
The Home Buying Process

What You Need To Know When Buying a Home in Las Vegas

The Ballen Group



Introduction

As a soon-to-be home buyer, you want to peruse a variety of stellar **Las Vegas homes for sale** as you search for just the right property for you. Whether it's a house by the exciting, famous Vegas strip or a home in a smaller, picturesque surrounding community, the Las Vegas real estate market has more variety to offer than nearly any other one in the world.

When you find the home that you know you want to purchase, a **Las Vegas real estate agent** can make an offer on your behalf. That's the first step to formally buying the house, but most **new home buyers** need to know more about what this entails. Here are the basics you need to know when you feel ready to make an official real estate offer on a home.



Where Can You Go for Questions on The Home Buying Process?

While reading the content in this document, some questions may arise. If this is the case, **The Ballen Group** is there to answer any questions you may have. They are a team of real estate agents based in Las Vegas, Summerlin, and Henderson, NV. If you have any questions along the way, feel free to contact them and they can help you out.

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Where to Start:

How Do You Know if You Are Ready to Purchase?

First-time home buyers are often interested in what they need to do in order to buy a home. Home ownership is an admirable goal, with many rewards, as well as several responsibilities. There are **first-time home buyers** who have saved enough money to **buy real estate on a cash basis**. Many professionals, such as doctors and engineers may work in military or professional settings, that necessitate regular relocation. Many people in this situation have routinely saved and accumulated enough capital to purchase a home on a cash basis.

Others, perhaps the great majority, are faced with **financing a home**. First-time home buyers who finance a home with a mortgage face not only the responsibilities of home ownership, but the responsibilities of carrying a mortgage. In order to qualify for a mortgage and know if they are ready to buy a home, first-time home buyers must answer several questions:

1. Do you have a steady income from an employer or other source, such as a small business, pensions, annuities or investments?
2. How reliable is your source of income? Would your employer or a representative of other sources of income be willing to write letters regarding your status as an employee and your salary?
3. Do you have a good **credit score** and record of timely payment of debt and utility bills?
4. How much debt do you currently have? How much do you spend each month servicing it? What is its annual percentage rate (APR)?
5. Do you have car payments? How much do you owe on your car in relation to how much it is worth? How long will your car provide the service you require?

6. Do you have money for a **down payment**? Though there are mortgages that offer no down payment, generally, a down payment of a minimum of 10% is required to qualify for a home, as well as being in a position to confidently make mortgage payments. Buying a home may require the use of other professionals, such as home inspectors and lawyers, which adds to down payment costs.

7. How will you be able to afford the mortgage, tax and upkeep expenses associated with owning and **financing a home**?

Factor In Finances:

Financing a Home



For many, living in the **Las Vegas Valley** has been a life-long dream. However, with the prospect of **purchasing a dream home in Las Vegas**, comes the prospect of deciding how to **finance that dream**. Homes for sale in Las Vegas can be bought through a wide variety of financing options, however, each potential homeowner should make sure that they are well-informed as to what their options are and what obligations they entail.

The first thing to understand when purchasing a home in Las Vegas, is what **types of loans and financing options** are available:

Conventional Loans

Unlike FHA and VA loans, conventional loans are not backed by the government. This type of loan is most likely the best bet for anyone with a 10% to 20% **down payment**. Conventional loans offer a wider range of loan products and allow higher loan limits. However, they have more strict underwriting rules and banks are likely to impose additional fees. It is also possible to qualify for a conventional home loan with less than 10% for a down payment, but it will require high private **mortgage insurance** premiums.

FHA Loans

FHA loans are federally backed and often thought of as **first-time home buyer** loans. However, anyone who meets the required guidelines can qualify. One of the biggest requirements is that the borrower must be buying the home as an owner/occupant. These loans allow higher debt ratios and are usually more forgiving of poor credit scores. In addition to the list, they generally have lower requirements for a down payment. In fact, down payments as low as 3.5% are allowed. However, due to their low down payment requirements, they usually have an upfront mortgage insurance premium. This MIP is financed into the beginning of the loan and requires a monthly payment.

FHA loans have a big advantage because the required down payment can be gifted from a relative, which allows someone without a down payment to purchase a home. In addition to this, in certain circumstances dictate that the homebuyer can have a co-signer/co-borrower who is not a resident of the property in question. Unfortunately, the disadvantage of this type of loan is that there is a maximum loan limit for each geographical area.

VA Loans

In order to qualify for a VA loan, the homebuyer must be eligible through their services in the US military. In order to qualify for a VA loan, the veteran must first obtain a Certificate of Eligibility from the Veterans Administration. These type of loans have the highest debt ratio of all and they are also the only loan that can be legally assumed by another buyer without the existing lender's prior permission. These loans also allow the seller to pay all of the closing costs, however, the sales price is usually adjusted to reflect this contribution.

First-Time Home Buyer Loans

Each year, the state of Nevada allocates funding for the mortgages of **first-time home buyers**. This is typically referred to as a "state money" loan. This type of loan generally runs ½% to ¾% below the current market rate. There is also the possibility of receiving a state contribution towards the **first-time home buyer's** down payment.

Advantages to Paying Cash

Purchasing a home by paying cash has some distinct advantages. Buying a home to live in or use as a rental property can be a great investment. If you are able to pay the purchase price outright with cash, the profits begin when closing takes place. Some of the advantages are as follows:

1. An obvious advantage and probably the main one is that there will not be a mortgage on the property. By not paying a monthly mortgage payment, immediate equity in the property is realized. The owners see immediate results by not having a large monthly payment.

2. Sellers love all-cash offers. They are more apt to accept an all cash offer over an offer that requires the buyer acquiring a conventional or government subsidized loan. Many intricacies can pop up during the loan process. For instance, the buyer may not qualify for a loan; the house may not pass inspections, or any of a number of other circumstances. These issues will not only delay the closing process, but could cause the entire sale to fall through.

