

# THE HANDY GUIDE TO **HOME EQUITY**





WHEN YOU BUY A HOME, YOU'RE NOT NECESSARILY THINKING ABOUT THE VALUE OF YOUR HOME YEARS DOWN THE ROAD.

Sure, you hope its value will appreciate, and you'd love to have that big nest egg someday when your mortgage is paid off. But you have more pressing concerns, like how to arrange your furniture or what color to paint your gorgeous new great room.

But as time goes on and you settle in, you might start seeing similar homes in your neighborhood selling at a higher price. Or maybe you've already been in your home for ten years, and you wonder how much of your mortgage principal you've already paid.

One of the major benefits of owning a home is that as you make monthly mortgage payments, you gain equity in the house — which can translate into extra money in your pocket.

In *The Handy Guide to Home Equity*, you'll learn how to tap into your home's hidden value. In the first section, which is *All About the Equity*, we'll walk you through the details of home equity and how to use it to your advantage. Later, you'll get some design tips to help make your dream home become a reality.

*Read on to start gaining the knowledge you'll need to take the next step!*





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# SECTION ONE

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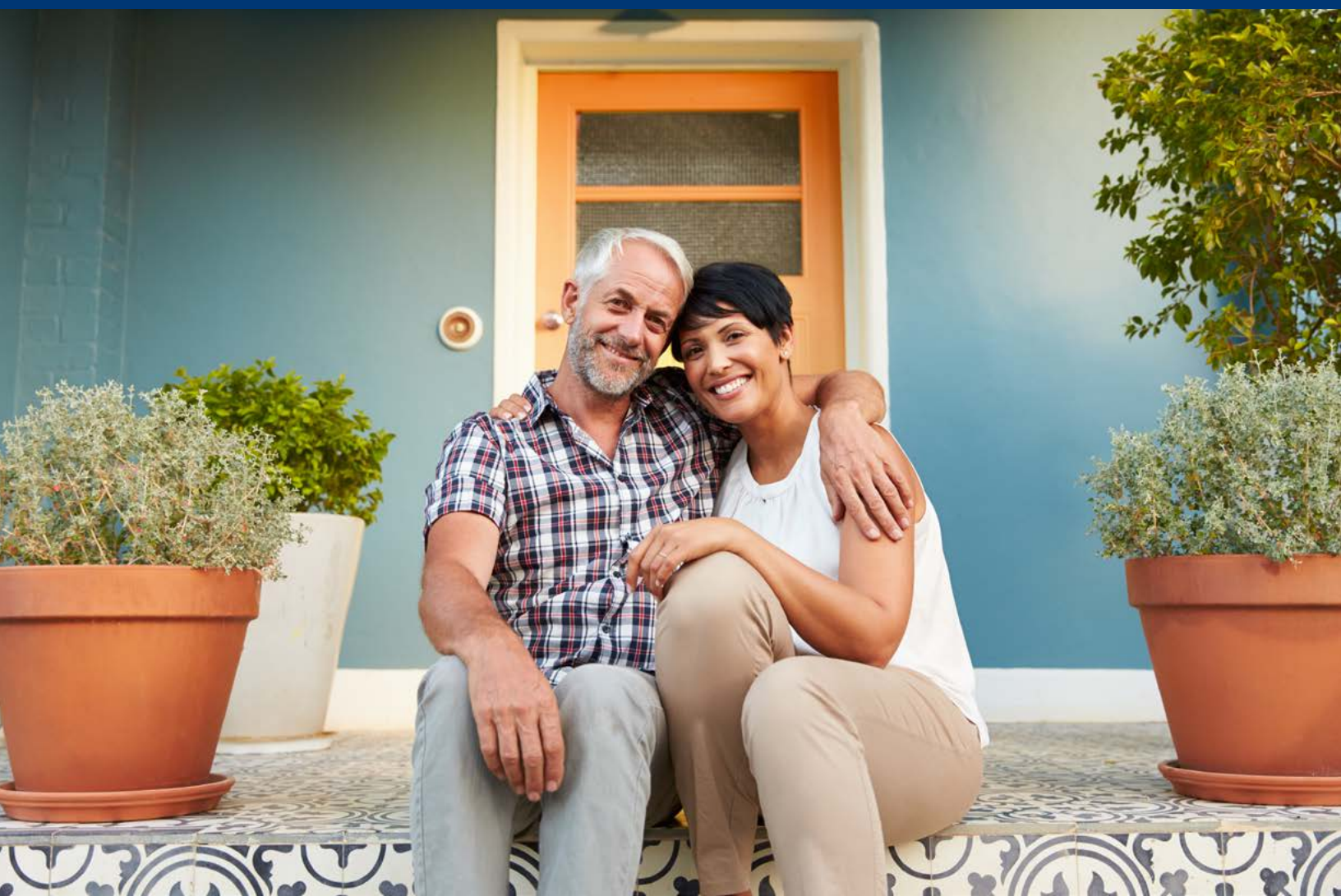
# ALL ABOUT THE EQUITY



CHAPTER 1

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# WHAT IS HOME EQUITY



You've probably heard friends or family talk about having equity in their home. You've seen television advertisements or offers for home equity loans and lines of credit.

