



# Buy Now or Wait?

*Winning in Today's  
Real Estate  
Market*

Dutch Enterprises  
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Charles Dutch  
Realtor®

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## Meet the Author

After graduating from the University of North Carolina at Chapel Hill with a degree in journalism, I served as a missile launch officer.

Five years later, a second career followed as a car salesman, lasting 25 years. It was a love-hate relationship, but it paid the bills and helped raise two fine sons. A career in real estate followed, which led to a successful marriage.

Recently, my wife and I celebrated our 40th wedding anniversary.

After serving as a REALTOR® for the past 25 years, I am an agent at Re/Max True Advantage in Augusta, GA.

Writing this book has been extremely rewarding since I could combine my journalism training with the experiences I learned while selling cars and real estate.

My original goal in writing this book was to make money. But time has changed my perspective as I've better understood the challenges families face trying to maintain a suitable lifestyle in today's fast-paced society.

Let me offer encouragement when it comes to buying the right house. Don't sit on the sidelines. Talk with your parents or grandparents and ask them if they made the right choice 30 years ago when they purchased their house.

At the time, many felt they had made a huge mistake and paid too much for the house. Fast-forward years later. Today, that same house has increased in value several times.

Feel free to drop me an email with comments and questions at [cdutch66@gmail.com](mailto:cdutch66@gmail.com)

*Charlie Dutch*

**NOTE: Real estate agents, real estate, and mortgage companies can use this condensed copy. Contact me. Links are furnished as a helpful tool for your information. No compensation is received, or endorsement from other companies is implied.**



Families struggle with many life-changing decisions. Whether this is the best time to buy a house or wait is at the top of the list. Let me be the first to admit. Buying a home is NOT the right decision for everyone.

But for some, the answer is **YES**, consider buying, but only if the time is right for you. As you continue reading, you can decide if the time is right. I firmly believe that once you get enough knowledge, it will help you make the right choice..

But let's digress for a minute.

The media is full of negative news. Daily, you read more bad news in the newspapers and the Internet. Why so much negativism? A simple answer: *It sells papers.*"

**"GET READY FOR THE COMING RECESSION!"**

**"THE HOUSING MARKET IS ONE BIG BUBBLE!"**

**"INFLATION REMAINS OUT OF CONTROL!"**

It's called *stinking thinking*. It's only human nature to buy into this negativism. *"If I can't afford to buy, no one else can afford to buy either."* As a result, we become paralyzed and are afraid to act.

Sure. You can expect challenges. We are in uncharted waters regarding the future of the housing market.

What's the best course of action? The decision can be mind-boggling. Perhaps you need to sell your present house. Will you be able to afford another? If not, should you rent a home? Whatever your circumstances, you feel stuck.

Here's the long and the short of it. Everything in life runs in cycles. Styles come and go. What's in today is out tomorrow. The housing market is no different. There's no ideal solution. Here's the hard truth. It doesn't matter if the housing market improves or declines, people will continue to buy and sell houses. You can bet this. Historically speaking, home prices will appreciate over time.

**Buy NOW or Wait** provides answers that will change your life. You will get answers here, not found anywhere else! I do not make this claim needlessly.

My best advice is to avoid making short-term plans—plan for the long term. Map out a three to 5-year plan—act on solving the easiest solutions first. Then, tackle the harder ones. My goal in this book is to open up your possibilities. It's time to think outside of the box.

## Supply and Demand Rule

The bad news is that prices will remain high in this competitive market. There are not enough houses on the market to satisfy demand. Home owners are holding back and unwilling to sell. The good news is that the appreciation of home prices nationwide has slowed significantly. You may even see a drop. Don't get too excited. Appreciation nationwide over five years has averaged 5%.

You can expect housing prices to get more expensive in the coming years. According to the National Association of Realtors®, existing home appreciation should remain flat after gains in 2022 and 2023.

Current mortgage rates are pushing somewhere around 6%. Many experts predict rates will remain high for 2024, although you may see a slight dip during an election year.

Before you think about buying, ask the following questions:

- Do you have a stable job?
- Is there enough money in your savings account?
- Good credit?
- Overall financial stability?
- Money for a downpayment?

If your answer is **YES, now may be the time to buy!**

Let me tell you why.

According to Barbara Cochran, real estate billionaire and Shark Tank star, *Now is the time to buy before real estate prices explode when mortgage rates drop. Pent-up demand may end up causing a buying frenzy.* Barbara goes on to say that this is not your *forever house*. You can always refinance when rates drop or sell.

## Avoid the Cost of Waiting

Buying a house is a long-term decision. Do not be concerned about what will happen in the short term. If you anticipate that your needs may change shortly, this may help influence your decision. It just may be the right time in your life to act.