3. With a cash sale, there is usually no appraisal contingency. Most appraisals are based on relying on comparable sales. By choosing three similar properties, adjusting the price based on the different property amenities; appraisals are an average of the sales price. If the home does not appraise for the purchase price the buyer may be required to put more money down or the buyer will have to adjust the price down to the appraisal value. Appraisal/purchase price difference can result in nullifying the sale contract.

4. The closing process can take place quicker. If the sale is an all cash sale, the buyer does not need to wait 30-60 days to close while waiting for final loan approval. The sale can close once the home inspection and other contingencies have been satisfied. A streamlined closing is advantageous to the seller. Closing can even take place in as little as 7 days.

5. Market fluctuations do not matter. The real estate market can be volatile. Home prices can go up or down during a thirty-day period. If the fluctuation in the market price

falls, the **appraisal** rate will also go down, making a loan for the purchase price difficult to get. If the loan contingency is not met, the sale is at high risk of falling apart.

6. Closing costs are lower with cash. Added fees for a bank attorney or mortgage broker are not necessary. This is about a \$750 fee. Add to that \$300-\$600 up front for property taxes deposited into an **escrow** account. There are no loan origination fees or other lender fees assessed on buyers who take out a mortgage to purchase a home.

7. **Title insurance** will not be required. Title insurance protects mortgage brokers, banks, and buyers, from problems with previous issues with ownership, property liens, or back property tax liens. Title insurance varies, but on average runs \$1,000 to \$2000. An all cash buyer can still purchase title insurance and it is wise to do so. However, the cost of title insurance when no lender is involved in the sale is about one third less.

The ability to **pay all cash to purchase a home** has definite advantages. Sellers may even take less than the asking price to a buyer that makes cash offer. Overall, few people can afford to pay this way, but for those that can the upside for both buyers and sellers are numerous. Depending on the property itself, or whether or not the property is a fixer upper, immediate equity appeals to everyone. By not having to pay a monthly mortgage payment, the purchaser can save thousands in interest payments. All cash sales will result in an easier sales process overall.

Pre-Qualification

Buying a Las Vegas home by a city that never sleeps is just like buying a home anywhere else, except you're located right in "Sin City". Las Vegas may not be appealing to everyone, but there is no denying the city of Las Vegas is a great place to own a property or a vacation house. Currently, it's much cheaper to own a Las Vegas home than to rent.

Here are some of the things you need to know about being qualified for a mortgage in Las Vegas:

Good Credit Score

Just like everywhere else, Las Vegas banks will look into your credit history. In order to borrow money from the bank, you need to show that you have a good credit score. This means paying all your loans and debts on time. One small tip – now might not be the best time to go crazy on the credit cards.

Down Payment

Las Vegas banks will usually require a twenty percent down payment, but other banks are okay with a lower percentage. If you have less than twenty percent, some banks will require that you obtain a mortgage loan insurance. The insurance will allow you to acquire a loan if you have a low down payment. But remember, you might not need the Las Vegas mortgage loan insurance if instead of visiting the casino, you save that money for a down payment.

Annual Income

Your annual income will be a huge deciding factor in calculating how much money you can borrow from the bank. Calculating this in advance with your partner (if purchasing a home together) will allow you to figure out what you can afford.

Assets and Liabilities

Aside from knowing your income, you also need to list and calculate your assets and liabilities. Assets include investments, cash, savings and retirement funds. Liabilities, on the

other hand, include moneys owed, debts or any claims against your assets. If your assets are worth a lot more than your liabilities, then you're doing fine. However, if your liabilities exceed past your assets, then this could have a huge impact on your qualification for a mortgage loan. Calculate your income, assets and liabilities in advance before speaking or meeting with a **mortgage adviser**. This way, you're able to figure out what you can do in advance to better **qualify for a mortgage**.

Remember, **having a home in Las Vegas** means affordable housing and moderate temperatures. It's worth all the trouble of doing your homework before visiting a mortgage broker or mortgage adviser in Las Vegas. Being prepared allows you to have a good night sleep in the city that never sleeps.



HOA's



Many **Las Vegas homes for sale** today are located in an area that is governed by a homeowners association. Whenever you move into an area that is run by a homeowners association, you are agreeing to the rules the HOA sets and you also agree that if you fail to comply with these rules, you may have to pay a large fine.

There are certain things that you can do to make sure that you fully understand what your rights are as a homeowner living in an area that is run by an HOA so that you worry about enjoying **your Las Vegas home** rather than the HOA itself.

Understanding HOA's In General

It does not matter where you reside in Las Vegas, most of the homes that are **currently listed** on the **Las Vegas real estate market** today are established in areas that are headed by an HOA. There are many different names for these associations and they all have their own set of guidelines, but in fact they are all very similar. All of the HOA's follow three specific criteria that binds them together and that include:

1. The HOA is registered within the state of Nevada and was even created upon construction of the neighborhood that you live in.
2. The sole purpose of an HOA is to help maintain and organize the common areas of your neighborhood.
3. An HOA has rights to enforce certain regulations and rules that you must abide by while living in your home.

Commonly HOA's can be found in places where new buildings and neighborhoods are established. In some cases it is common to find multiple homeowners associations in one area such as in Las Vegas, NV.

How To Understand The Rules and Regulations of an HOA

Once you **purchase a home**, it is the responsibility of the **Las Vegas real estate agent** to hand you important documents where you will find the rule and regulations enforced by your neighborhood HOA. These rules can be found in a document labeled "Conditions and Restrictions."

In this document you will find a variety of items such as what members are on the HOA board, what neighborhood dues you will have to pay, what requirements you will have to meet in order to maintain your home, when HOA meetings are and what fines you can expect to pay if you do not abide by their rules. All of the rules and regulations will differ dramatically with the different kinds of homeowners associations that exist and not one will be the same as another.

Since many HOA's are different it is important that you read all of the rules carefully and make sure that you understand what it is you are agreeing to before you actually **buy your home**. If it comes to the point where you do not agree with the rules and regulations, simply do not buy the home in that particular neighborhood.