### BUT, WHAT EXACTLY IS HOME EQUITY?

► **Put simply, home equity is the amount of your home that you actually "own."** It is the *fair market value* of your home minus any loans you have on the property. While technically you own a home the moment you sign the final paperwork on your purchase, your lender is using your home as collateral for your mortgage loan. That means the bank has a lien on the property. The financing bank or credit union doesn't own the home while they hold a lien (unless the home is foreclosed on), but you won't have full equity in the home until you pay off the loan entirely. You may also have liens on your property from other sources, such as the company that financed a roof repair, a previous home equity loan lender or a second mortgage lender.

### HOW IT WORKS

Imagine that you purchase a three-bedroom stucco ranch in Gilbert, Arizona for \$320,000. You put down 10% on the home, which is \$32,000, and you pay all of the closing costs and fees out-of-pocket so you don't have to borrow any money for those items. You get a mortgage from your local credit union for the balance of what you owe on the home, which would be \$288,000.

That means you have \$32,000 in home equity the instant you are in the home. Right?



Not exactly. The calculation above is only correct IF the home's fair market value is exactly \$320,000. Remember, we defined home equity as the *fair market value* of the home minus what you owe. Your lovely Gilbert ranch is in a desirable master planned community, and its fair market value is estimated at \$330,000. The good news is that you do have home equity. The best news is that, since the property is actually valued at a higher price than you paid for it, you have even more equity than you thought!

Home equity doesn't always work in the buyer's favor, though. Let's imagine that *TIME* magazine just named Gilbert as one of the top five best cities to live in, and buyers are in fierce competition to get the most desirable homes. Yours is one of them. The fair market value of your new pad is still \$330,000, but you got into a bidding war with another potential buyer. You loved the home, so you put in your best offer at \$340,000 and won the bid. The upside is that your family got the home you love. However, you're starting out with less home equity.

### HOW TO INCREASE YOUR EQUITY

Starting out with lower home equity doesn't mean that you'll continue on that trend throughout the life of your loan. Home equity is always calculated the same way, which means that the more you pay your loan down, and the more your home's value rises, the more equity you'll have. Besides, the most important thing is that you bought the right home for yourself and your family. The longer you stay in it and make payments, the more you can grow your equity!

CHAPTER 2

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# WHAT IS A HELOC (AND WHY DO I NEED ONE)?



Once you've accrued some equity in your home, you may decide that you want to tap into that home equity to upgrade your kitchen, put in a pool, or even pay down debt or take a much-needed family vacation. To use your home equity in these ways, you could take out a home equity loan or get a HELOC (*pronounced HEE-lock*), which is a home equity line of credit.

## HOW MUCH CAN I BORROW?

Your lender will determine how much of your home equity you can borrow against. Some lenders will qualify buyers for up to 80% of the value of your home minus what you owe on it.

## HELOC VS. HOME EQUITY LOAN: THE DIFFERENCES

Both a home equity loan and a HELOC are money that a homeowner borrows against the equity in their home. The main difference between the two options is that the borrower receives the cash from a home equity loan all at once, while a HELOC allows you to take out money as you need it. Here's a quick comparison chart to help you understand the main differences between a HELOC and a home equity loan:

	HELOC	VS.	Home Equity Loan
Funds available as needed	●		
Lump sum payment			●
Fixed interest rate			●
Interest rate can vary	●		
Interest is only calculated on the funds used	●		
Draw period	10 Years		None (Funds distributed upfront)

## THE PERKS OF A HELOC

A home equity line of credit works similarly to a credit card account in that you borrow money as you need it and you have a limit on how much you can borrow. As you pay off the funds you've borrowed, they become available to you again. This is commonly called a "revolving line of credit."

For example, if your lender approves a \$45,000 HELOC and you take out \$20,000 to redo your kitchen, you now have \$25,000 remaining that you can take out. Let's say that six months later, your roof begins to leak and you need repairs. You take another \$10,000 out of your HELOC for the roofer, which leaves you with \$15,000 in credit remaining and \$30,000 that you'll need to pay back.



## “REFILLING” YOUR LINE OF CREDIT

Remember when we said that you could pay off the funds you borrow in order to have more funds available again? Basically, a HELOC works just like a credit card in that you have more funds available again whenever you pay down part or all of your balance. Here’s an example: Imagine that as you are paying off the \$30,000 that you’ve borrowed for kitchen remodeling and roof repairs, you decide to put a little extra toward your payments each month. After two years, you’ve paid off \$10,000. That means you now have \$25,000 in credit that you can borrow again.

## HOW INTEREST IS DETERMINED

Typically, a home equity loan is offered to the homeowner at a fixed interest rate. When you take out a home equity loan, you can quickly and easily calculate what your payments will be, just like car buyers might do with an auto loan. In contrast, the interest rate on a HELOC is variable, so it will rise and fall as rates fluctuate. Because the HELOC interest rate varies, your payment amount can change monthly.

## FIXED-RATE OPTION

Some lenders, like Desert Financial, offer a fixed-rate option HELOC. This option allows you to fix your interest rate on each portion of your available HELOC funds that you draw. If your lender’s interest rate was 6.9% when you took out the \$20,000 for your kitchen remodel, for example, you’ll be paying back that \$20,000 at 6.9%. Let’s say interest rates start decreasing, and your lender’s interest rate goes down to 6.5% just as your roof starts to leak. When you take out the \$10,000 for roof repairs from your HELOC, you’ll be repaying that portion of your loan at the reduced interest rate of 6.5%.

