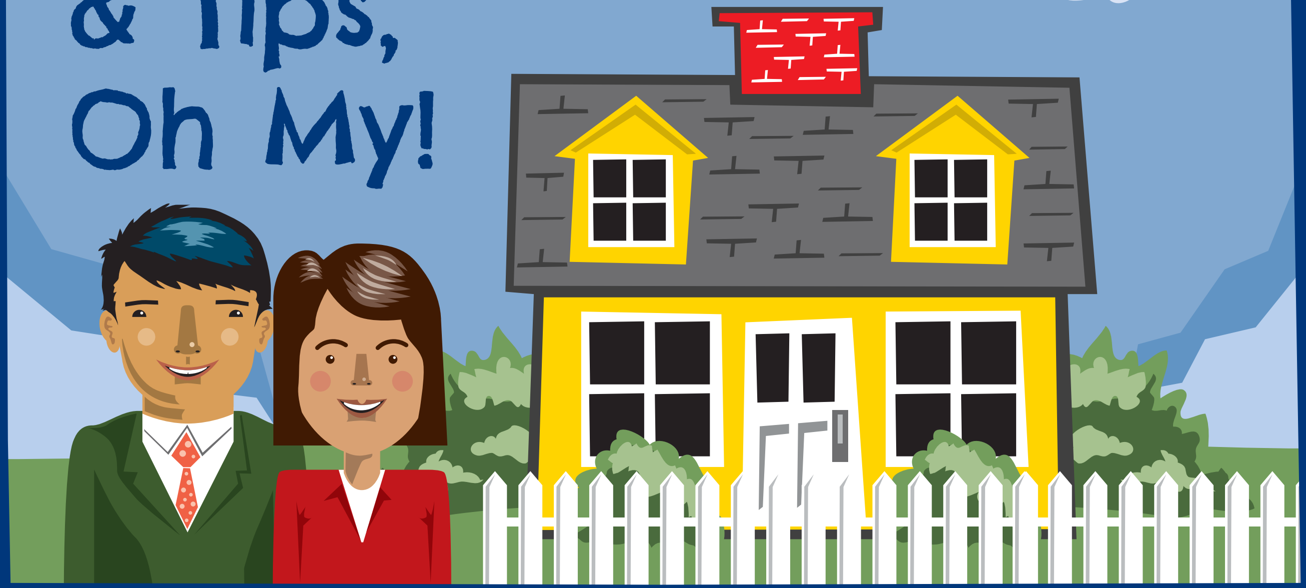
The Oh-So-Handy Guide To Homebuying

Presented by Nevada Housing Division • 2017 edition

Advice, Expertise & Tips, Oh My!



For starters, go ahead and take a bow. After all, the fact that you're reading this means you not only want to buy a home (smart move!), but you also want to be a savvy homebuyer. Doubly smart.

Through the pages of The Oh-So-Handy Guide To Homebuying, you'll find advice, expertise and helpful tips that will help set you up for success. You'll even read about a few of those who have gone before you, and how they benefited from our Home Is Possible family of homebuyer programs.

Want more information like this? Be sure to follow us on Facebook, Twitter, LinkedIn and YouTube for all the latest news, tips and homebuyer-friendly goodness.

Chapters

CHAPTER 1

Why Owning Is Way Better Than Renting

To Rent Or To Buy–
That Is The Question

With the rising cost of rental properties in Nevada and low, homebuyer-friendly mortgage rates, the answer to the age-old question, 'to rent or to buy?' may be decidedly more clear than in years past. But is homeownership right for you? Your pocketbook? Your lifestyle? Your future? Let's tackle the question(s) at hand.

We Are Pro-Homebuying, Mostly

Admittedly, the Nevada Housing Division is a fan of Nevadans buying homes. It's our mission, our passion, our raison d'être to help provide affordable housing opportunities and improve the quality of life for Nevada residents. In doing so, we are revitalizing neighborhoods and strengthening communities throughout the state. That being said, buying a house isn't for everyone all the time. Here, we'll lay out a couple of the pros of buying, and on the flip side, the pros of renting—it's just the right thing to do.

Homebuying Pro #1 – That Whole Money Thing

As you already know, buying a home in most cases is more financially beneficial than renting. What you may not know is that a mortgage is often less expensive than rent. A recent article on Forbes.com further explains. "Over time, as the interest portion of your mortgage payment decreases, the interest you pay will eventually be lower than the rent you would have been paying."

Also noteworthy is that when interest rates rise, and they're bound to, the payment on a fixed interest rate loan will stay put. Rent prices often rise with interest rates—one of many factors that can affect rent prices.

And then there's the fact that owning a home increases the homeowner's overall net worth. That's because you're building equity, aka, "the difference between the current fair market value of the property and the amount the owner still owes on the mortgage," as defined by investopedia.com. When a person pays rent instead of a mortgage, the money doesn't benefit them beyond the month paid for.

The Flip Side: *According to the rent-or-buy tool on realtor.com, buying a home can prove to be cheaper after the 4-year mark in certain Nevada markets.*

Homebuying Pro #2 – Hello, Tax Benefits

Though homeowners must pay property tax and mortgage interest, both are tax deductible come April 15. Legally. That certainly helps offset the cost of purchasing a home. Other potential tax benefits include the ability to earn credits for energy-efficient upgrades to the property.

The Flip Side: *Renters don't pay property tax, mortgage interest, homeowners insurance, home warranty or HOA fees in the first place. (Be advised, landlords are no dummies. They usually build those costs into the price of your rent.)*

Homebuying Pro #3 – Your House, Your Rules

Owning a home, unlike renting, gives you the freedom to paint walls whatever mood-enhancing color you want, tear down walls for that open concept you've dreamt about, or even upgrade the kitchen so you can really start cookin'. Heck, you can even put holes in the walls without losing your deposit—'cause there isn't one. Though this particular pro isn't based on a financial benefit, it is important because people feel more at home when it's actually theirs. You can't put a price on that.

