 Home Buying Tips

“"When I was buying my house, no one explained to me about property taxes and cost of repairs. It was very misleading — I had no idea how high the property taxes would be. I got my taxes reduced this year because of programs to help homeowners, but every cent I have goes towards house repairs.”

- Cynthia, Detroit homeowner since 2009

1) **Do your research before purchasing a home.**
   Buying a home is complicated - don’t be afraid to ask for help. Visit the house and talk with neighbors.
   Read everything very carefully.
   See page 16 for a list of home buying resources.

2) **Make sure everything is covered in the purchase agreement.** Everything is negotiable and can be changed before you sign the agreement. Once the purchase agreement is signed, it is the binding legal document. *Remember, if the terms are not in writing, you have no legal protection!* Have it reviewed by a lawyer or an organization familiar with housing law.

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**Tax Reduction Resources**

**City of Detroit Property Tax Programs**

The Hardship Program Tax Exemption is through the City and is for upcoming taxes only. Based on your income, it can result in a full or partial exemption for the current year’s summer taxes. For information on available programs, contact the City of Detroit Assessor’s Office: (313) 224-3560

**Step Forward Michigan**

If you have had a “qualifying hardship” such as the loss of a job that resulted in tax debt, this program may be able to help with payment. It does not apply to new owners, or to tax debt that came with a house. Call 866-946-7432 or submit an application online at stepforwardmichigan.org.

**Home Ownership Assistance**

The Michigan Department of Health and Human Services (MDHHS) can pay up to $2,000 towards property tax debt for qualifying homeowners. Visit mi.gov/dhs and click on Emergency Relief or call 855-275-6424
Property Tax Assistance for Low-Income Homeowners

Tax Foreclosure Resources

Wayne County Tax Foreclosure Assistance

A Hardship Extension for past-due taxes is available through Wayne County and is for families facing tax foreclosure. This extends your due date, but does not provide financial assistance. Past-due taxes for properties located in the City of Detroit are handled through the Wayne County Treasurer’s Office. For more information about Wayne County tax foreclosure assistance programs, visit: tinyurl.com/clearcorps1 or call 313-224-5990

Tax Foreclosure Prevention Project

Do you know your rights as an occupant of a tax foreclosed home? Free help is available to assist you on Monday, Wednesday, and Friday from 9AM-Noon:

United Community Housing Coalition and Michigan Legal Services
2727 2nd Avenue, Suites 313 & 333, Detroit, MI 48201
Phone: (313) 963-3310 and (313) 964-4130
Tax Foreclosure Hotline: (313) 405-7726

3) The seller should provide a title commitment as part of your purchase. This will identify any problems with tax debt or liens and ensure the seller owns the property. If a seller does not want to provide title commitment, this is a red flag. You can pay for a title search & put in the purchase agreement that the purchase depends on the results of the title search. Visit waynecounty.com/deeds/index.htm or call (313) 224-5854 for paid access to documents related to the property you are trying to purchase within Wayne County. Paying for a title search can save you a lot of money in the end.

4) Ask the water department for the water bill. The purchase agreement should say who is responsible for paying the remaining water bill. Like property taxes, the water bill attaches to the house. Once you purchase the house, you are responsible for the remaining bill. Contact the Detroit Water and Sewerage Department at (313) 267-8000 for the current balance due.

5) Check the property tax status of the house. You are responsible for previously unpaid taxes once you become the homeowner (unless you purchased the house through an auction). Check the tax bill online at waynecounty.com/treasurer or at the Wayne County Treasurer’s Office, 400 Monroe St, 5th floor.

6) Taxes are due twice a year (Summer and Winter). Your tax bill for the current year will depend on when you bought the house. If the tax is already paid for the year, you may owe money to the seller. Most of your taxes are due in the summer.
12 Home Buying Tips Continued...

7) **Consider getting a professional home inspection.** This costs approximately $300-$400, but may uncover hidden problems that could save you money. Only hire inspectors who are independent from the seller. The home inspector will determine repairs needed and verify that the home is safe for you to live in. Contact MSHDA for assistance in finding an inspector: (517) 373-6840

8) **Determine how much repairs will actually cost.** A professional home inspector can help determine costs and prioritize repairs. Consider roofing, plumbing, electrical, and heating repairs. These repairs can be extremely costly. If repairs are not made, the house can cause serious health problems for you and your family. If you choose to have repairs done, make sure the contractor is reputable and is certified to do the work. See page 19 for a sample repair budget.