## TOTAL FUNDS AVAILABLE



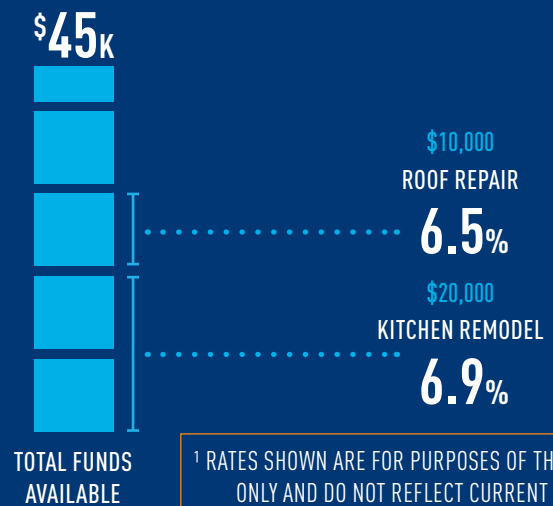
## HOME EQUITY LOAN



## HELOC



## OPTIONAL FIXED-RATE HELOC<sup>1</sup>



## WHAT TO REMEMBER

- ▶ **With both types of home equity borrowing, you are using your home as collateral for the loan.** So, keep in mind that you should view your home equity loan or HELOC as having the same level of importance as your mortgage. If you fail to make your payments as scheduled, you’ll be subject to similar consequences — if you’re ever behind or unable to make a payment, contact your lender to see how they can help.

CHAPTER 3

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# FOUR REASONS TO GET A LINE OF CREDIT



As mentioned earlier, a standard home equity loan takes into account the fair market value of your home versus what you still owe on your mortgage. The larger the difference between the two, the more loan money you may be eligible to borrow. The interest rate is locked in when you get your funds, and repayment is easy to manage, since your monthly bill is consistent throughout the life of the loan.

### So, why get a HELOC?

A HELOC also takes into account the equity in your home and uses your home as collateral. Interest rates can vary, and they are typically higher than first mortgage rates. However, its lengthy draw period, variable APR and easy repayment options make the HELOC a more flexible option than standard home equity loans.

## HERE ARE FOUR SPECIFIC REASONS WHY A HELOC MAY WORK BETTER FOR YOU:

### 1 IT'S LIKE HAVING A GENIE IN YOUR POCKET:

Since a HELOC works much like a credit card, you're not limited to a single project on your wish list. Borrowers have a set limit (for example, \$50,000) and can take out as much or as little of that at one time as they want. Redo your kitchen for \$30,000 this year and you'll still have \$20,000 left in your HELOC to use for later projects.

### 2 YOU CAN TAKE YOUR TIME:

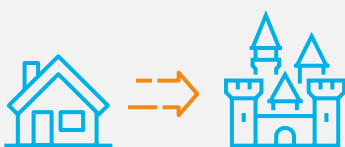
The amount of time you have to use your HELOC funds is called the "draw period." Most HELOCs come with a 10-year draw period, though some financial institutions offer up to 20 years. Monthly payments during the draw period are applied to both interest and principal.

### 3 ADDITIONAL ADVANCES ARE AN OPTION:

Unlike with standard home equity loans, a HELOC allows you to re-use part of your HELOC after you pay it back during the draw period! In the earlier example, you paid off \$10,000 of your HELOC over two years, which gave you that \$10,000 back to borrow if you need it.

### 4 THE FIXED-RATE OPTION PIQUES (BUT NOT PEAKS) YOUR INTEREST:

When you choose to withdraw part (or all) of your HELOC funds using the fixed-rate option, that portion of your HELOC is instantly locked at the current interest rate.



Low loan rates and high home values could potentially open new opportunities to make the upgrades and changes you've always dreamed of. Whether you choose to remodel all at once with a home equity loan or space out your renovations using HELOC funds, you may finally have the option to turn your current home into your castle — minus the moat.

CHAPTER 4

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# THE HELOC PROCESS, FROM APPLICATION TO WITHDRAWALS



After you've researched your options and decided which loan is right for you, it's time to complete the application process. That isn't as daunting as it sounds! Typically, your lender will start by asking you three questions:

1

How much is your home worth?

2

How much do you owe on your home?

3

How much are you looking to borrow?

Let's start with the first question. While your home might be worth a million in good memories (to you, at least), you'll need a reliable estimate of your home's fair market value to provide to your lender. How you obtain this information is up to you. One of the easiest ways that you can research your home's value is by looking at the "comps" in your neighborhood. Using the free [HomeScout app](#) available in your device's app store (Code: Desert Financial VIP), look for recently sold homes that are comparable to yours in size, number of bedrooms/bathrooms, amount of recent updating and property size. Print out a selection of these and bring them to your first home equity appointment.