The Flip Side: *Renters have no financial obligation to repair or maintain the property. If the water heater breaks, it's the landlord's problem. End of story.*

Homebuying Pro #4 — Your Roots Can Take Hold

Also on the emotional side of homeownership is the security that comes with firmly planted roots. Thanks to a more permanent place to hang your hat, people tend to feel a sense of stability, not to mention a sense of accomplishment since buying a home is one of life's big achievements. And for children (current or future), knowing there's less of a chance of changing homes, neighborhoods and schools is very reassuring.

The Flip Side: *Renters can relocate more nimbly than homeowners. Got a new job across town but don't want the long commute? Looking for a bigger pad? A room with a view? Since lease agreements typically only require one month's notice to move out (usually after a predetermined timeframe), it's a simpler endeavor to change addresses.*

Opportunity Is Knocking Loudly

If it's sticker shock that's keeping you from considering homeownership, we invite you to explore the homebuying programs offered by the Nevada Housing Division. We offer several, though our most popular is the Home Is Possible Program. The Home Is Possible program gives low and middle income homebuyers bonus money—as much as 5% of the loan value. So if you can cover the monthly mortgage but are having trouble with the upfront costs, this bonus money can be applied toward either the down payment or closing costs.

Here's the bottom line: If you like your general location and don't expect to move anytime soon, the current housing market points rather clearly to purchasing a home. If your five-ish year plan doesn't include where you want to settle down, renting could be a good short-term option. Whichever you decide, it's important to weigh the pros and cons of each option, and explore the opportunities before you—including homebuyer programs offered by Nevada Housing Division and backed by the State of Nevada.

3 Darn Good Reasons To Buy A House Lickety Split

Have you dreamed of owning your own home one day? Well, today's that day. We don't mean to alarm you. We just want to help you prepare so you get the best deal possible. That's how we roll.

Below are three reasons to get this house party started sooner rather than later. (Spoiler alert: Thousands in bonus money from Nevada Housing Division is one darn good reason.)

1. Interest rates are on the rise.

The Federal Reserve increased the benchmark interest rate in December 2016 by a quarter of a percent. That may not sound like a lot, but consider two things: 1) a quarter of a percent on $218,000 (the average loan amount through our Home Is Possible down payment assistance program) still adds up and 2) the Fed expects to raise interest rates three times in 2017—more if the economy grows faster than expected. That could increase your monthly payment by more than $100. We're pretty sure you'd rather keep that Benjamin for yourself month after month.

2. Rental prices are on the rise.

According to trulia.com, rental prices in Nevada remained steady throughout the second half of 2016, but have risen in 2017. In Las Vegas, the median rental price rose from $1,300 per month in January 2017 to $1,325 per month in June 2017. Median rental prices in Reno during the same time period rose by $55 per month. Added up over the course of a year, you're looking at shelling out an extra $300 to $660 on average depending on where you live.

Want to see whether renting or buying makes better financial sense for you personally? Trulia has a rent versus buy calculator to guide you. We tried it out based on the average figures in the Las Vegas-Henderson-Paradise, Nevada metro area and discovered that if:

- your target monthly rent is $1,300;
- your target home price is $210,000;
- you plan to live in the home for 10 years;
- your income tax rate is 15%;
- and you have a mortgage rate of 4.2%

then buying is a whopping **31%** cheaper than renting. (Not to mention you are building equity with a purchase plus you may qualify for a $2,000 annual tax credit through our Mortgage Credit Certificate program.)

3. Bonus money is calling your name.

Getting $8,720 (on average) for your down payment or closing costs (less a fee of just $675) may very well be the best reason to purchase a house ASAP. Thanks to our Home Is Possible program, Nevada homebuyers who meet the requirements (including a maximum household income of $98,500 and a maximum home price of $400,000) can score thousands in bonus money. And as you might imagine, that money will go farther while interest rates are still low.

Hopefully, we've lit a fire under you to get to work making your dream of homeownership a reality. Ready to get started? You can find a HIP-qualified lender and real estate professional via HomeIsPossibleNV.org, who are raring to help you through the entire process with the greatest of ease—and bonus money!

Rising Interest Rates: The Good, The Bad & The 'Buy Now'

As you may have heard, the Federal Reserve (aka the Fed) bumped up its benchmark interest rate in December 2016—something that's only happened twice since the financial crisis began in 2008. Granted, it's only a quarter of one percent, but it's an increase that can be felt in many ways.

Here, we'll take a look at some of the ups and downs of this latest rate hike, and what is expected in the near future.

First, Econ 101

(If you want to get to the 'what's in it for me', you have our permission to skip to the next section—just this once.)

The reason a rate increase or decrease might be necessary is to help control inflation. Basically, it's a balancing act between the two. So when interest rates are low, people have more borrowing power, which in turn means they typically have more money to spend. A rate increase can be expected when the economy is stable and unemployment is low, much like the current economic environment (hence, the recent rate hike). A rate increase helps keep inflation at bay.

Conversely, in tumultuous economic times, the Fed may decide to drop interest rates (like they did during the Great Recession) in order to encourage borrowing, spending and investment, all of which helps spur the economy.

The Good

As scary as a rate increase sounds (especially if you are in the market for a new home), it is not all bad. For starters, it's a signal that the economy is strengthening and unemployment is relatively low. Those are two of the main criteria that the Fed uses to gauge when a rate adjustment is warranted.

If you're an investor at any level (think CDs or even savings accounts), rising interest rates can be a good thing.

The Bad

Now, for the downside. If you are in the market to buy a home, an increase in the Fed's benchmark interest rate is a big deal. After all, a home is the biggest purchase most people will make in their lifetime, so even a small interest rate increase on a big chunk of change adds up.

In December 2016, The New York Times published this example of how an increased rate could affect you: "The average interest rate on a mortgage this month is 4.3 percent, according to LendingTree, and the average loan on a 30-year, fixed-rate mortgage is worth about $237,000. If the borrowing rate were to rise by, say, another percentage point in the coming year, this would mean an additional $138 a month on the average mortgage — leading to nearly $50,000 in added interest over the duration of the loan."

That's a lot of clams.