What To Do if a Problem Arises

Even if you understand all of the rules and regulations, there is a chance that you may have a problem with one of their rules. If this is the case the document in which you received from your **Las Vegas real estate agent** should tell you who to contact and what you can do about the problem at hand.

What You Need to Know About Home Warranties



Making sure you have a **home warranty** is one of the most important **home buying tips** you will receive. Buying a home in the **Las Vegas real estate market** is probably one of the most expensive and time-consuming purchases a person will ever make in their lives.

While homeowner's insurance protects your home from peril, what happens if a major home system goes out. Plumbing and central air conditioning are expensive components of a home a replacing them can break a homeowner's bank account. A **home warranty** picks up where homeowners insurance leaves off. It is important to understand the ins and outs of home warranties and what they offer to a homeowner.

What is a Home Warranty

A **home warranty** covers many of a home's systems and appliances. This type of warranty is an insurance of sorts for home systems and appliances. Each warranty differs and not all offer the same coverages. Before signing a **home warranty**, all areas being insured must be in working condition.

What Does It Cover?

What is meant by home systems and appliances? What exactly is covered in a **home warranty**? Most warranties cover major home systems such as plumbing, air conditioning

systems heating, and electrical wiring. Some home warranties also offer protection for home appliances, but unless they were sold with the home, they generally are covered under a separate policy with the appliance maker.

Why Should You Buy a Home Warranty?

A **home warranty** saves homeowners the cost of expensive work on a home's system or replacement of the system. Most policies offer a huge discount on repairs and most homeowners find that they only have a small service charge fee for work. Home warranty companies generally have contracts with major system and appliance manufacturers, and this benefits the customer in the reduced repair and replacement costs. Also for homeowners without a large financial savings, having a **home warranty** takes care of the financial concerns if major repair costs occur.

What To Look for in a Home Warranty

Not all **home warranties** are the same, so shop around carefully and know what to look for in a great home warranty plan.

1. Look for a plan that covers the most systems. Expect to pay a bit more, the more that is covered, but the extra protection is worth it.
2. Read the contract and ensure that the wording is clear. Don't get trapped with a bunch of 'mumbo jumbo' you can't understand. If you have questions, **ask an agent**.
3. Is the company who is selling the policy reputable? If you have never heard of them, check out their reputation online or with the Better Business Bureau.
4. Check out the customer service. How easy it is to **contact an agent** or a customer service agent if needed. A great policy does little good if you can't contact someone when needed.

Your **Las Vegas real estate agent** should be able to give advice about the best home warranty companies in the Las Vegas area. With a crowded **Las Vegas real estate market**, it is important to find the right home and to ensure your home's appliances and systems with a great **home warranty plan**.

Title Insurance



If you're going to be **buying a home in Las Vegas** soon, then it is probably a very exciting time in your life. Owning your own home can be a great accomplishment, whether it's your **first home** or an upgrade. There are many aspects of purchasing your new home that you need to be aware of, and one of them is the necessity for **title insurance**, which your **Las Vegas real estate agent** will mention to you sometime during the process. Hearing about purchasing additional types of insurance is probably not something that you want to hear at this point, but it is very important.

What is title insurance?

Problems can occur at any time that could question the ownership of your home, possibly resulting in the loss of your investment. Former liens, taxes or similar situations could jeopardize your new home. Title insurance is assurance for you (and your lender) that whatever may have happened in the past regarding your home will not affect you.

Title insurance is the insurance policy that is issued by a title company licensed in the state of Nevada which is designed to protect the buyer of real estate against loss when the title to the property is flawed. A special title insurance policy, referred to as an ATLA policy, protects the buyer if, after the close of **escrow**, mechanic's liens are recorded against the property for work done or material supplied to the property at the time the seller owned it.

What does title insurance cover?

Title insurance covers you in case of an error or omission in the deed, any undisclosed heirs, forgery, or fraud. If someone should file a claim with the court, then the title company will testify in your defense and present evidence to the court that the claims against your property are no longer valid. **Title insurance** also protects the lender for the entire length of the mortgage.

Who pays for title insurance?

Your lender will require that you, the buyer, have one **title insurance policy** to provide financial protection for them. You may, in your offer to purchase ask that the seller pay this fee. In Nevada, this is acceptable and common. A separate title insurance policy would be necessary if you wanted to cover yourself financially should an unknown claim or defect occur in the future. If you chose to purchase an optional Nevada **title insurance policy** for yourself, then the seller would likely cover the cost. You would be covered for the entire time you own the home.

Look for a Home:

How to Search Properly



Narrow down the Search

1. Look for the type of a house that best meets your needs

Every buyer has various needs that the home they intend to buy has to meet. Your needs could be **buying a home that is located close to schools** and other social amenities. You might also desire a big house that will accommodate your family comfortably. If you have a disabled family member, you might consider finding a home with easy access. You might prefer a condo or a single-family home. You can narrow down the search based on these needs.

2. Identify the specific features that your house should have

Identify specific needs such as the **kind of neighborhood you would like**, the type of kitchen, bathrooms, and bedrooms. Make sure you are making a list of these features as you think of them. Making a list will allow you to make comparisons and easily **narrow down the search for a home**.

3. Consider the nature of your finances

Buying a house requires a substantial amount of money, thus, you cannot ignore the issue of finances. You should **evaluate all the financing options that are open to you** such as mortgages. If you are a **new home buyer**, you will be liable for various loans that can assist you in fulfilling your dream to buy a home. Once your lender has

assessed the value of the mortgage that you will qualify to get, you can know the price range of the house to buy.

Factor In Issues in the Area

There are several important issues to research and consider when searching for **homes for sale in Las Vegas**. For Example: Summerlin, a master-planned community in Las Vegas, offers Summer temperatures averaging 10 degrees lower than surrounding communities since it is at 3,000 feet elevation. This can mean a more comfortable lifestyle for those lucky enough to live here. **Buying a home** is more serious than just the average temperature. A serious buyer must consider conditions and future events that could affect not only the value of a property, but the lifestyle a buyer can enjoy.

