

Buying a Home

It's a big step – and it's one that can change your life for the better. But because it's such a big milestone, and a big responsibility, it's a step that you should take with great care and lots of planning. Fortunately, Elko Federal Credit Union is here to help you do exactly that.

Here, you'll find lots of tips and advice on how to prepare for your next home purchase.



Let's Get Started!

STEP 1

Identify Income

Perhaps even before you know what neighborhood you'd love to call home, it's time to get your overall financial picture in tip-top shape. Some simple ways you can do this include:

- Build a good credit history by paying bills on time.
- Check your credit reports and address any errors or problems you spot. You are entitled to a free credit report each year from each of the major credit-reporting agencies: Equifax, Experian, and Transunion.
- Avoid taking out new credit cards or loans just before you apply for a mortgage loan.
- Create a budget to help you determine how much you can afford to pay on housing. (See our resource guide on Budgeting for help.)

STEP 2

Get Pre-Approved

When you're ready to begin your search, first get pre-approved for an Elko Federal Credit Union mortgage. Knowing how much you can borrow will make the home-buying process easier and help you set realistic goals. A real estate agent is more likely to want to work with you knowing that you're serious and ready to make an offer as soon as you find the home you want. Also, some sellers only allow real estate agents to show their house if someone has a pre-approved letter.



DID YOU KNOW?

Your monthly mortgage payment should not exceed 28% of your monthly pre-tax income. That payment includes principal, interest, taxes, and insurance (PITI).

Once you are pre-approved, keep in mind that what you should actually spend on a new home may be less than the pre-approval amount. Always consider your overall budget and other financial obligations. Remember, you'll also be paying for property insurance, taxes, maintenance, utility bills, and homeowners' association dues. Many of these expenses will increase every year, so even if you can afford them now, you may not be able to afford

them in a few years if you buy a home at the top of your budget. Make sure to leave yourself plenty of cushion, especially if you're thinking of expanding your family.

For more help on deciding how much you want to spend on your home purchase, visit elkofcu.org and check out our calculators under "Resources."



STEP 3

Shop for Neighborhoods

Before you even tour a specific home for sale, you'll want to consider "location, location, location." Considered the most important factor in buying a home, its location can have a huge impact on price, convenience, commute time, and more. Other factors to consider are whether the neighborhoods you like have properties that tend to appreciate in value over time, have retail and dining close by, or offer amenities you and your family would enjoy.

STEP 4

Shop for a Real Estate Agent

An agent can help you navigate through the entire process of touring and negotiating the price of your home, providing priceless insight into neighborhoods and negotiation strategies. Ask friends for referrals or check local sales statistics to learn about top real estate agents who can help you.

STEP 5

Shop for Homes

Now that you have your sights set on specific neighborhoods, it's time to consider the homes for sale there and how those homes align with what you really like and need. Following are some factors to consider:

	Need	Want
Backyard	<input type="checkbox"/>	<input type="checkbox"/>
Pool	<input type="checkbox"/>	<input type="checkbox"/>
Garage or carport	<input type="checkbox"/>	<input type="checkbox"/>
Wooded lot/privacy	<input type="checkbox"/>	<input type="checkbox"/>
Fenced property	<input type="checkbox"/>	<input type="checkbox"/>
Dining room	<input type="checkbox"/>	<input type="checkbox"/>
Family room (in addition to living room)	<input type="checkbox"/>	<input type="checkbox"/>
Central air conditioning	<input type="checkbox"/>	<input type="checkbox"/>
Hardwood floor	<input type="checkbox"/>	<input type="checkbox"/>
Basement – finished or unfinished	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>
New or existing home _____		
Contemporary, traditional, colonial, or other _____		
Number of levels _____		
Move-in condition (move-in-ready, fixer-upper) _____		
Brick, vinyl siding, stucco, or wood siding (circle one) _____		
Number of bedrooms _____		
Number of bathrooms _____		
Minimum Square Footage _____		
Other _____		

Tour the Home

There's no substitute for seeing a home in person. And because there's so much to consider as you tour a home, we've provided a checklist to help you keep notes. (Also take plenty of pictures!)