The 'Buy Now'

Even with the recent rate hike, interest rates are still near historic lows. However, they're not projected to stay there. Federal Reserve officials have predicted to raise rates three times in 2017, but said they'd raise rates even more often if the economy grows faster than expected.

What does this mean to you, a potential homebuyer? Buy now. Find a lender. Find an agent. Make your list of wants and needs. Start shopping. And get crack-a-lackin'. You can buy more house today than you'll be able to the next time the Fed decides to raise interest rates. And if you qualify for Home Is Possible, Home Is Possible Plus, Home Is Possible For Heroes, Home Is Possible For Teachers and/or the Mortgage Credit Certificate, more (buying) power to ya!

CHAPTER 2

Credit Scores & Your Financial House

Your Credit Score, Demystified

If you're thinking of buying a house, you already know that having good credit is, well, a good thing. But what is a good credit score? And what goes into determining it exactly? Here, we'll delve into the mysterious but oh-so-important number.

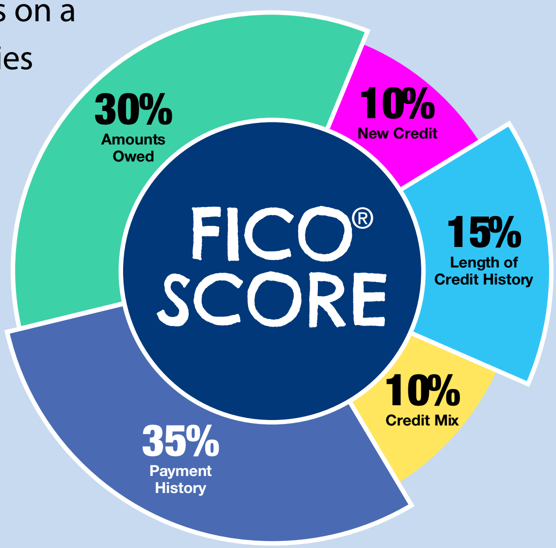
A credit score is a number derived by a mathematical algorithm that gives creditors an idea of the risk level associated with loaning you money. The higher your score, the lower the risk that you'll default on your credit obligations. Your credit score greatly affects whether or not you'll be approved for a credit card or just about any kind of loan—except maybe one from a rich uncle. It also controls how favorable the interest rate and terms of the loan are. Suffice it to say, it's pretty darn important.

Not To Scale

There's a reason why credit scores are sometimes hard to understand from a consumer's perspective: Credit-reporting bureaus don't all use the same credit score scale. For example, the scale from FICO (Fair Isaac Corporation), which is used by 90% of the top lenders according to their website, ranges from 300-850. TransRisk, another credit-reporting company, uses a scale of 100-900. As you might imagine, a score of 750 is going to be more favorable on FICO's scale than on TransRisk's. When reviewing your credit scores, make sure you know which credit company's number you're looking at and what their credit score range is.

Breaking Down The Magic Number

So let's look at what goes into a credit score. Events on a credit report are divided into five separate categories in the ever-popular FICO score, each carrying a different weight. Events within the report are calculated as either negative or positive activity. The breakdown of the FICO score according to the weight of the data is as follows:



- Payment history (35%)
- Amounts owed (30%)
- Length of credit history (15%)
- Credit mix (10%)
- New credit (10%)

Payment history is the account payment information including any delinquent or steady payments, as well as any public records in regards to the account.

Amounts owed is the amount of credit a person is currently using across all of their accounts.

Length of credit history includes how long each account has been open and how active the account has been in its lifetime.

Credit mix refers to the types of credit that appear on a report, including revolving credit or installment credit.

New credit is a measurement of a person's request for additional credit, including credit checks and new accounts.

Credit scores are specific to each person and their credit history. According to FICO, "The importance of any one factor in a credit score calculation depends on the overall information in a credit report. For some people, one factor may have a larger impact than it would for someone with a much different credit history." Translation: Just because your friend missed a couple car payments and couldn't get approved for a home loan doesn't necessarily mean you'll have the same outcome given a similar scenario. Other factors are always at play.

Nevada Housing Division's homebuying programs use FICO's credit score scale. Most of the programs we offer require a minimum score of 640 on FICO's scale of 300 to 850.

Building Or Rebuilding Your Credit

If you've checked your credit score lately (and we hope you have!), but it's not as high as you'd like it to be, do not despair. There are ways to build up or rebuild your credit, including employing the expertise of debt counseling and legal services. Many reputable companies employ FICO-certified credit consultants and licensed attorneys to help with credit restoration. Companies like Financial Guidance Center, with offices in northern and southern Nevada as well as in Utah, teach financial literacy and create debt management plans to help people achieve their financial goals. Need help getting that magic number where you want it to be? Ask your lender for a list of qualified resources.

The biggest piece of advice we can give is to start building or rebuilding your credit before you think you need to. It does take time for positive activity to positively affect your credit score, but your efforts will pay off.

For more information, we recommend visiting http://www.myfico.com/. The site is a wealth of information. (Pun intended.)

Real people. Real benefits.

"We met with our lender, who introduced us to the Home Is Possible program. We were pre-approved like that and ended up with thousands of dollars for a down payment. That's a big deal."

— Amber S., Home Is Possible fan and bonus money recipient

4 Tips For Cleaning Your Financial House

Though spring is the traditional cleaning season, any time of year is a good time to clear out the clutter and bring on the elbow grease to clean your house—your financial house, that is. If you haven't done it in awhile, be prepared for some heavy scrubbing, but keep in mind it'll be much more like feather dusting next year.

Here are a few tips to get the financial cleaning started.

1. Out with the old.

If you have years upon years of bills, statements and records lying around, it can be downright paralyzing. Getting out the shredder is a good way to get moving, plus it'll be therapeutic!

So what stays and what goes? The IRS recommends keeping tax returns for three years for most people, though longer if you owe back taxes, for example. Consumer Reports breaks down the 'keep or go' piles into a few categories: keep less than a year (i.e. ATM receipts), keep a year or more (loan documents, for example, should be kept until pay off), and keep forever (i.e. birth certificates). We recommend making at least one 'forever file' per person in your household and one 'less than a year' file so you can stay on top of your cleaning all year long.