*You can expect to pay \$500 for an official appraisal of your home. For your mortgage balance, look at your most recent statement; better yet, contact your mortgage company directly to get the exact amount that you currently owe on your home.*

## HOME APPRAISAL COST



PHOENIX METRO AREA

## HOW MUCH TO ASK FOR

Remember, home equity is fair market value minus the balance owed on your mortgage and any other liens you have on your home (for example, a previous home equity loan or a lien from an HVAC company that financed your air conditioning repair). Remember that many lenders, including Desert Financial, will lend a **maximum of 80%** of your home's value minus what you owe on your mortgage. You don't have to ask for the full 80% if you don't think you'll need it, but knowing the cap can help you determine the right starting point.

## WHAT'S THE NEXT STEP?

Once you provide an estimate of your home's value, your mortgage balance and the dollar amount you're requesting, you'll fill out a digital loan application and wait to hear back from your lender. An underwriter will review your application and you'll typically hear back in a day or two (Desert Financial replies within 24 hours). Your HELOC will either be approved, declined, or the lender will come back with a counteroffer — for example, \$30,000 instead of your requested \$50,000.

If you are approved and you accept the loan amount and terms, you'll provide some official documents such as proof of home insurance and income and the loan processing will begin. You won't have to wait long until your HELOC closing; on average, it takes about 25-30 days to get from the stage where your initial paperwork is completed to your closing date. At closing, you'll sign the final paperwork and get ready to tap into your home's equity!



## HOW TO USE YOUR HELOC FUNDS

When you get your HELOC, you'll have a draw period and a repayment period. The **draw period** is the amount of time that your funds will be available; for example, 10 years. During that 10 years, you can take out up to your maximum available balance at any time.

Your **repayment period** is the amount of time you have to pay the money back to your credit union or bank after your draw period has ended — typically, 20 years. That doesn't mean you can just continue taking out money during your draw period without paying a cent back. Lenders generally require you to start paying back funds one month after you withdraw them. Thus, as you withdraw more of your HELOC funds, your monthly payment will rise.

Using your HELOC funds is simple; most lenders will allow you to visit a bank branch for cash, move funds online, request a check or transfer funds directly into another account at that financial institution.

### THINGS TO KEEP IN MIND:

- ▶ Your HELOC may come with an annual fee
- ▶ Check to see if there are any fees to close the loan
- ▶ There may be restrictions on what you can use funds for (no business purchases, can't buy a new home with funds, etc.)

CHAPTER 5

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# EXTRA(ORDINARY) USES FOR HOME EQUITY



## What happens when you've achieved "dream home" status? Or when other life matters are more important than whether you follow the latest flooring trend?

Contrary to popular belief, home equity and HELOC funds don't have to be used for renovations and repairs. While some borrowers use the funds for unexpected family emergencies such as medical bills, and others use the cash for a down payment on a vacation home, most either use their funds for renovations or invest the money in other areas of their lives.

Here's a look at three common ways in which home equity funds can be used for something other than home improvement.



### 1 | Pay for Tuition Costs

College and university costs are going up, and unfortunately salaries and Stafford Loan amounts are not increasing to accommodate the rise. The average cost for a college education (including room and board) at a nonprofit private institution is over \$35,000 per year, compared with less than \$8,000 in the early 1980s.

While federal Stafford Loans have a relatively low interest rate, their annual limits aren't high enough to cover tuition costs at many private schools. In addition to covering college tuition for yourself or your children, home equity funds can also be used to pay for room & board, or private schooling for younger children.



### 2 | Eliminate Credit Card Debt

The average household credit card debt is over \$8,000, according to the Federal Reserve. With interest rates for home equity loans hovering around 6.5-7% in recent years, compared to 15-20% for credit cards, some homeowners choose to use lower-rate equity loan funds to pay down credit card debt. The key is ensuring the bill stays paid. If you just rack up another \$8,000 of high-interest debt that you can't pay off quickly, you haven't improved your situation.



### 3 | Consolidate Other Bills

Eight thousand dollars of debt seems like a lot, until you expand that figure to include all consumer debt. The average American family carries approximately \$136,000 in total debt, including vehicles and mortgages. If you have a lot of smaller debts, or multiple high-interest loans, it can be a wise move to consolidate debts into a single monthly payment.

## THE BOTTOM LINE

▶ **When you get approved for a home equity loan or HELOC, funds aren't automatically earmarked for home improvements, upgrades or repairs.** You can choose to use a portion (or all) of your home equity funds to pay medical bills, lower your credit card debt, cover college tuition for your kids, or for any number of other uses. So, read over the fine print of your loan or line of credit until you understand all of the details, and make the decision that's right for your personal situation.



## SECTION TWO

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# LET THE RENOVATIONS BEGIN

WHEN YOU BOUGHT YOUR HOME,  
YOU PROBABLY FELL IN LOVE WITH  
THE WONDERFUL ASPECTS OF IT.

Maybe it was the vaulted ceilings that made your heart flutter or the travertine flooring that caused your jaw to drop. Either way, you purchased your home to make it your perfect place. However, as time went on, you may have noticed some spots in the house that you wish were a little different, or perhaps you started to feel like you could use more space.

Have no fear! You don't have to go through the process of selling your current home and purchasing a new one in order to fall in love again. Many people are able to turn their current house into their dream home. It just takes a little TLC... and a lot of hard work. In Section Two of *The Handy Guide to Home Equity*, we'll tackle the most talked about topics of home improvement so you can start using your HELOC funds to make a big impact on your space.