Do you anticipate your family to grow? It may be a newborn or kids returning home to live. How about elderly parents moving in? Life can change fast.

Here are five ways to make buying more affordable:

1. Sell your house now to take advantage of an insane profit.
2. Purchase less house with fewer bedrooms, square footage, or amenities.
3. Use your or your agent's negotiating skills to negotiate better terms.
4. Go further out and pick a less expensive area.
5. Bite the bullet, and hope to refinance it in a couple of years.

The final chapter goes into greater detail and lists ten additional ways to make buying your next house more affordable.

If it feels that it's not the right time in your life to buy, then don't. But if it does feel right, as Barbara Cochran suggests, **the time to buy a house is NOW!**



## Military Families Face Tough Choices

The challenge for military families to find answers can be even more complicated. Should you buy a house or rent it at your next duty station?

Living on base may be a better option. Most military families move every two to three years. Throughout a 20-year commitment, military families can expect to move six times.

It can be challenging to find affordable housing at your next duty station. Basic Allowance for Housing (BAH) is

stretched to its limit. Where on earth do you live? It's not *if* orders come for military families but *when* orders come. This is why it's so important to set yourself up now to come out ahead when the time comes.

Find a Realtor with the Military Relocation Specialist designation. Agents receive specialized knowledge and skills through additional training to help active-duty military families, veterans and retired families navigate military relocation.



## Golden Handcuffs

In a recent article, the Wall Street Journal reports that many “Americans who want to move are trapped in their homes - locked in by low-interest rates they can't afford to give up. These ‘golden handcuffs’ keep the supply of homes for sale unusually low, making the market more competitive and pricier than some forecasters expected.”

As the market settles, the following trends are becoming apparent:

- Demand for housing remains strong, including rentals.
- Potential Sellers are keeping homes off the market, which results in constrained inventory.
- New construction is rebounding but is still in short supply.
- In some areas, apartments are overbuilt, resulting in declining rent.

**Buy NOW!** is divided into six sections and offers basic principles to help you decide the best way to buy or sell your house.

- **SECTION ONE:** Know Where You're Going
- **SECTION TWO:** Searching for the Right House
- **SECTION THREE:** Choosing the Right House
- **SECTION FOUR:** Choosing the Best Mortgage
- **SECTION FIVE:** Selling Your House
- **SECTION SIX:** Buying Solutions

The house is one of your most significant investments and most emotional. Not a good combination. It's easy to let your emotions take control and buy the wrong house. I call it buying a **BAD HOUSE**. Your budget goes out the window. Worse yet, you overlook essential features like a choppy floor plan, obsolete heating and air conditioning or even a house with a lousy view.



## Buying a Bad House is Mistake #1



And it doesn't end there. Buying the wrong house and paying too much makes it harder to sell down the road. It's not a matter of *if* it's time to make a change but *when* it's time to make a change. No one warned you of the long-term consequences of selling your house before you've had time to build equity.

***Keep this in mind as you move forward. When you buy the right house at the right price, and the house is already half sold.***

## Taking Out a Bad Mortgage is Mistake #2

***Buy NOW!*** provides solid information and tools to improve your lifestyle and create lasting financial freedom. As Warren Buffett advises: "*If you wait for the Robins to arrive, you'll probably miss spring.*"

Whatever you decide, go with the decision that feels right for you. Don't look back or second-guess your choices. Enjoy the journey, as well as the destination.

***JUST DO IT!***

Feel free to pass this on to your friends or anyone who might benefit. Drop me an email with your comments and questions to [cdutch66@gmail.com](mailto:cdutch66@gmail.com)



*You've got to be very careful if you don't know where you're going,  
because you might not get there. ~Yogi Berra*

Searching for another place to live usually starts months in advance. You may even buy a home that is a long distance away.

No one warned you of the long-term consequences of selling your house before you've had enough time to build equity. And the situation gets even worse if you pay too much for the house.

The loan officer and the real estate agent offered plenty of advice when buying your house. Where are they now when you need to sell? Everyone's diving for cover.

The last thing you want is for home ownership to become extra baggage. It can only add to your problems. You have enough stress as it is. All you need is more stress on the family.

In Yogi Berra's words, if you want to accomplish any goal in life, you need to know where you're going. Simply put, *Have a WINNING STRATEGY IN MIND from the getgo.* Your winning strategy must begin early in the game before you start to look for a house.

A close-up photograph of a hand in a blue shirt holding a set of keys, positioned over another hand that is held palm up. The background shows a house with a window and a door, slightly out of focus. The text 'Buy a House or Rent?' is overlaid in large yellow font.