2. You are a number.

Let us be clear: You are NOT a number to Nevada Housing Division. We love our peeps! However, you are very much a number to the credit reporting agencies and the folks who lend money or extend credit. So, do you know your credit score number? If you don't, find out. If your score is lower than you need for major purchases, it will take time to fix or build your credit score.

It's a common misconception that checking your own credit will negatively impact your score. It won't. Forbes Magazine knows a thing or two about that. Pulling your credit report from reputable companies can also help you see where you're spending money and what interest rates you're signed up for. Some of our faves include:

- AnnualCreditReport.com: pulls from all three credit bureaus (for a fee)
- CreditKarma: pulls from two credit bureaus and is free
- Credit Sesame: offers a comprehensive analysis of your credit and debt (one credit bureau)
- Mint.com: free credit score from one credit bureau and credit monitoring for a fee
- FreeCreditReport.com: free credit score from one credit bureau and credit monitoring for a fee

3. Tidy up the budget.

Except in cases of legendary penny pinchers (who don't need to read this!), there's always room to tidy up the budget. Whether it's switching to bargain brand cleaning supplies, changing your car insurance provider or cutting back on $7 cups of joe, there are ways to save without sacrificing the things that are important to you. So how do you set up a budget to know what you're truly spending? We could spend hours, days, weeks and months on this topic alone, but here's the Cliff Notes version. (This is the part where the calculator comes in.)

Start by identifying your monthly household income. Then add up your regular bills (rent or mortgage, car payments, school loans, car payment, food, utilities, etc.) If your bills fluctuate, it's best to add up bills for three or more months, and come up with an average. Hopefully, you're in the black, but if it's more of a charcoal gray, you may want to separate expenses into necessities, wants, and did-I-really-buy-that? That can help you eliminate frivolous spending. For more information, keep it real simple – as in, Real Simple. (They have a great tip involving highlighters.)

4. Say yes to autopilot.

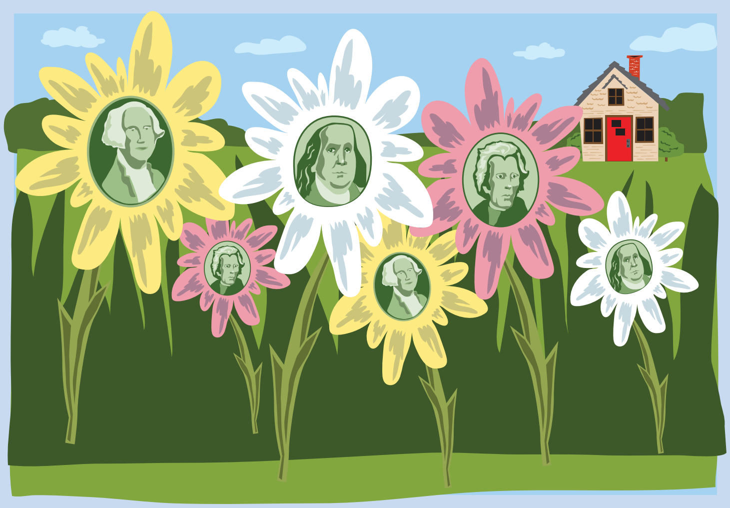
There are a couple of ways to make your financial cleaning feel like the robot vacuum is taking care of business without you having to lift a finger.

First, set up automatic payments either through your bank's online banking feature, or directly with the companies you owe money to. This will help you build credit over time because you'll be less likely to pay bills late. For bills that fluctuate from month to month, try setting up an amount to pay out by the bill's due date that meets the minimum payment due. Doing so will help keep you from paying all those unwanted late fees, too. Hello, savings!

Speaking of savings, we also recommend that you set up a monthly automatic transfer from your checking account to your rainy day fund (aka savings or investment account). Whether you choose a set amount or a percentage of your paycheck, you'll be automatically setting aside money that most people are not disciplined enough to do manually on a regular basis. Out of sight, out of mind, in your best interest.

Approach Financial Housekeeping As You Would Eating An Elephant (Not Literally!)

Have you ever heard this riddle?: How do you eat an elephant? One bite at a time. Getting your financial house in order can be a pretty tall order, but getting started is probably the hardest part. You can do it! We have complete faith in you.



CHAPTER 3

Super Awesome Homebuying Tips

A Play-By-Play Of The Homebuying Process

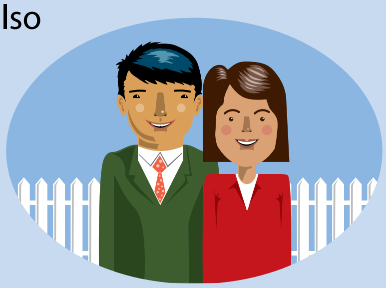
We thought it would be fun to equate the homebuying process to sports since so many of us Nevadans are true sports fans. Here, we've broken it down per quarter, for your reading pleasure.

Q1: The Paperwork

If you've been dreaming of buying a home but have done virtually nothing to make it happen just yet, don't sweat it. You're in what we affectionately call the first quarter of the homebuying process. This is the time to gather up paperwork like W-2s, paystubs, bank statements, tax returns and other pertinent financial information. Your lender (discussed in Q2) will need that info to get the ball rolling, and to determine what neighborhood to stay in, financially speaking.

We also recommend that you start looking online at houses currently for sale in your preferred area (if you haven't already) to get a sense of what you like, what's available and how long homes are staying on the market. Zillow.com, Realtor.com and Trulia.com are three good websites to get you started.

Q2: The Players



In the second quarter, you should start to find your stride. You also should find two of the biggest players on your homebuying team: the lender and the real estate professional. Recruit well and you're sure to be victorious. As luck would have it, the Nevada Housing Division has the equipment (lender finder and agent finder on HomeIsPossibleNV.org) to help you find well-trained, well-versed pros with experience in your area and with our homebuyer programs.