CHAPTER 6

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# TO DIY OR NOT TO DIY





It's a do-it-yourself (DIY) world these days with home renovation shows and DIY-inspiration sites such as *Pinterest* being so popular. You might even feel inundated with information about how easy it is to make major changes to your home. But the truth is that some projects can easily be handled alone, while others are best left to the professionals.

If you are planning on changing just a few minor things in your home that will create a quick upgraded look, then you probably can DIY those smaller projects. For example, changing out bathroom lighting can help the room feel brighter — literally! — and it is usually easy enough to do on your own. However, redoing the entire flooring in your home or changing out your kitchen cabinets can quickly become more than you bargained for.

You should also consider the potential hassles of living in a construction zone. While all upgrades take time and are worth it in the end, DIY upgrades can take much longer than anticipated. This is because other things in life get in

the way of the time you set aside for your project, and you can often run into roadblocks that you weren't expecting or may not be equipped to handle. In fact, many DIY-ers find that they end up spending more time and money on their projects than they would have if they had just hired a professional in the first place.

You can still complete some awesome home upgrades on your own, but the bigger projects may look easier to accomplish than they actually are. While there are some things that can be easily accomplished without a pro's help, you would be better off tackling most major home upgrades by paying someone who has experience.

## How Long Will It Take?

### UPDATING A LIGHT FIXTURE



1 - 2 HOURS

### PAINTING A ROOM



1 - 2 DAYS

### RENOVATING A BATHROOM



UP TO 3 MONTHS

Here is a list of project ideas that you can easily DIY and ones that are best left to the professionals.

## DIY WITH EASE



Painting your front door or an accent wall in a room



Mounting floating shelves



Installing new light fixtures



Adding new home décor

## CALL A PRO



Taking down a wall



Redoing electrical wires, plumbing, or gas lines



Installing new flooring or baseboards



Fixing structural issues

When you are ready to start tackling your projects, it is best to set up a plan based on your budget and experience level. The things that you can handle on your own should go on your list as DIY projects, and those that will be more difficult, or are bigger upgrades, can go on your list as professional projects.

You can also set up a timeline of when you would like things completed. Some projects are better completed before others. For example, if you are going to DIY painting your bathroom, you may want to wait until

after the professional has installed your new shower and vanity; that way, your shiny new paint job won't be ruined by dust or debris.

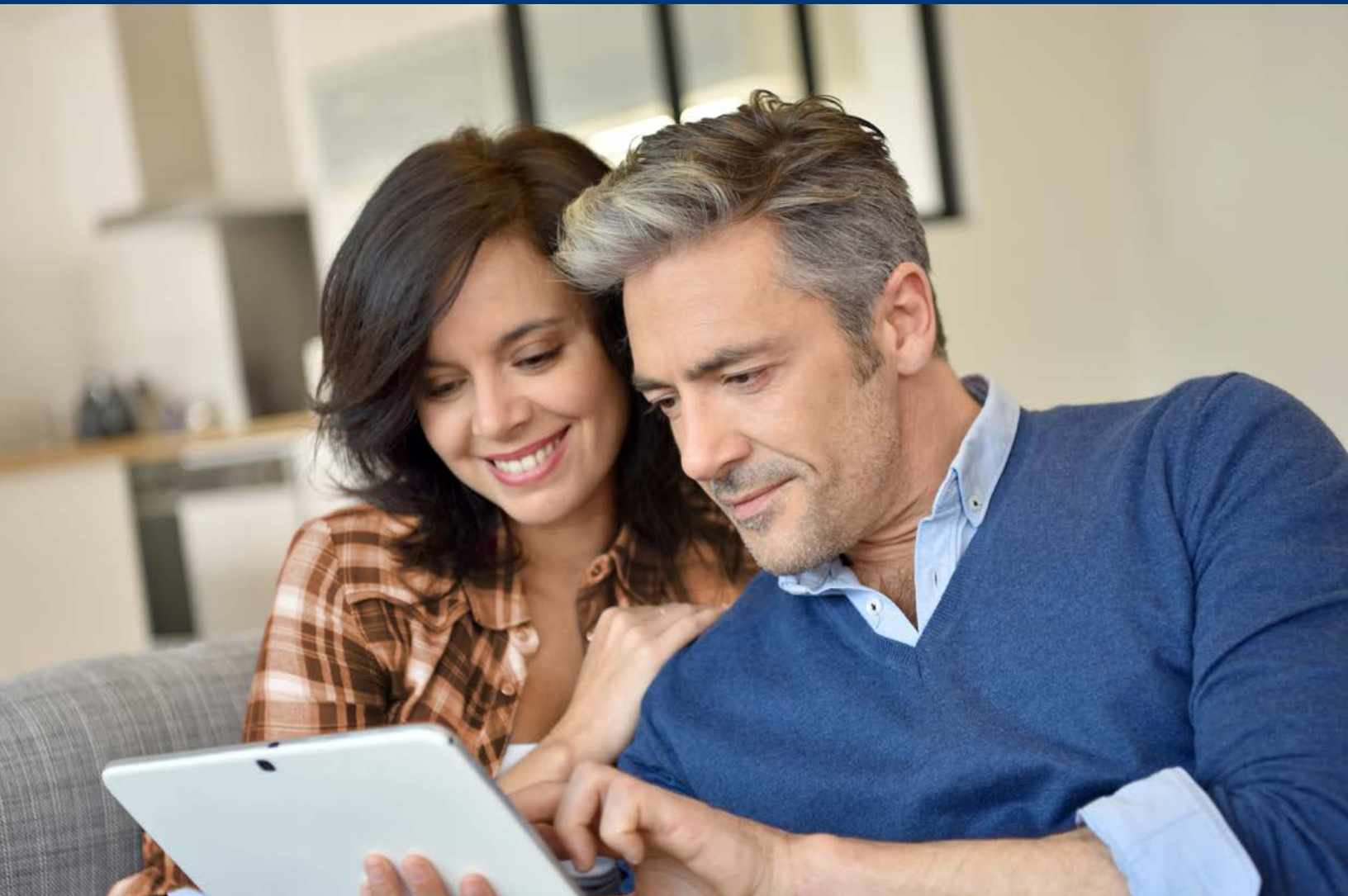
If you want to take on more DIY projects in your home, then you can always talk to a professional as they complete work for you. Gain some knowledge from their experience, and then you can slowly start working toward completing more and more projects on your own.