Natural Disasters

A careful buyer must consider natural disasters and the history surrounding an area or home. A home on a lake is only a good investment if that lake will still be there in 50 years. Beachfront property without access to water can mean a dismal future. Flooding is also a serious concern. Areas that flood occasionally can be dangerous. Flash flooding can cause immense damage in just a matter of hours, destroying everything a homeowner has built. Similarly, earthquakes, fires, tornadoes and other natural disasters are devastating events that can instantly deflate the value of a home or put the homeowner and the family living there in danger. Insurance coverage, no matter how complete can not replace family members nor priceless belongings. While nearly every home on earth is subject to some natural disaster possibility, it is an important to do your research when looking for **homes for sale in Las Vegas**.

Hazardous Materials Areas

Another factor to consider when choosing a home is it's proximity to hazardous materials or an area containing them. A certain home might seem a perfect place to live, but over a period of time it may become horribly obvious that buying one located near an area contaminated with Uranium or other hazardous materials is not such a good idea. A beautiful spread in the valley is not so beautiful if contaminants are seeping into the water supply, or a rushing springtime flood brings hazardous materials into the backyard. It is important to know where you are buying and what is nearby. Some contaminants can be of

grave concern many miles from a home and still pose serious dangers in the future. Underground fires can spread disaster as fast as water contamination. A smart home buyer must consider the future as well as the present and past to make a good decision.

Building Codes

A home must meet building codes. Homeowners seldom understand how important this can be until they find they have purchased a white elephant. The careful home buyer looking at homes for sale in Las Vegas should research local building codes and ask good questions. The only dumb question is the one not asked. Although homes are supposed to meet building codes, that does not necessarily mean they do. Homes may even meet codes in some places, but if those codes are not adequate for the area, the home may not be safe. A savvy home buyer will ask about local codes and find out if the house is likely to be standing in the distant future.

Local Zoning Laws

Local zoning laws can have a great impact on lifestyle. A homeowner should be willing to ask the hard questions, finding out if the zoning laws in a particular area are in balance with the hopes and dreams he or she might have for the property. If a buyer purchases a home, then discovers that the shed they always wanted is in violation of local zoning laws, then there is little that can be done. That should have been a question they had asked before they chose their new home. Zoning laws can include issues as far ranging as the number of non-native plants allowed, to watering the lawn. Remodeling a home or building an addition, are key zoning features. Failure to ask the right questions is a formula for disaster.

Choosing the Perfect Home

Before you decide to **purchase any of the many homes for sale in Las Vegas**, your best bet is to **talk to somebody who knows the ins and outs of the Las Vegas real estate market**. Hiring a professional real estate agent has plenty of experience in helping others find exactly what they need. When you meet with your realtor for the first time, make sure you feel comfortable and can establish a rapport that will lead to a successful closing. The reason for this is that feeling at ease with your realtor will help them learn about your needs and desires, something that will allow them to show you the property that best suits your

requirements. Without meeting with a **Las Vegas real estate agent**, you may find yourself wasting your time being shown homes which you may not even like.

Once you have settled into this new relationship, make sure you give your realtor a full list of what you want to find when looking at homes. Make sure to make it as detailed as possible so he can create a mental picture of what you are looking for in a home. Enunciate items such as the number of bathrooms, bedrooms, whether you want a full-sized kitchen, a porch, and even the type of area you would like to settle in. Your realtor will then provide several **listings that fit your description**, marking the beginning of your home purchase adventure.

While you may fall in love with the first home you look at, don't refrain from looking at any other listings that may be available. There is really no pressure for you to make up your mind on the first try, and it is always a good idea to have several options to choose from. Your realtor knows this and will understand if you want to keep looking before you make up your mind.

Your **Las Vegas realtor's** main job is to show you a piece of property in the most favorable light, so make sure to ask questions involving the negative side of the house. For example, ask about maintenance and upkeep, or if the house has ever had mold problems. The answers to these questions may influence your decision to revisit the property later on. If you find a home without any issues, you may want to remember it as one of your final options or to scratch it off the list completely if you find something better. Don't be afraid to ask about anything that may be on your mind.

Once you have visited several different homes and have narrowed your choice down to one or two, your realtor will sit down with you to take a good look at your finances. Remember, affordability is key, and this is probably the main reason why feeling comfortable with your realtor is imperative.

What Comes With Your Home When You Purchase It?



Disputes often arise in home sales when buyers and sellers go into a deal with different understandings about what property will be included in the sale. While the law provides some guidelines, it isn't always clear and there's no guarantee that the other side will be aware of it or follow it. The best course of action is to include each specific item you care about in writing — anything can be bought or sold even if it might not legally be part of the home purchase to begin with. Below are the general practices with regard to various items to use as a starting point in negotiations.

Appliances

Generally, the rule is that permanently attached appliances stay and freestanding appliances go. Permanently attached means built into the home such as a range, cabinet-mounted microwave, or dishwasher.

Freestanding items include refrigerators, washers, and dryers no matter how conveniently they fit into a space specially designed for that type of appliance. If you are impressed by a home with high-quality appliances, be sure that they are specifically included to avoid them being switched with cheaper appliances. On the other hand, if you want something out, have that included to avoid the time and expense of having to dispose of it yourself.

Air Conditioning and Heating Systems

Air conditioning and heating systems follow the general rule of other appliances. Permanently installed central or ductless systems stay with the house, but window-mounted units go. In addition to the usual precautions with appliances, be sure to determine the age of the system. Older systems may need to be replaced or need new ductwork that can be very expensive. Newer systems may still be under a transferrable warranty that may cover repairs for years.

Lights and Ceiling Fans

What is and isn't permanently attached becomes a gray area with lights and ceiling fans. They may be attached overhead, but they can and often are quickly removed. This is especially true of chandeliers, other decorative lighting, or top-of-the-line ceiling fans. While they probably should be included along with the light bulbs inside, be sure to include them in the contract to avoid unpleasant surprises.