Address

Selling Price

\$	\$
Type of home	
Age of home	
Number of levels	
Number of bedrooms	
Number of bathrooms	
Garage	
Fireplace	
View	
Central heat/AC	
Family room	
Study	
Style of architecture	
Exterior look	
Interior decor	
Appliances	
Relative to important places like school, work, etc.	
Storage space	
Cleanliness and upkeep	
Advantages	
Disadvantages	
Additional comments	

General Preferences

Type of home
Age of home
Number of levels
Number of bedrooms
Number of bathrooms
Garage

Indoor Amenities

Fireplace
View
Central heat/AC
Family room
Study

Other Preferences

Style of architecture
Exterior look
Interior decor
Appliances

Location

Relative to important places like school, work, etc.

Condition/Special Features

Storage space
Cleanliness and upkeep
Advantages
Disadvantages
Additional comments

STEP 7

Make an offer and negotiate

Your real estate agent can help you decide how to approach your initial offer. Negotiation strategies can vary widely based on neighborhood, market timing, and condition of the home, so there is no one-price-fits-all strategy. Your first offer could range from significantly under – to even significantly over – the asking price, depending on the property.

Keep in mind that when you negotiate and settle on a price, you'll also need to factor in closing costs. Luckily, some closing costs are tax deductible. Loan origination and discount "points" are 100% deductible for the year in which you purchase your home. Consult with your tax professional and mortgage lender before you close escrow to get the biggest deduction. Some areas offer tax incentives for buyers who purchase vacant, foreclosed properties, or properties in specific redevelopment districts. Also, check to see if your municipality offers tax breaks for installing energy-conserving or "green" features, like solar panels, tankless water heaters, and dual-paned windows.

STEP 8

Get an Inspection

Even with new homes or those that are just a few years old, it's critical to get a home inspection in the first few days after you've agreed on a price with the seller. The seller may not tell you everything that's wrong with the house and there may be problems they're unaware of, too. Builders have been known to cut corners on new construction just to get the home on the market as quickly as possible, so, if you're buying a new home, double-check the builder's reputation.

A house inspection provides an objective visual examination of the physical structure and the systems of the house. It gives you a detailed report of:

- Heating/air conditioning
- Plumbing and electrical
- Roof, attic, insulation
- Walls, ceilings, floors
- Foundation, basement
- Windows, doors





Inspection Tips

- Shop around. The cost of a house inspection varies by location, features, and size.
- Check credentials and insurance. Ask if the inspector is a member of the state Association of Home Inspectors, American Society of Home Inspectors, or other associations. Make sure the inspector you hire carries liability insurance.
- Tag along. Accompany the inspector, if you can, but let them do their job and don't get in the way.

Places to Watch

Outside: Gaps around doors and windows, peeled paint, clogged gutters, cracked caulk, bad shingles, overgrown shrubbery or branches close to house, and soil that doesn't slope away from the house.

Basement:

- Foundation cracks — both horizontal and vertical
- Heater noise — gurgles or pops indicate you need to drain out sediment
- Wiring outside electric boxes — make sure they are spliced well
- Joist ends and sill plates — check for poorly placed drill holes and termite tubes.

Attic: Leaky roof, damaged roof support structures, pull-down stair steps that let heat pour into the attic, or insulation that covers recessed lighting fixtures (a fire hazard).

Living spaces: Moisture buildup and overworked wiring in bathrooms, wobbly toilet which leads to water damage, water stains on ceilings and walls, faulty grout which leads to stud and wallboard rot, doors and windows that are stuck or that have cracks above them, dryer vents that don't exit the building, and loose stairwell railings.

If the inspector does find anything wrong, use it as a bargaining chip. Ask the seller to correct the defects or ask for a lower selling price so you can pay for the repairs yourself.

STEP 9

Finalize Your Loan

You've already been pre-approved, but now that your price is final, you'll need to get in touch with your lender to finalize your financing arrangements. You'll need to decide between a fixed- and an adjustable-rate mortgage and what kind of term you'd like on the loan, and there will be loan documents to sign. At Elko Federal Credit Union, you'll be walked through the entire process by your helpful mortgage expert.

STEP 10

The Closing

With the inspection and any associated repairs behind you, you'll quickly approach your closing date. During the closing you should get the keys to your new home along with all the important documents you need. That means it's time to move in and enjoy your new home.

We understand the home purchase and mortgage application process can seem intimidating. That's why we're here to help with expert advice and personal service. If you have further questions, know that Elko Federal Credit Union is happy to help – and happy to help you get into your next home.

Preparing to buy your first home? Check out **EFCU's First-time Homebuyer's Guide** to learn all about the home buying process, mortgage loan options, tips and more.

Powered by **you**...soar above



elkofcu.org | 775.738.4083