CHAPTER 7

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# FINDING THE RIGHT CONTRACTOR



Once you have created your project list and you know what you plan to DIY and what you plan to have a professional complete, your next step is to find a contractor who will get you through the whole renovation process.

Think of hiring a contractor like offering someone a job (because that's exactly what you are doing). You are going to want to look for someone who has the skills you need, works within the budget you have and will do a good job. Check out the tips below to help you find the right pro:



## 1 | Get recommendations

Friends, family, coworkers, and even the Realtor® who helped you find your home may be able to provide you with recommendations for contractors who can complete your projects.



## 2 | Read the reviews

It's natural to turn to the internet when looking for a contractor. If you do, it is best to find reviews online and read as many of them as possible. Check for reviews that seem genuine (whether the review is positive or negative). Also look at how old the reviews are. If a contractor hasn't been reviewed in a few years, then it might leave you wondering why.



## 3 | Check references

Whether you found your contractor through a friend's recommendation or through online searching, references are a great way to learn more about previously completed projects. They are a little bit different than reviews, because references will all be written by people that were happy with their completed project. Keep that in mind while reading these, but it does help to get an idea of the kind of references people are willing to give a contractor.



## 4 | Find the right contractor for your project

If you are planning on redoing all of the bathrooms in your home, then you definitely want to find a contractor who has worked with plumbing before. If your main project is knocking down a wall, then your contractor will need to be knowledgeable about wiring, plumbing, and possibly even gas lines. Basically, one contractor may not fit all projects — so keep that in mind when you are hiring.

## HERE ARE SOME BONUS TIPS TO USE ONCE YOU THINK YOU HAVE FOUND THE RIGHT CONTRACTOR:

- 1 MAKE SURE THEY ARE QUALIFIED** | It is important to ask for licensing and certifications to ensure your contractor knows their stuff; beyond that, you can ask for images of finished projects – that way you know the type of work they can do.
- 2 ASK FOR MULTIPLE BIDS** | If you were hiring someone for a job, you wouldn't just take the first person that walked through the door. You shouldn't do that either when it comes to your contractor. Request bids from at least three different contractors to ensure that you are getting the best price.
- 3 HAVE THEM WORK WITH YOUR SCHEDULE** | Are you an early bird or a night owl? While there will be some limitations to the times when contractors can complete work at your house, you should try to find one that is able to be somewhat flexible with their schedule in order to match the hours you need the work completed.
- 4 GET EVERYTHING IN WRITING** | You should definitely be signing a contract regarding your renovations, and that contract should be extremely detailed. It can be a pain to read through a long contract, but you will eventually be happy that you and your contractor are on the same page about your renovations.

When it comes to upgrading your home, you want it done correctly, so it is vital to take your time to find the right contractor for the job you have in mind. Don't be afraid to ask tough questions, especially about the type of experience your contractor has. It will help, in the long run, to feel comfortable with the person who will be spending a lot of time in your home while working with you to make your vision a reality.

## THE MOST POPULAR HOME RENOVATIONS

Once you are ready to remodel, you may already know exactly what upgrades you want to complete. However, it is important to balance your renovations so they fit your tastes and keep your house up-to-date as the styles change over the years. Ideally, you don't want to have to be remodeling your home every few years just to stay current with the newest trends.

To help spark your imagination, we are breaking down the most popular upgrades for kitchens, bathrooms, outdoor spaces and home additions.



KITCHENS



BATHROOMS



OUTDOOR SPACES



ADDITIONS



## CHAPTER 8

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# KEEPING YOUR KITCHEN IN STYLE



Upgrading your kitchen can add beauty to your home and give it a more modern look. There are lots of projects that can be completed to turn your kitchen into a chef's dream. Read about some of the top trends below, and check out the latest styles on [Desert Financial's "Kickin' Kitchens" Pinterest board.](#)

## UPGRADES FOR BEAUTY

### ▶ GETTING NEW CABINETS

White cabinets are the major trend currently because they give a clean look to the kitchen. They also help homes have a farmhouse look, which is extremely popular. Having a contractor install fresh, clean, white cabinets can help transform your kitchen from dated disaster into modern masterpiece.