Q3: The Game Plan

This is when the game gets really interesting. Your dream team co-captains (lender and real estate pro) will lead the way through the various parts of the process like negotiating the price of a home, scheduling an appraisal and home inspection, and doing the bulk of the paperwork to participate in homebuyer programs like Home Is Possible and Mortgage Credit Certificate (which, by the way, can be used together—aka HIP Plus).

Q4: The W

Q4 is where you get to cross the finish line, score at the buzzer, stick the landing (or whichever sporty metaphor you prefer) and earn the coveted title of homeowner. Is it a feat worthy of gracing a cereal box? Absolutely. (We're currently in negotiations on your behalf.) Don't forget to thank all the little people who helped you along the way.

5 Dating Steps To Achieve Happily Ever After Homeownership

You've mastered the art of the "swipe right," you know how to avoid "ghosting" and you're no stranger to the "skype date." But do you know how to find the right loan officer or real estate agent to fit your homebuying needs?

Never fear, the same skills you use to date in this day and age can be applied to hiring a loan officer or real estate agent.

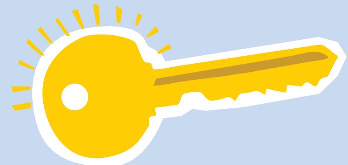
1. Play the field.

As the saying goes, don't hitch your wagon to any one star until you're sure. The same applies to finding a loan officer or real estate agent. You are allowed to "interview" potential candidates and pick the one you think jives best with your personality.

2. Get to know each other.

Take your potential real estate agent or loan officer out on a coffee date to get better acquainted. The more they know about you, the better they will be able to serve you. The homebuying process is about people more than it is about homes, so make sure they understand where you're coming from and what you're looking for.

3. Communication is key.



If something isn't working for you, speak up. If you don't like the homes the real estate agent is showing you, say something so they can alter their search. If you don't feel the loan officer is communicating clearly, say something. The only way they will be able to adjust to better serve you is if they know there is a problem.

4. Preferred method of communication.

It's important to discuss early on how each of you likes to communicate. After all, there will be a TON of communication between you and them in the coming months. Make your preferred method of communication (phone, email, text, etc.) known to your loan officer and real estate agent prior to beginning your journey. Also, make sure they know what days and what time of day you prefer to communicate.

5. Respect boundaries.

When things get exciting / hectic / scary, it can be tempting to harass your loan officer or real estate agent and demand answers. Remember that they are people too, with families, lives, other clients, etc. Give them a little time to get back to you and don't demand a response at 9pm on a Sunday via text message.

Once a strong relationship between you and your lender / agent team is developed, you'll be saying "I Do" to the home of your dreams in no time.

Real people. Real benefits.

"From the first time our lender mentioned Home Is Possible until we closed on the house, it was only three weeks. We got over $7,000 from the program. We wouldn't have been able to purchase when we did without the program, plain and simple."

— Courtney S., Home Is Possible fan and bonus money recipient

5 Tips Every Homebuyer Should Know

Given that the process of buying a house can be lengthy, detailed and sometimes daunting, we're sharing five tips that homebuying newbies and been-there-done-that homebuyers alike should follow.

1. Avoid risky loans.

One of the biggest pitfalls homebuyers encounter is choosing a risky loan. Thankfully, avoiding them is easy peasy, thanks to the loans available through Home Is Possible (HIP). In the off chance you're not using a HIP loan, check out Investopedia's top risky mortgages to avoid before loan shopping.

2. Shop 'til you drop (or preferably, just before).

Again, HIP saves you time, money and heartbreak because we take the guesswork out of finding legit, favorable loans. (Check out our lender finder to get started.) But if you don't qualify for HIP programs, do yourself a favor: Shop multiple lenders and compare apples to apples. Rates, closing costs, points, down payment requirements and prepayment penalties should all be examined. Experts recommend getting no-obligation quotes from at least three different lenders.

3. Don’t buy more house than you can afford.

Qualifying for a certain amount doesn’t automatically mean you can afford it, at least not comfortably. To get a good idea of what’s comfy, tally your current monthly income; then subtract your expenses. What’s left over for savings, home improvements, new furnishings, increased utility bills, dinners out and other expenses? Still feeling good? Then go for it!

4. Get a real estate pro on your side.

It may be tempting to skip the real estate agent once you’ve calculated what their commission might be, but we have to stop you right there. For most people, this is the biggest financial decision you’ll make in your life. You need someone who’s not only working on your behalf, but is also experienced in the art of negotiation, contracts, homebuying process, inspections and the big picture. And ultimately, it’s the seller who pays both agents’ commissions, so it’s sort of a no-brainer. Work with a pro. Preferably, a HIP-qualified pro.

5. The home inspection is your friend.

In the tough, seller-friendly housing market of both southern and northern Nevada, buyers need to be ultra-competitive. One way some homebuyers try to make their offer stand out is to waive traditional contingencies like a home inspection. Don’t do it! Hidden problems may very well cost you much more than the home inspection would. Finding structural and system problems before the close of sale gives the homebuyer security that they’re not buying a money pit. And that’s a beautiful thing.

Notice The Little Things

In addition to the five tips above, we’ve got a few honorable mentions for you:

- Stains or strange paint patches may signal a bigger problem. (See tip #5.)
- A house that has bad odors or smells strongly of air fresheners often has problems like leaks, mold or even pests. (Again, see tip #5.)
- Be sure to check out the Joneses before buying a home. If the neighborhood is in decline (abandoned homes, boarded up properties, overgrown yards, etc.), chances are the resale value of the home is on its way down.

Ready to navigate the wide world of homebuying? Check out our agent finder, which is chockfull of experienced, qualified, helpful pros. Simply peruse the profiles and choose the perfect person for you. Happy house hunting!

CHAPTER 4

The Best Homebuying Programs Ever

To Know HIP Is To Love HIP

You probably already know that Home Is Possible is a down payment assistance program for Nevadans who seek decent, affordable housing. But if that's where your HIP knowledge ends, keep calm and read on.