# Buy a House or Rent?

*Of all the sad words of tongue and pen,  
the saddest are these, 'It might have been.'* ~Greenleaf Whittier

Let's catch our breath for a second and compare rent vs. purchase. This is the **number one** overriding question. The easiest way to do this is by looking at an [Affordability Index](#) from the National Association of Realtors to measure whether or not you earn enough income to qualify for a mortgage.

Owning property is your best hedge against inflation. Be sure to contact a Realtor® for a snapshot of your area.

I've done my fair share of renting. For many families, circumstances may dictate. You may not have a choice. There is no correct answer since everyone's circumstances are different.

# Tough Choices

1. Check [Zillow.com](https://www.zillow.com) for rent prices as of September, 2023. Use the search box in the upper corner and plug in the city or zip code. Rates will vary depending on the area. This is a great way to take a hard look at rentals when deciding.

**EXAMPLE:** Augusta, Ga.  
Median Rent: \$1,650  
Year-Over-Year Change -\$29  
Compare Rent in Other Markets: 21% Lower.  
Here, you can plug in another market for a comparison.

**EXAMPLE:** Houston, Tx  
Median Rent: \$1,900  
Year-to-Year Change: +\$50  
Compare Rent in Other Markets: 10% Lower

2. Next, check [Realtor.com](https://www.realtor.com) for the median price of homes as of September 2023. Again, plug in the city, state, or zip code in the upper corner. Is the area enjoying a Seller's market or a Buyer's market?

**EXAMPLE:** Augusta, Ga  
Median Price: \$185,000  
Year-Over-Year: Trending Up 11%  
Balanced Market

**EXAMPLE:** Houston, Tx  
Median Price: \$317,000  
Year-Over-Year: Trending Down 2.9%  
Buyer's Market

3. Using the [Mortgage Calculator](#), plug the figures to determine a monthly payment.
4. Scroll down to determine the payoff with the amortization table. Determine the number of years to keep the house. Use a conservative 2% appreciation rate. (Examples: Use Figures 1, 2, 3 & 4, ([Choosing the Best Mortgage](#)))
5. **Analysis:** Should you keep the house for 3 or 4 years instead of renting? You may make money after paying the real estate commission if houses appreciate 2% or more.

Next, determine your debt-to-income ratio. One way to decide how much income should go toward the mortgage is using the 28/36 rule.

*According to this rule, **your mortgage payment shouldn't be more than 28% of your***

**monthly pre-tax income and 36% of your total debt.** This is also known as the debt-to-income (DTI) ratio. Google

## Advantages of Renting

1. It's easier to move when necessary. You pack up and leave.
2. You buy more time to make a decision.
3. Allows more time to get to know the area better.
4. Renters have little responsibility when it comes to maintenance.
5. You don't have the uncertainties associated with qualifying for a mortgage.
6. Some utilities may be included in the rent.
7. Neighborhood amenities such as a pool and tennis court may be included in the lease.

## Advantages of Buying

1. Stabilize renting/buying expense over time.
2. Pride of ownership can give your family a sense of stability and security.
3. You gain a significant tax write-off.
4. An excellent hedge against inflation.
5. Enjoy the emotional gain. You can pick the best neighborhood, best school zone, and location.
6. Renters are at the mercy of their landlords, who can decide what to fix and what to let go.
7. You are saving for the future. Owning your own home is better than most savings plans.
8. Improving the quality of your life is the best reason.

You rent a house. You buy a home. When you rent, it's temporary. When you buy a HOME, it's permanent. Renters are marking time. You are just *getting by*, with nothing to show. Sure, the floor plan may not be *just right*. The neighbors, ugh, not great, but

tolerable. The location is, well, OK. Then, there are fire and safety issues that go with apartment living. And, if you have pets, many landlords are not sympathetic.

**Renting, about \$1,800/month.**  
**Owning your own home--PRICELESS!**

## SECTION TWO

# Searching for the Right House

Over the past decade, house hunting has undergone dramatic shifts. Consumers look online for a house. Nine out of ten Buyers rely on the Internet as their primary research source.

Several excellent real estate websites offer pictures and virtual tours. Most agents belong to a local MLS (Multiple Listing Service). The MLS, in turn, shares its listings with real estate websites. Each site offers various online tools to aid in the home search. With the click of your mouse, it's possible to narrow the search by price, bedrooms, baths, specific rooms, and additional criteria such as walking trails and playgrounds.

In this post-covid world, virtual home tours have gained greater importance. Buyers can view every room in the house. Virtual tours are professionally done. You can go on a walking tour of the home.

Sites include other features like neighborhood amenities, past sale prices of houses, school information, monthly payments, and even a suggested retail price. As you gather your list of possibilities, you can save your list and run a comparison of houses. Today's Buyer does not lack information.

Check out several sites. Each offers a unique set of tools. The color picture quality is fantastic.