Window Coverings

Window coverings usually seem like they should be included, at least to buyers, because they are almost always custom-fitted to that home's windows. However, blinds, curtains, and curtain rods are commonly removed by sellers. Curtains might be reasonably removed because they can often fit various sized windows and are bought to match the furniture. The removal of curtain rods or blinds, however, leaves empty holes in the wall, so they are more commonly included.

Decorations and Furniture

Decorations and furniture are almost never included no matter how well they might fit the space. This includes mirrors, bookshelves, and mounted art. If a buyer sees an item that they think just makes the room, they can always ask the seller. The seller might want to leave

it because it is hard to move or won't fit their new home, or might be willing to part with it for a price.

Electronics

Traditionally, electronics were never included in a home sale unless specifically added as a bargaining chip. With wall-mounted TVs, built-in stereo systems, and more complex home entertainment systems becoming more common, buyers have increasingly argued that they should have been left when the seller took them. Electronics might be bargained for, but they should never be assumed to be automatically included in the contract.

Exterior Structures

Homes with large yards often have play equipment, above-ground pools, sheds, dog houses, or other structures that aren't part of the home. The fact that they are usually prefabricated and dropped off with a truck often makes them seem like they are removable no matter how well they are attached into the ground. In some cases, a buyer might want an item removed while the seller was planning to leave it behind. These items are usually large enough that whether they will remain should be included in the listing, but never make any assumptions if the listing doesn't explicitly say yes or no.

Processes and Costs:

Mortgage Payments

When researching homes, buyers should also to be concerned with specific factors that may positively or negatively affect **mortgage payments**. Since the cost of investing in property is subject to changing economic and buyer-oriented circumstances, mortgage payments are likewise influenced by a number of factors related to these conditions. The most influential of these factors include:

Down Payment

When you make a sizable **down payment** on any one of the homes for sale in Las Vegas, you present a reduced risk to lenders and immediately establish home equity. In addition, large **down payments** also show lenders that you are a financial responsible person, which makes it much easier to qualify for mortgage loans. While most lenders ask for at least three to five percent down payment from buyers with **good credit**, those with fair to poor credit will need to come up with higher down payments or turn to a hard money lender who often wants 35 percent down before **approving a mortgage loan**. Of course, the more money you can put down on a home, the less money you will owe on the home *and* the less your mortgage payments will be.

Interest rate

Interest rates on **home mortgage loans** are primarily based on current rates established by the feds and the buyer's **credit score**. The lower your score is, the higher your interest will be, unless you can provide a substantial **down payment** to the lender.

Mortgage rates often fluctuate significantly over time. For example, rates hovered around 20% in the 1980s but dropped down to two or three percent during the recession in the late 2000s. Today, a 30-year fixed mortgage rate is close to four percent. If you invested in a \$300,000 home at four percent, you would pay approximately \$1600 towards your mortgage. However, mortgages obtained at 3.5 percent means you would pay about \$1500 each month. Although a savings of \$100 each month may not seem like much, but it does add

up over the years. In fact, if you borrowed \$300,000 at a rate of four percent, you would pay nearly \$175,000 *over the cost* of the mortgage after paying off the home.

Loan size

Along with interest rate, the size of your loan dramatically affects the amount of your monthly mortgage payment. It goes without saying that the smaller amount you borrow, the smaller payment you will have. In addition, potential buyers looking at [homes for sale in Las Vegas](#) should also consider other expenses associated with mortgage loans, such as closing costs and fees.

Approval of specific [mortgage loan](#) amounts are mainly dependent on a buyer's debt-to-income ratio and credit rating. Underwriters examine this ratio by taking your expected mortgage payment (including interest, insurance, and taxes) and dividing it by gross monthly income. For example, if an underwriter calculates your monthly income at \$10,000 and your mortgage payment at \$2500, then your base ratio would be 25 percent. When figuring in additional expenses such as automobile payments and credit card payments, that \$2500 mortgage payment may top out at \$3500, giving mortgage lenders something called a "back-end ratio" of 35 percent. A 35 percent rate remains under most mortgage loan guidelines for approval, assuming that the buyer's credit is decent and they have a worthy savings account.

Term length

Although opting for a 15 year mortgage means you will pay off your home faster, it may also mean paying high mortgage payments. This is the main reason by most home buyers select 30-year mortgages over 15-year mortgages. What few buyers don't know about is their ability to shop for fixed-rate loans spanning 10, 20 or even 25 years as opposed to the popular 15 or 30 year mortgage loans. Alternately, you can also adjust term length by simply paying more than your payment asks for each month. Of course, your decision regarding term length boils down to one issue--affordability. Also, when determining what kind of term length is best suited for your budget, don't forget to allow for retirement, savings and other financial obligations you currently have or plan to have in the future.

Payment schedule

Don't confuse bi-weekly mortgage payments with "two-times-a-month" mortgage payments. The slight difference between the two could be the deciding factor in choosing one payment schedule over the other. For example, if you make two mortgage payments each month, you are essentially paying half your mortgage 24 times each year (totaling 12 *full* payments). However, if you pay your mortgage biweekly, you are paying half your mortgage 26 times each year (totaling 13 *full* payments). By paying biweekly instead of twice monthly, you are substantially reducing your principal balance and shortening the term length of your mortgage.

Be aware that some mortgage lenders may charge a fee to establish non-traditional payment plans, which may be counterintuitive to saving money. Alternately, monthly mortgage payments never incur additional fees.

Home Appraisals

Purchasing a home on the Las Vegas real estate market has been a great option for empty-nesters and families starting out in recent years. The number of Las Vegas homes for sale has not been as high as the peaks during 2008 and 2009, but fewer homes on the market are foreclosures or homes in poor upkeep. The market in the greater Las Vegas area has offered much opportunity for investment and many higher quality homes are for sale.