Top 5 HIP Facts

1. It's bonus money – for real!

The average bonus money amount received per household with HIP is $8,720. And with a one-time fee of just $675, that's a lot of free Washingtons. If your loan value is higher than $218,000 (average loan value), you can expect even more bonus money.

2. Generous maximums: $400,000 & $98,500.

At Nevada Housing Division, our mission is to help make housing attainable for low to middle income homebuyers throughout the Silver State. That's why our home price maximums and income maximums are so homebuyer-friendly.

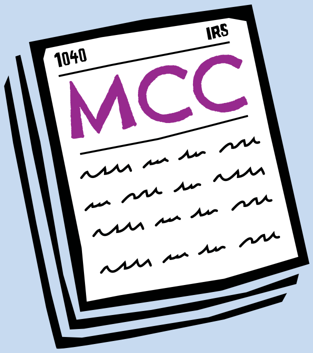
Oh, and did we mention that HIP can be used on manufactured homes, too?
(Guess we just did.)

3. Down payment or closing costs – your choice.

HIP was designed to help people who can afford a monthly mortgage payment, but may face challenges when it comes to securing money for a down payment and closing costs. While most HIP homebuyers use the thousands in bonus money for a down payment, some choose to apply the money toward closing costs.

What's important is that all who qualify take advantage of HIP's bonus money, and use it where they see fit.

4. But wait, there's more!



Getting thousands in bonus money is amazing all by itself. But if you're a first-time homebuyer or qualified veteran, you could also qualify for the Mortgage Credit Certificate (MCC) and save about $2,000 per year during tax time. Not even kidding. We call this pairing Home Is Possible Plus, FYI. Check out the MCC calculator to see what your savings could be over the life of a 30-year loan. Just a heads up: It may blow your mind.

5. This is for real.

Nevada Housing Division has worked closely with partners at US Bank Home Mortgage (servicer), eHousingPlus (online loan reservation administrator), Raymond James (investment banker) and more than 80 lender partners to structure a program unique to the needs of Nevada borrowers.

This public-private partnership allows us to offer HIP without using taxpayer dollars to help Nevadans realize homeownership. Since 2014, the program has helped close more than $2 billion in mortgages.

"Sign Me Up!"

That's what people say after hearing the details of HIP. And after reading this, you can see why we say, to know HIP is to love HIP. Wondering how to get started? Find a HIP-qualified lender and HIP-qualified real estate pro. They'll take good care of you throughout the homebuying process.

This Secret Weapon May Help You Qualify For A Home Loan

If you're a first-time homebuyer and qualifying for a home loan presents an uphill battle, a high debt-to-income (DTI) ratio may be to blame. As luck would have it, we can help you level the playing field with our Mortgage Credit Certificate (MCC) program. This secret weapon has helped many a Nevada homeowner get that coveted "approved" stamp on their loan app by lowering the DTI ratio, and it can help you, too.

Brent Hart, a loan originator with Prime Lending in Reno, will share how it works in a moment, but first, a little background info.

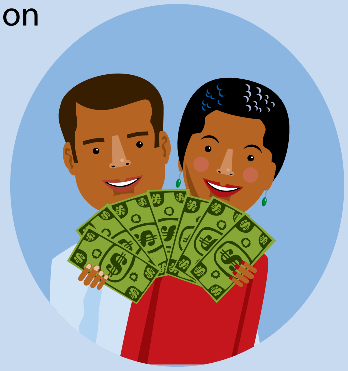
What Is Debt-To-Income Ratio Anyway?

As the Consumer Financial Protection Bureau so clearly puts it, "Your debt-to-income ratio is all your monthly debt payments divided by your gross monthly income." If you've started the loan process, you know that your DTI ratio number is important because it helps lenders determine your ability to repay the money you borrow. Typically, the highest DTI ratio accepted for a home loan is between 43-45%.

Want to get a good idea of what your DTI is before you even start the loan application process? Good idea. Experts recommend that you know this number just like you know your credit score. Start by adding up one month's worth of bills, and also your gross income (pre-tax). Then plug those numbers into this handy debt-to-income calculator to get your percentage. For accuracy, be sure to add in all expenses and income (including often forgotten items like child support and tips).

MCC, DTI & You

And now, without further ado, we give you Brent Hart, a HIP-qualified lender with Prime Lending, talking about how the Mortgage Credit Certificate can lower your debt-to-income ratio (not to mention make you a happy camper every tax season for the life of your loan).



"The MCC program is a nice program. It can help borrowers that are on the fence for qualifying for their home loan. The grant programs available through the State of Nevada require a maximum of 45% debt-to-income ratio. Borrowers that are over 45% won't qualify but can use the MCC tax credit program to help them qualify.

"In most cases, a credit of $166.67 can be applied towards their monthly mortgage payment, which will have the effect of lowering their payment enough to bring their debt-to-income ratio below 45%. Essentially, it provides a $2,000 tax credit when they file their taxes each year. This lowers their tax liability accordingly and therefore increases the tax refund they receive back from the IRS. They can also adjust their W-4 withholdings to allow for more monthly disposable income rather than waiting for the tax refund when they file their tax returns. Of course, I recommend they consult a tax expert."

Brent was kind enough to share a story about a current client, who will get a nice boost from MCC, lowering his DTI ratio.

"I have a client right now that is a single young man, one income. He went into contract on a home with a monthly HOA fee that pushed his payment to the edge of his comfort zone and he thought about backing out of the purchase. Once I explained the benefits of the MCC program and how he'll receive $2,000 more back each year on his tax return, offsetting his payment, he was comfortable moving forward with the purchase." Good for you, young man!

MCC: Your Pathway Home

If you're a first-time homebuyer, a qualified veteran or someone who has not owned a home in more than three years, apply for our MCC program may very well be one of the smartest things you do all year—and you'll be reminded of your greatness every year at tax time.

Say YES To Bonus Money PLUS Tax Savings

Are you sitting down? Good, because we're about to introduce you to a downright amazing program for homebuyers in Nevada. It's called Home Is Possible Plus (or HIP Plus for short), and it's designed to give homebuyers more, as you might have guessed from the name. More of what, you ask?