### ▶ INSTALLING DIFFERENT COUNTERTOPS

There are several types of countertops to choose from, which leaves you lots of options for expressing your style. Some of the most popular options are butcher block, travertine, quartz, granite and concrete.

*Hint: Check out the benefits and drawbacks of each kind of countertop before you fall in love with one.*

### ▶ PUTTING UP A BACKSPLASH

A modern backsplash will give your kitchen a finished look, and it can also make the space easier to clean (since spills on the wall can be harder to wipe off than messes on tile). Right now, subway tile is a major backsplash trend, but you can choose from hundreds of different options if you want something more unique.

### ▶ UPGRADING APPLIANCES

If your appliances have seen better days, upgrading them is always a smart option. You can also purchase matching appliances to give your kitchen a seamless look.

## UPGRADES FOR DESIGN

### ▶ ADDING AN ISLAND

Kitchen islands are very popular because they add extra counter space. They are particularly helpful when they also have a bar area. Adding an island where there wasn't one can be a big project, because it may require removing walls or rearranging some of your current countertops and cabinets. However, the end result is awe-inspiring. If you want to DIY a unique touch, hand-paint the island with an accent color to make it pop.

### ▶ INSTALLING A FARMHOUSE SINK

Double sinks used to be the most popular trend, but now people are falling in love with farmhouse sinks. These sturdy porcelain basins are usually large and offer a lot of surface space.





## UPGRADES FOR CONVENIENCE

### ▶ TURNING A CABINET INTO A HIDEAWAY AREA

Hate having your trash out in the kitchen and seeing it every day? You can hide your trash can behind a cabinet in order to keep it accessible but also out of sight. This would be especially easy to add into your project of redoing the cabinets, if that is already on your list.

### ▶ BRIGHTENING UP THE ROOM WITH LIGHTING

Adding some hidden under-cabinet lighting can give your kitchen an elegant feel and is very easy to add to your cabinet project.

### ▶ ADDING MORE OUTLETS

The kitchen never seems to have enough outlets in the places you want them, so while your renovations are in progress, it is a great idea to have an electrician add wiring so that your outlets are exactly where you want them to be. You can even add some outlets inside your cabinets or pantry.

Find the upgrades that matter to you and then research how much they cost so that you can see what will fit in your budget. Sometimes there are multiple options that will create a similar look, so if you are struggling with making decisions, then talk to your contractor and leverage their past experience to help you figure out how to make your kitchen perfect for you.

CHAPTER 9

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# BUILDING A BETTER BATHROOM



Bathrooms are one of the most popular places to complete home upgrades in because they are usually smaller rooms that can be completed somewhat quickly. You may also have the advantage of having more than one bathroom in your house. If your kitchen is being worked on, then you can't really use it, but if one of your bathrooms is under construction, then you (hopefully) still have another one to use during the process.

There are several major upgrades to a bathroom that help turn it into a spa oasis, so check out our suggestions below and visit Desert Financial's Pinterest page on [Beautiful Bathrooms](#) for visual inspiration!

▶ **CHANGE UP YOUR SHOWER**

You can add a rain showerhead to your shower to give your bathroom a luxurious resort feel. In fact, a newer trend is to have both a regular showerhead and a rain showerhead so that you can enjoy the benefits of both. If you are going for a more fun feel (or maybe you are redoing your kids' bathroom), then you can turn the shower into a party with a lighted showerhead. Finally, adding decorative tiling in your shower can give it an upgraded look.

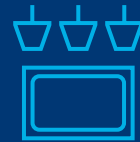
▶ **GET RID OF THAT OLD VANITY**

The vanity is usually one of the first features that gets noticed when someone walks in your bathroom; so if it is a bit of an eyesore, then that's a great opportunity to complete an upgrade. You can purchase a pre-made vanity or work with your contractor to have one built (maybe to match your new kitchen cabinets).

▶ **FRAME YOUR MIRROR**

If you love the mirror you have in your bathroom, then you can probably upgrade it with a simple DIY project. Adding a frame around your mirror is a great final touch to your bathroom remodel, and there are lots of step-by-step tutorials online. If your current mirror is not reflecting your style, then opt for a new one that matches the look you are going for.

These upgrades can make your bathroom feel new and refreshed, and they can often be completed fairly quickly. There are also hundreds of tile, shower and vanity options out there to help your bathroom feel unique. You don't have to install something cookie-cutter if you prefer a look tailored to your personal preferences. However, just keep in mind that your changes could potentially affect your home's resale value in the future.



CHAPTER 10

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# OUTDOING YOUR OLD OUTDOOR SPACE



If you are looking for a way to upgrade your home and give you a new place to spend your time, then look no further than outside your back door. It's easy to see why upgrading your outdoor space has many benefits:

▶ **MOVES THE CONSTRUCTION ZONE**

When upgrading your backyard, all of the work is completed outside of your home's walls, so the noise will be lessened, and you don't have to worry about losing square footage while the work is completed.

▶ **HELPS WITH RESALE VALUE**

In Arizona, outdoor space is particularly important since we have so many sunny days. People want to spend their time outside, and if you are planning on selling your home in the future, potential buyers will be thrilled to envision their outdoor adventures in your upgraded backyard oasis.