9) **Add up yearly tax payments, maintenance, and utility bills.** Make sure you can afford utilities and property taxes (including tax debt), before purchasing the home. If you do not pay the previous tax debt, you could lose the home to tax foreclosure. See pages 18-19 for a sample do-it-yourself budget.

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**Property Deeds**

A property deed is a written and signed legal document that is used to transfer titles and ownership of a home from the old to the new owner. Typically, two types of deeds are used: Quit Claim and Warranty. **All deeds should be accompanied by Title Insurance.**

**Quit Claim Deed:**
This type of deed does not guarantee that the seller has a clear title, which means the house may have probate issues or liens. Make sure you know about any issues before making the purchase and always get title insurance with the deed.

**Warranty Deed:**
You can only record a warranty deed if you have a clean tax bill and no liens on the property. Warranty deeds are recommended because it means the house doesn’t have any outstanding issues that the new homeowner would have to deal with.

For help with deeds and land contracts, contact Michigan Legal Services: milegalservices.org or (313) 964-4130.
Land Contracts

Things to consider when purchasing on land contract

For a land contract, the seller still owns the house until all the payments have been made.

→ It is extremely important to record your land contract.

→ If there is still tax debt, you will not be able to record your land contract at the Wayne County Register of Deeds (400 Monroe St, 7th floor). In this case, you should record a Memorandum of Land Contract.

→ The land contract should say who is responsible for paying the taxes and what type of documentation will be used for proof of payment. If there is current tax debt, the contract should say who is responsible for previous debt.

→ If the seller is responsible for previous debt, have a plan for addressing this tax debt if they do not make all of the payments. If the seller does not pay the taxes, you could lose the home to tax foreclosure.

→ Save copies of all payments (cancelled check and money order receipts that clearly state where money went) in case there are problems with transferring ownership.

→ The land contract should be clear on who is responsible for paying the water bill and which account is used with the Water and Sewerage Department.

10) Always record Quit-Claim Deeds and Warranty Deeds with the Wayne County Register of Deeds. This will protect your ownership and help you to be eligible for the lower homeowner tax rate and additional programs. To record a deed, go to the Wayne County Register of Deeds (400 Monroe, 7th floor). You must file a Property Transfer Affidavit and Principal Residence Exemption at the City Assessor’s office (Coleman A. Young Municipal Center: 2 Woodward Ave., 8th floor). You must file an affidavit within 45 days of signing the deed or you will have to pay a fine.

11) Be sure to record all land contracts through the Wayne County Register of Deeds. If you cannot record a land contract due to delinquent taxes, you should record a Memorandum of Land Contract. Recording this contract will provide you with more protection when you want to transfer ownership or enroll in a grant program.

12) Visit a HUD-certified counselor before buying a house. Many HUD-certified services are free and will give you the information you need to buy the best house for you and your family. If you use a counseling agency that is not HUD-certified, there may be extra hidden costs. Visit tinyurl.com/clearcorpsd or call 1-800-569-4287 to find HUD-certified counselors in your area.
If You Buy from an Investor:

These types of purchases include land contracts, mortgages, or cash purchases. This includes purchasing “as-is” houses.

- Tax debt will not be reset when you buy from an investor, so you still must pay previous tax debt. There should be language in your contract about who is responsible for tax payments.

- Even if your contract says that the seller will pay the old tax debt, your contract should require proof of payment. If the seller does not pay the tax debt, you are still responsible for paying.

- You may want to negotiate to reduce the purchase price and pay the back taxes yourself. When a house has tax debt of three or more years, and is not on a payment plan, the County owns the house.

- You are responsible for previous unpaid water bills.

- Previous utility theft may be on record at the property. Call DTE Theft Recovery at 1-800-477-4747 to check the utility status of the address.

If You Buy from a Tax Auction:

- You will not owe taxes for previous years. However you still owe taxes for the year you purchased the house in an auction. If taxes are not paid by year’s end, your house reverts back to the Treasurer.

- You will not owe water bills from before you bought the property, but you may be responsible for any water bill that was transferred to the tax bill in the year of the auction.

- While you may pay a low price for the house, you will be responsible for any needed repairs (see pages 4-5).

- Even if the house is for sale through the tax foreclosure process, the house may still be occupied. If someone is living there, you will have to go to the District Court in order to evict them after you receive your deed. Do not ever confront or try to evict occupants yourself!

- The home may still be under statutory redemption when purchased, which means the previous homeowner can still buy the house back. In the rare case this happens, you would get your money back plus interest.