Money. Moolah. Dough. Benjamins. Greenbacks. Clams. Simoleons.

Home Is Possible Plus: The New Power Couple

Home Is Possible Plus is basically the marriage of Home Is Possible and Mortgage Credit Certificate, two of our very popular homebuyer programs, and what a pairing it is. Homebuyers who qualify for HIP Plus get thousands in bonus money to use for a down payment or closing costs, plus up to a $2,000 federal tax credit every year for the life of the loan.

We know what you're thinking:

1. It sounds too good to be true.

Well, it is that good, but it's also very true. The program is the result of a public-private partnership with Raymond James, and it's run by the State of Nevada, so you know it's legit.

2. It sounds like a lot of money, but I'm no mathematician.

Leave the math to us. We have people for that. The average amount a homebuyer receives for a down payment or closing costs is $8,720. The $8,720 number is based on a loan amount of $218,000, so your bonus money could be even higher.

As for the federal tax credit, if you assume the average $218,000 loan amount and a fixed interest rate of 4.5%, you'll save $46,328 over thirty years, or a savings of $166 per month. That's a lot of groceries! There's a handy, and dare we say fun, mortgage credit certificate calculator on our website that lets you plug in your exact loan amount and interest rate for an estimated tax savings over the life of your loan. Try it out!

Still in doubt? Read #1 again.

3. Do I qualify?

Good question. There are some basic program requirements you need to meet in order to take advantage of HIP Plus. Here's the short list:

- Must be a first-time homebuyer (have not owned a home in the past 3 years) or qualified veteran
- Households within the maximum income and purchase price by county
- Must live in the home as the primary residence
- Must take an approved homebuyer education course
- Discounted one-time $495 program fee plus $300 lender application fee

4. Where do I sign up?

If you found yourself nodding your head up and down while reading the bullet points in #3, it's time to get the ball rolling by finding a HIP-qualified lender. Why can't you use just any lender to secure the no-strings-attached HIP Plus money? Because not all lenders are created equal. HIP-qualified lenders are well trained to make the process go smoothly. They're the only ones who can complete the application process and get you the bonus money and tax savings you crave. HIP-qualified real estate pros can also be very helpful throughout the homebuying process. They know stuff other real estate pros don't.

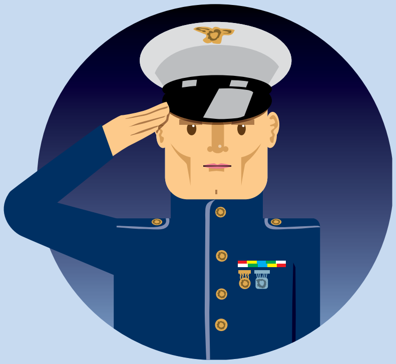
Ready to take the plunge? Go for it! Got questions? We're here to help.

Veterans:
We Salute You Early & Often

We love veterans. We are extremely thankful for their service and sacrifices. So it should come as no surprise that we created a homebuyer program that benefits veterans and military personnel. It's called Home Is Possible For Heroes and it's our way of saluting Nevada's heroes.

Some Background Info

In 2014, we developed both the Home Is Possible and Home Is Possible For Heroes (HIP For Heroes) programs to help Nevadans find safe, affordable housing. Two years in, we can report these programs are doing just that.



HIP For Heroes was developed in part to support Governor Sandoval's mission to make Nevada the most veteran- and military family-friendly state in the nation. We are proud to be part of the solution.

During 2016, more than 300 veteran and military families in Nevada took advantage of our HIP For Heroes program to become homeowners. That's a 77% increase over the veterans served in the same period last year. Since launching the program, a total of 722 veteran homebuyers have used HIP For Heroes to realize their dreams of homeownership. Our ambition is to grow exponentially year after year.

Another program that veterans and military families (and first-time homebuyers) can take advantage of through Nevada Housing Division is the Mortgage Credit Certificate. MCC gives the homebuyer a tax break of approximately $2,000 for every year they own the home and pay on the loan. In 2016, approximately 40 veteran and military families started benefitting from this program as well. (And with fees waived!)

So What Is HIP For Heroes Exactly?

Home Is Possible For Heroes gives veterans and military personnel more buying power. How, you ask? Take a look at these program highlights:

- Below-market fixed interest rate 30-year loan
- Reduces monthly mortgage payment
- No first-time homebuyer requirement
- Can be combined with the Mortgage Credit Certificate (MCC) with program fees waived
- Statewide program

Find a HIP-qualified lender to get started. They'll take good care of you from application through closing.

Real people. Real benefits.

"Because the interest rate was ridiculously low, I was able to buy more home. My REALTOR® and lender pretty much took care of everything. I couldn't have bought a home without it."

— Jacqueline G., Air Force Veteran and Home Is Possible For Heroes fan

We've Got $10,000 That Says Teachers Are Appreciated In Nevada

The Nevada Housing Division is proud to offer the ultimate gift for the amazing teachers in your and your child's life: Home Is Possible For Teachers. This homebuyer program gives Nevada's licensed full-time K-12 teachers extra credit in the form of $10,000 toward the purchase of a home.

Admittedly, there's one flaw with the program: You can't gift Home Is Possible For Teachers to your favorite educator. They have to give themselves the gift. However, with $10,000 up for grabs, we're pretty sure teachers will appreciate learning about HIP For Teachers from you. Ahhhhh, the student becomes the teacher, if only for a moment.