Buyers in Las Vegas often concentrate on important aspects of the home they are looking for, location is primarily at the forefront of everyone's mind. Square footage, number of bathrooms, and local schools are other important considerations when considering a home. Many people decide quickly whether a home meets their requirements within the first few moments of seeing a home. Las Vegas home buyers can become emotionally invested in homes easily, risking their well-being and potentially purchasing a Las Vegas home far above market value. Purchasing a home well above the Las Vegas real estate market value can potentially cost tens of thousands of dollars down the road, through the computed interest on a loan.



Buyers often turn to real estate appraisers to help properly value a Las Vegas home. Many lenders will order an appraisal as a requirement of the loan and this often gives the buyer peace of mind, as many buyers trust real estate appraisers to protect their interest and be unbiased in their review of the property. However, when working with a real estate appraiser, there are some important considerations to keep in mind.

If the mortgage company requests the appraisal, then the real estate appraiser is not accountable to their buyer and they have no requirement to consider the best interest of the buyer. While it is assumed that the mortgage company and buyer's interests align, this is not always true. A mortgage is not based on the value of the property after purchase, so even if

the **property value** is reduced to nearly zero the buyer is still responsible for the full amount of the loan.

Another important reason a buyer may not always have an appraiser's loyalty is that many mortgages are backed by **mortgage insurance** or governmental programs that insure the loan. There is less of a consideration in these circumstances for accurate valuation, as a mortgage company can seek back the full amount of the loan if the buyer defaults, such as in cases where buyers become "under-water" because of quickly falling property values. There is no promise from any mortgage insurer that protects the buyer if the calculated property value is incorrect and buyers will still be responsible for the full amount of the loan.

Accurate appraisal values also assist in determining or adjusting property tax rates, and inaccurate values can increase yearly tax bills by thousands of dollars and may not accurately reflect the price a home or property can be sold for if the buyer does have financial difficulty. This demonstrates why home buyers should have a discussion early on in the buying process with their **Las Vegas real estate agent** about securing a reputable and reliable property appraiser.

Making a responsible choice early on can save thousands of dollars on a loan and keep tax rates reasonable. Las Vegas home buyers who choose to forgo appraisers or just accept any company often regret it and will cite the headache and hassles that haunt their **Las Vegas home purchase**.

Down Payment Options

The Nevada housing market is on the upswing again but many people who could most likely get a mortgage approved do not even try. The fear of not getting approved and not having enough for a **down payment** are often primary reasons that people may give for not pursuing purchasing a home. There are a variety of programs that can help people get into a home of their own that some people may not know about. Not being educated about down payments and myths about **down payments** are also obstacles that can stop people from pursuing their dream of owning a home.

Down payment myths

A long-standing myth about **down payments** is that you have to put 20% down. The Mortgage Reports says that at some point, maybe back in the 1930s, a 20% down payment may have been required, but that “buyers in today’s U.S. housing market don’t need 20 percent down.” The myth about 20% down payment requirement may still exist because “with a conventional mortgage, putting twenty percent down removes the need for private **mortgage insurance**.” Mortgage market expert Dan Green says that being able to afford a home is more about being able to afford the monthly payments and not so much about how much down payment you can afford. Another down payment myth is the belief that FHA-backed loans in particular require a 20% down payment to get approved for an FHA-insured loan. FHA allows as low as 3.5% down payment, explains FOX News.

Down payment assistance in Nevada

Most lenders require a **down payment** ranging from 5% to 20%, although there are some options that can get you in a home for as little as 0 down. You have to know the options and programs available to you. There are several programs that help home buyers with down payment assistance. Some are open to all potential home buyers while others are targeted to specific groups of buyers such as first-time home owners. There are down payment assistance programs available to prospective home owners, including some exclusive to Nevada and others specifically for those who are **buying a Las Vegas home**.

Many people likely do not even realize there are programs available that helps prospective home owners be able to **buy a home**. MSN Money says that although the days of

when nearly anyone could get a home loan with little to no money down are gone, if you know where to look, it's still quite possible to get a mortgage with no money down. An FHA-backed loan does require only 3.5% down in many cases but there are fees, such as the **FHA mortgage insurance** that is required at the time home buyers take out their loan. Knowing this ahead of time can enable potential home owners to save up ahead of time and avoid extra fee surprises later. A VA loan gives U.S. veterans the possibility of getting a mortgage with no money down, with no **mortgage insurance** requirement. Since the federal government is taking on part of the risk, interest rates on a VA loan also tends to be lower than the conventional mortgage.

In Nevada, there are **down payment** assistance grants and programs geared towards first-time home buyers, even those with low-to-moderate income. The **First Time Home Buyer** Programs in Nevada explains each of the programs, along with the requirements of each. In 2012, the Las Vegas Sun reported that Wells Fargo Bank announced the LIFT Program in Las Vegas, geared towards home buyers looking to **buy a home** in the **Las Vegas real estate market**. Wells Fargo also committed to offering programs such as home-buying counseling. Funds from the program cannot be used to purchase a property owned by Wells Fargo.

Let your Las Vegas real estate agent help

If the jargon, rules and all the different programs available that can help with down payment assistance seems overwhelming, do not just give up on **buying a home in Las Vegas**.

Talk to your **Las Vegas real estate agent** and ask for guidance. You will no doubt receive direction, advice and details of options that could be perfect for you and your family. In a very short time period, you could be well on your way to **owning a Las Vegas home**.

Making an Offer



If you feel you are ready to **purchase a home**, there are a number of things you can do to make a successful offer. Your **real estate agent at the Ballen Group** will be able to assist you in putting together everything you need for your offer (except the money, of course).

Description of the Property

First of all, you will need to have the complete legal description of the property that you are interested in buying. Nothing causes more confusion and difficulty down the road if either the seller or buyer is not 100% clear about exactly what is up for sale. Your agent can help you obtain the details and description about the lot you are purchasing.