▶ **CAN BE COST-EFFECTIVE**

Completing a backyard renovation doesn't necessarily have to be extremely expensive. There are lots of options for DIY projects. For example, you can hire a professional to install a sprinkler and drip system, but then you can put in the plants for the drip system on your own.

▶ **GET MORE SPACE**

If your backyard becomes a thing of beauty and function, then you'll feel like you have added an entirely new area to your home. You'll be able to start spending some of your time out there enjoying your upgraded space.





While the heat in Arizona can sometimes be too much, that excessive sunshine does give us a great advantage when it comes to our outdoor space — we can usually use it more often during the year than homeowners in other states. As you can probably imagine, one of the highest ranked backyard upgrades in Arizona is adding a pool or water feature, but there are other popular options, as well. Check out these three common backyard upgrades:

**1** **INSTALLING A POOL OR WATER FEATURE** | In Arizona, most months of the year are warm enough to go swimming. That is why adding a water feature to your backyard is a very common upgrade. Pools are not the only way to turn your backyard in a dream desert oasis, though. Splash pads — permanent play areas with fountains or sprinklers — have become increasingly popular hangout spots in Arizona, and people have started adding them to their own backyards. Even an upgrade as simple as adding misters to your porch can help you feel cool and comfortable during the summer months.

**2** **CREATING A PORCH OR COVERED PATIO** | Speaking of porches, they can be a huge upgrade for your outdoor space. Extending your current porch or patio, or adding a new one altogether, can not only give you a shady place to spend your summer days but can also add to the resale value of your home.

**3** **ADDING A FIRE PIT** | Arizona winters are pretty mild compared to the rest of the country, so it is common to spend time outside during that time of year. What would be better on those colder nights than cozying up to a warm fire in your own backyard? Fire pits are relatively inexpensive, and you have lots of options ranging from installing a built-in one with its own gas line to purchasing a portable wood burning fire pit. This type of upgrade can really make a backyard feel inviting during the winter months.

If you want a space that is all your own and that will encourage you to spend more time outside, then your backyard is the place to upgrade. Can't picture your dream yard yet? Get some [outdoor living ideas on Pinterest](#). With a variety of options depending on your lifestyle, you can easily create a space that will keep you (and your guests) happy all year long.



BONUS CHAPTER

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# A NEW ADDITION TO THE FAMILY HOME



Sometimes what you really need for your home is more square footage, and an addition can help you make the extra space that you are wanting. A project of this magnitude takes a lot of patience and planning.

## THE POTENTIAL PROS

Here are four reasons that a home addition could give you everything that you are looking for:

### ▶ DON'T WORRY ABOUT MOVING

This is a huge plus because moving almost always costs more than renovating your current space. You also get the benefit of keeping the house features that you currently love in your home, instead of starting over with a new place.

### ▶ MAKE THE SPACE YOUR OWN

There are some limitations to this benefit since there are regulations to home additions, but for the most part, you have lots of control. Have you always wanted a window seat, or do you wish you had an entire room as a walk-in-closet? This addition is your space, so while you want to make it useful, you also want it to be what you want.

### ▶ ADD SQUARE FOOTAGE

With an additional room or two, you are upping your square footage. Once your addition is complete, you will really be able to feel the difference; the additional space that you have been craving will be available to you.

### ▶ INCREASE YOUR HOME VALUE

If you are renovating your home then you may not be thinking about selling your place any time soon, but it is something to consider when you do upgrades. A home addition, in particular, can help increase your home value if you do decide to sell in the future.

## THE CONS OF MAJOR CONSTRUCTION

Getting an addition can take months, depending on the size of the space you're adding and the speed of permitting and construction. In the meantime, expect lots of plastic sheeting and daytime noise. These factors can be a deal-breaker if you work from home, are a stay-at-home parent, or if you have a large family with complex schedules and routines.

Adding a room to your house can also change its flow, and depending on where you are adding the room, you may have to take away space from something else. If you add a room at the back of your house, then you will be making your backyard smaller. If you add a room to the side of your house, that huge side yard you had will be reduced significantly. These are all things to consider when looking at giving yourself more space.

The most popular home additions are creating a new bedroom, office space, playroom, or (particularly in Arizona) sunroom. This type of upgrade can be one of the most expensive and the most involved since permits are usually required. However, when you finally have extra space in a home that you love, you will be happy that you completed this upgrade. In addition to that, you will be turning your home into the space you have always dreamed of.



# THE NEXT STEP

Now that you've learned the ins and outs of financing your home renovation and read about the changes you could make, it's time to take the next step. If you're ready to start making your dream home a reality, the first step is to speak with a loan representative to begin the application process and get the funds you need. At Desert Financial, we're here to help walk you through every stage of applying for and accessing your HELOC.

Remember that 25-day window you have between approval and your closing date? That gives you time to track down your ideal contractor and start the fun part of the renovation process: planning your brand new space! With *The Handy Guide to Home Equity* at your fingertips, you'll easily be able to translate your desires into a plan for creating the perfect place. So contact the local lender you trust today, start reading local contractor reviews and keep moving forward toward your soon-to-be dream home!

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Visit us online at [DesertFinancial.com/HELOC](https://DesertFinancial.com/HELOC) or call us at [602-433-5626](tel:602-433-5626) to speak with one of our Desert Financial HELOC professionals.