Today's Lesson On HIP For Teachers

We're rewarding Nevada's teachers for choosing to work in the Silver State and helping make our future bright. So here's what teachers need to know about our HIP For Teachers homebuyer program:

Key Benefits:

- $10,000 in bonus money
- Usable for down payment and closing costs
- Forgivable after five years (must stay in home)
- Below-market fixed interest rate 30-year loan
- Statewide program
- No first-time homebuyer requirement
- Can be combined with the Mortgage Credit Certificate (MCC) program with program fees discounted

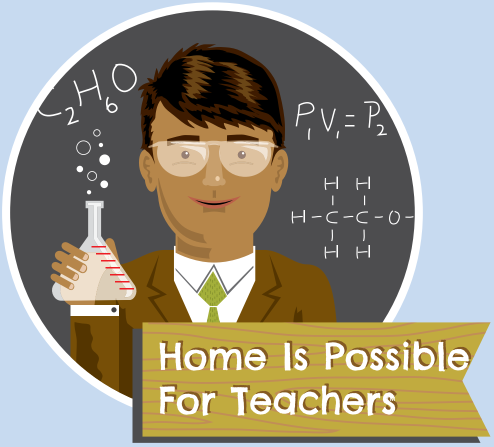
Program Requirements:

- Must be a licensed full-time K-12 public school teacher in Nevada
- Qualifying income below $98,500
- Home price below $400,000
- Minimum credit score of 660
- Government insured loans only (no conventional loans)
- Teacher must live in home as primary residence
- Homebuyer education course required
- Must meet standard underwriting requirements
- One-time fee of $675 on first mortgage

To get started, all teachers need to do is find a HIP-qualified lender. No guessing needed.

Classy Gift-Giving

Know a teacher who would appreciate $10,000 for a new house? We thought so. Feel free to add a note about Home Is Possible For Teachers to your coffee mug, flowers, box o' candy or other teacher gifts. Now that's class!



CHAPTER 5

Train For Success

Back-To-School For Nevada Homebuyers

Around here, back-to-school season is a year round event—and it's not just for kids anymore. If you're a homebuyer, or someone just toying with the idea of homeownership, you, too, should consider heading back to school.

Don't worry, we're not talking about tiny desks, 50 pound backpacks and gobs of homework. We're talking about homebuyer education.

Homebuyer Education 101

In our many years of experience (42 and counting!), we've found that an educated homebuyer makes for a successful homeowner. Since we're all about your success, we not only make access to homebuyer education easy; we make it a requirement to participate in our oh-so-generous homebuyer programs. It's that important.

So let's discuss the ins and outs of homebuyer education.

What Is It?

Homebuyer classes are designed to cover everything from the homebuying process and mortgage options to credit management and budgeting.

Who Is It For?

Homebuying classes are for anyone who wants to buy a home. More specifically, they're for you—even if this ain't your first rodeo. We've heard from experienced homeowners who took a class that they learned things they didn't know. That gives us goosebumps!

The NHD-approved classes listed on our website are available to any homebuyer, and are required for any Nevadan who participates in any of our homebuying programs.

If you complete the Home Is Possible homebuyer education course, the certification is valid for one year, and satisfies the educational requirement of all homebuyer programs we offer. The knowledge, however, is yours to keep forever.

Where And When Is It?

Most homebuyer education classes are available online, which is a highly convenient option for busy folks who are comfortable working on a computer. You can start and stop the training as much as needed without losing your place. Most online classes can be completed in an hour or so.

For those who want to bust it out in a day, or haven't quite made friends with a computer, there are face-to-face classes as well. They typically are four to eight hours long. Upcoming homebuyer classes can be found on the events page on our website.

Why Do I Need It?

For starters, it's just plain smart to arm yourself with information as you embark on one of the biggest purchases of your life. And of course, it's a requirement if you want to take advantage of any of our homebuyer programs. Besides, who wouldn't want to get thousands in bonus money, a favorable interest rate and/or annual tax savings?

FREE To A Good Home(buyer): Required Homebuyer Education

We want you to succeed, plain and simple. That's why the Nevada Housing Division requires participants in our Home Is Possible programs to take and pass a homebuyer education course. It's also the reason we developed our very own homebuyer education course, one that was specifically designed to get Nevadans homebuyer-ready. It was produced right here in Nevada, it features Nevada real estate professionals sharing their expertise, and this HIP-approved course is absolutely free—'cause we also want to save you money.

Why You Need This Course

The short answer is, "Because we said so." (Requirements and whatnot.)

But wait! There's a much better answer, one we're very proud of. The delinquency rate for NHD loans is two times less than other housing finance agencies (HFAs) nationwide. In fact, 98.5% of our single-family mortgage loans are paying on time. We believe our homebuyer education course mandate plays a huge part in that. Of course, the fact that Nevadans are absolutely awesome helps a ton, too.

Keep in mind that while you don't have to use HIP programs to take the course, you do have to take this course (or another HIP-approved course) to qualify for our homebuyer programs.

Here's The Dealio

Our homebuyer education course consists of five short, online, information-packed videos that will help you become a knowledgeable homeowner. You can watch them as many times as you need, anytime up to a year before you close on your HIP loan.

At the end of each video, there will be a practice quiz. (Don't worry, they don't count toward your grade!) Once you've completed all five videos, you'll have a final exam comprised of 25 questions. Get 20 answers or more correct to pass the course. You can do it!

Our homebuyer education course is available in English and Spanish.

Welcome To The Starting Line

As luck would have it, signing up is a snap. (Well technically, it's a click on the red "Get Started/Continue" button at the bottom of sign up page.) There you can create your profile and get started on the HIP-required course. Every person on the loan must set up their own profile and pass the course separately.

If you qualify for any of our homebuyer programs (or you just want to be a savvy homeowner), check out our cool, free option for homebuyer education on our website.

Real people. Real benefits.

"With the lower interest rate and the extra money for a down payment, the Home Is Possible For Teachers program really was a game changer. I wouldn't have been able to buy a house as easily without it."

— Megan L., Home Is Possible For Teachers fan and bonus money recipient

You got this!

Congrats. You are now in an elite group of Nevada homebuyers who have taken the bull by the horns. With this new knowledge, we reckon you'll soon be riding high as a happy homeowner.

Remember to follow us for more helpful homebuying info like this, 'cause gaining knowledge is addictive.

Find Out More

Want to get down to the nitty gritty? Click the links below to learn more about our homebuyer programs. Then find a HIP-qualified lender and agent to help you find your way home.

HomeIsPossibleNV.org

Home Is Possible

Mortgage Credit Certificate

HIP Plus

HIP For Heroes

HIP For Teachers

Find a Lender

Find an Agent