Financial Details

You will also want to have all of the financial details before you make an offer, starting with the earnest money. Earnest money is the deposit paid to the seller in order to show that the buyer is serious about buying a house. The earnest money deposit is placed into an escrow account and at the time of purchase, it is applied to the cost of the home. If the buyer decides to cancel the contract, the seller is entitled to keep the deposit, but it is returned to the buyer in the event that the seller cancels the contract. A typical earnest money deposit is normally 1% of the selling price of the property. Keep in mind, the homes for sale in Las Vegas are among the more desirable properties out on the market, and there is sure to be competition. Making a larger deposit is a good way to set your offer apart from others.

The next thing you will want to have available in order to make an offer is the **financing**. You need to have the funds available to **purchase a house you are interested in**, and be able to show the seller this. If you will be purchasing the home with a financed loan, all of the loan documents should be prepared and signed prior to the closing, so that the funds may be released to the seller and the transaction completed.

One of the last parts of the financial details you will need in order to make an offer is, not surprisingly, the price. This is not the time to be thrifty! The **homes for sale in Las Vegas** are highly desirable, and it is not just possible, but very likely that someone else is looking at the same house that you are. The last thing you want to do is present the lowest offer on the house, only to see someone else have their offer accepted instead. When we think of our dream home, watching someone else move into the house we want is rarely part of the dream. This doesn't mean you should just pay the asking price without a second thought. This is another opportunity for your **real estate agent at The Ballen Group** to work for you. They can put together information on other similar homes that have sold in the area, and allow you to compare what was sold and for how much. This will allow you to make an informed decision when selecting a price for your offer so that you will get the best price you can while still having an offer that is appealing to the seller.

Finally, the last financial detail to arrange between the buyer and seller are the closing costs. These are mainly the one-time, non-recurring fees associated with the purchase, like appraisal fees, inspection fees, notary fees, and title and escrow fees, to name a few. Sellers are sometimes willing to help cover the closing costs, while others will add them to the purchase price of the house. Make sure to ask about these costs in your offer, because although a seller might be willing to help, they will rarely offer if not asked.

Timing

The next details to work out are all about timing. The closing date must be selected. It must be one that is mutually agreed upon by both parties. Once that has been determined, a moving in date for the buyer must also be chosen, and again, this must also be agreed upon by both parties.

Although everything so far suggests that the buyer is at the mercy of the seller and their good graces, the last detail is all about the buyer, and that is when the offer is good until. The buyer is entitled to put an expiration date on their offer, to encourage a quick response time from the seller.

Remember, successfully buying one of the [homes for sale in Las Vegas](#) is about more than just putting together a good offer. It is about negotiating a satisfactory contract with the seller.

The Escrow Process



One of the most confusing processes for the uninitiated to go through can be **buying of a Las Vegas home**. The language used in this process is often difficult to understand. Being in this situation often leaves a Las Vegas Home Buyer having to take on blind faith that the brokers, attorneys, escrow agents, inspectors and mortgage agents know what they are doing and acting in the buyers' best interest.

The **Las Vegas real estate agents at The Ballen Group** don't want their clients to ever feel like they are in the dark. Here is a very short course to help spread a little light on the escrow process.

When Do You Enter Escrow

The escrow or closing process actually begins once you, the buyer, and the seller have agreed on a price and all the conditions for the sale. At the same time that the sales agreement is signed, your **Las Vegas real estate agent** will collect an agreed upon percentage of the sale price from you. Your Las Vegas real estate agent will then deposit it into an escrow account with an escrow agent.

This deposit is known as earnest money. As the name implies its purpose is to show that you are earnest in your desire to buy the property. This money goes toward the purchase of the Las Vegas home.

What is an Escrow Agent

An escrow agent is a neutral third party who handles all of the funds and documents associated with the buying and selling of the property. The escrow agent's function is to make sure that all parts of the sale are executed in an equitable and legal manner. Like a referee or umpire, the escrow agent makes sure the rules are followed and that everyone plays fair.

Steps of the Escrow Process

1. Entering Escrow

Set the conditions of the sale, sign the sells agreement, open an escrow account and deposit earnest money.

2. Bank Appraisal

You should be pre-approved before you start looking for a home. Still the bank is going to want their own, independent appraisal to assure the property value will cover the loan amount. Note: The home buyer usually pays for this and if property cannot be sufficiently financed sale is cancelled and earnest money returned.

3. Good Faith Estimate

Once financing is approved you will be given a good faith estimate detailing all of your finances (interest rate, closing cost, inspection fees, etc.) associated with the sale.

4. Obtain inspections

These may or may not be required depending on what area of Las Vegas you are purchasing a home from. A general home inspection is always a good idea. Some other inspections you may consider or be required to have are pest inspections and environmental inspections.

A thorough home inspection can take several hours and will reveal problems that may go unnoticed in an initial walkthrough. Because buying a home can be an emotionally charged experience, a realistic evaluation of the home is a crucial part of determining the

wisdom of the purchase. The home inspection gives the buyer an accurate, unbiased view of what problems to expect and what issues must be addressed before moving into the home.

The home inspection includes the evaluation of many components, including:

- the heating and central air conditioning systems
- electrical systems
- plumbing
- the roof
- visible insulation
- the attic
- floors
- walls
- ceilings
- windows
- doors
- foundation
- basement
- any other visible structure

Many inspectors also offer additional services, including radon testing, water quality testing and energy audits.

It is important to note that the home inspection does not tell you if the structure is in compliance with current building codes. It also does not ensure protection against future problems. A furnace may pass a home inspection, only to break six months later. In addition to this, a home inspection does not reveal the **value of the home**. The sole purpose of the home inspection is to ensure that the buyer knows what they are buying.

Once the home inspection is complete, the buyer should evaluate whatever issues the inspection brought to light. As soon as possible, the buyer should make a list of the issues he or she believes the seller needs to address before closing on the property, and present that list to their **Las Vegas Real Estate Agent**.

Repairs can be requested in writing and agreed upon by all parties.

What if the Home Inspection Reveals Problems?

No house is perfect, and just because a home inspection turns up problems, does not mean the house is an unwise purchase. If large repairs are necessary, further negotiations may be required. An issue that will require a costly repair, such as a cracked foundation or a roof that needs to be replaced, can result in further negotiations. The buyer may present the seller with an addendum, requesting that they fix the problems before the sale. The seller may counter by agreeing to fix some of the problems, or cover a portion of the expense of the repairs. **Your real estate agent** can assist you in determining how to proceed with further negotiations, as attempting to save money may result in the loss of the property.

The best way to avoid an ugly situation is to have an inspection done before you actually put your home on the market with your **Las Vegas Real Estate Agent** or as soon as you do. The inspector can reveal to you privately what might come up during a home inspection. You can repair these items in advance to be better prepared when the buyer makes their offer.

Who pays?

In Nevada, it can be either way. Typically though, the buyer pays for their own home inspection. It is not uncommon to see buyers waiving home inspections when purchasing distressed properties since the homes will be sold 'As Is' quite often. A good Las Vegas Real Estate Agent such as **The Ballen Group** at Keller Williams Realty Las Vegas would suggest that you have the inspection anyway. During the Due Diligence process, you would be able to choose not to buy the home due to condition. Better to know in advance what you are buying whenever possible.

5. Acquire Homeowners Insurance

This is a condition of any mortgage but you don't have to use their recommended insurance company. Shop around to find your best deal and coverage.

6. Receive Title Report and Title Insurance

These assure you that not one else other than the seller has any claim on the property. In real estate parlance, that the property is unencumbered.

7. Final Walk-Through

One last look around the property.

8. Review Form HUD 1

This is the final detailed report of all cost associated with the purchase. Check it closely against the good faith estimate to make sure that no mistakes have been made or added cost tacked on.

9. Closing- The last step

Where all the money and final paperwork gets taken care of. Be prepared to spend half a day signing your name and reviewing documents.

Closing Costs for the Buyer

Buying a home in Las Vegas can be an exciting and exhilarating time. The beauty of the city, the ease of the people, and overall wonderful living conditions make Las Vegas a great place to settle down. However, before potential homebuyers can start moving in their couches and chairs, they must first deal with often overwhelming actual purchasing of the house. The closing of this purchase will likely include something known in the industry as a **Hud 1 Settlement**.

What Is A Hud 1 Settlement?



OMB Approval No. 2502-0265

A. Settlement Statement (HUD-1)

B. Type of Loan

1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> RHS 3. <input checked="" type="checkbox"/> Conv. Unlns. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> Conv. Ins.	6. File Number: NHA***	7. Loan Number:	8. Mortgage Insurance Case Number:
<p>C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.</p>			
D. Name and Address of Borrower: Mr. Buyer 534 Swamp Lane Swiftwater, PA 18042	E. Name and Address of Seller: Mr. Seller 754 Marsh Drive Swiftwater, PA 18042	F. Name and Address of Lender: Lender USA 12 Legacy Ave. Plano, TX 85412	
G. Property Location: Lot 54, Section 22 Tobyhanna, PA 18452 Monroe County, Pennsylvania	H. Settlement Agent: New Horizon Abstract, Inc. 730 Monroe Street Stroudsburg, PA 18360 Ph. (570)424-9705 Place of Settlement: 730 Monroe St. Stroudsburg, PA 18360		I. Settlement Date: January 7, 2011

Occasionally known as a Settlement Statement, Closing Statement, or Settlement Sheet the **HUD** (Housing and Urban Development 1 Settlement) is a form that itemizes and lays out all fees and services that a borrower is to be charged by the broker when initially applying for a loan for the express purpose of purchasing real estate. In simple terms, it gives a complete list of where the impressively long list of charges come from when getting a loan. Currently, the form is required to be used in the United States of America as a standard in all transactions involved in federal mortgage loans. However, the form has become an industry standard in most of the nation, including Las Vegas. This means anyone **purchasing Las Vegas real estate** will likely encounter this form near the end of the

buying process. Generally, the form will be provided by the closing agent to the borrower. It is very important that the buyer carefully look over the form and verify everything looks correct. The settlement form will be filled out by a settlement agent who will later conduct the settlement.

A **Las Vegas real estate agent** will be able to help guide new buyers in this process.

Why Does The Hud 1 Settlement Form Exist?

Ultimately, the **Hud 1 Settlement** gives borrowers a guide to ensure their charges are complete and accurate. Purchasing a home can be confusing, even for those buyers going into the task with a good and competent realtor. The **Hud 1 Settlement form** is simply the form that allows buyers to look over their charges and better understand the process, its steps, and the completed numbers.

What Are The Numbers On The Hud 1 Settlement And Why Are They Important?

The standard **Hud 1 Settlement form** will consist of dozens of figures and charges. However, understanding and recognizing these numbers is crucial to truly understanding the Hud 1 Settlement form. Some of the most important numbers on the form are the: Down Payment (the amount being placed on the home – usually between 3% to 20% in the state of Nevada), the broker's commission (the price agreed upon between the buyer and broker, usually a percentage of the total selling price on the new home), the home's interest (the amount of interest the house will incur over the duration of the loan), Insurance figures (these will range from the premium to payments and is required if house is being purchased on a mortgage), and the Closing Fee.

These will certainly not be the only numbers listed on the **Hud 1 form** but are the most important for the buyer to check.

What If It Doesn't Make Sense?

To obtain a real estate license in Las Vegas, your realtor had to learn and understand the Hud laws and regulations. This makes them a great source of information on the subject. The **real estate agent's** fees will be included on the form. This means that most of the time, the agent will gladly look over the form with the new buyer. Most likely, the agent will have a great deal of experience with these forms and will be more than happy to answer any

questions. Even more, buyers should not hesitate to point out anything they may feel to be a mistake. Real estate agents understand that mistakes happen and will be just as concerned to ensure everything is correct as the buyer.

Where Can Someone Learn More About It?

The U.S. Department of Housing and Urban Development maintains a very informational and helpful website that is ideal for buyers looking to know more about the **Hud 1 Settlement form** and the system behind it. This site allows buyers not only access a blank form but also see layouts of the completed forms.