Many sites allow you to set alerts to notify you as soon as a new property hits the market. You'll be one of the first to know and get a jump on everyone else. It's not unusual for a house to get multiple offers and sell within a day or two. Websites with an alert option are essential in this active market.

## Top Real Estate Sites

[Zillow.com](http://Zillow.com) is the most popular site. Zillow takes it up a notch with a tool called *Zestimate*, which estimates the value of individual houses. Data is gathered from various sources, including recent home sales and public records. A word of caution. Sometimes, these values are way out of line and should be used as the name suggests: a *Zestimate*.

[Trulia.com](http://Trulia.com) allows you to search neighborhood characteristics. *Heat maps* let you compare neighborhood crime, schools, commute times, and nearby banks, grocery stores, gas stations, and restaurants. You can even find a walk score for each neighborhood.

[Re/Max.com](http://Re/Max.com) shows a map of all homes in your price range. You can download the app, locate an agent, or get helpful tips on buying, selling or finding a lender.

[Realtor.com](http://Realtor.com) lets you search listings in your price range, number of bedrooms, and property type. There are also tips for Sellers and Buyers.



## Finding the Right Agent

Looking for potential houses can be a giant *timewaster* as you travel from neighborhood to neighborhood. It's easy to come up with a huge list. You needlessly write down every address for sale and phone number.

Unfortunately, you discover:

- A house that is out of your price range.
- The house has the wrong number of bedrooms.
- The house is already sold.

What? No formal dining room? Worse yet, the perfect house was one street over, and you missed it. Finding a good agent early in the game gives you an edge. The agent can notify you the minute a house hits the market. How do you find a good agent? Get recommendations from co-workers, friends, or family.

A common complaint I hear from Buyers who don't carefully screen agents goes something like this:

1. *The agent showed me houses that weren't a good fit. I wanted a 3-bedroom ranch. I ended up looking at 2-story houses. What a waste of time.*

2. *Houses were in the wrong area or school zone.*
3. *I wasn't treated seriously.*
4. *The agent showed me houses their company offered.*
5. *Do you mean the agent works part-time?*

For many, this may be your first house. Your knowledge is limited. Hire a professional who knows the *ins* and *outs* of buying a house. *Hiring people who are smarter than you are proves you are smarter than they are.* ~Henry Ford

The best reason to use an experienced agent is the benefit you receive from their knowledge. Most Buyers don't buy and sell houses for a living. This is your second house, so it doesn't make you an expert. You know the saying. *A little knowledge is dangerous.*

First-time buyers are entirely in the dark regarding the homebuying process.

Agents have the advantage of learning from past successes and mistakes. That's because agents practice their craft several times a year.

Statistics tell us that the average family buys a house every four to five years. Not much experience there. How's that working out for you? You don't know what you don't know.

Try this one for size. We've become a self-serving, litigious society. If someone can sue, chances are someone will. As a result, buying and selling property in today's society can be a quick-sand experience. It's the unexpected that can sink you.

Let me illustrate.

Flying an airplane is simple. A 12-year-old can do it. You point the plane straight ahead. Easy. It's the landing and the takeoff that can kill you. Then there's the unexpected. Pilots spend hours in the flight simulator preparing for the unexpected.

Here's where agents shine. They have intimate knowledge of the area. It's against the law to promote one area over another. It's called *steering*. It's okay to show properties that fit the Buyer's criteria, such as price, good resale value, excellent schools or proximity to work.

My favorite reply to a Buyer: *This house doesn't fit your criteria.*

This is the politically correct way of saying that this area has its share of drug labs, potheads, and sex offenders. A good agent keeps you from making a mistake.

# Buyer Agents

There are Buyer Agents and Seller Agents. Buyer Agents play a more significant role in assisting Buyers in finding the right house. Why? Traditionally, real estate agents represented the Seller. Buyers may have thought they were represented in some way, but they were not. It was never explicitly stated. It was implied. Buyers thought they were getting the best deal possible when making an offer. Not necessarily so. The agent's job was to get the best price possible for the SELLER!

Sure. Agents have a fiduciary (legal) obligation to carry out their duties professionally and ethically. Let's be honest. There can be gray areas regarding ethical behavior vs. unethical behavior.

The Buyer Agent was born. Today, Buyers have someone (on paper) looking out for their interests. Buyer Agents' duties are codified by law in many states.

**UPDATE:** The National Association of Realtors recently proposed a settlement of a \$418 million judgement to end class-action lawsuits from Buyers, targeting its commission structure.

*The lawsuits alleged a conspiracy between the NAR, multiple listing services and brokers to keep commissions high by largely requiring home sellers to pay buyer-broker commissions, and to require those commissions as part of being listed on listing services.* Bizjournals.com

Buyers will now be able to negotiate for a lower fee paid to Buyer Agents. As a result, the hope is it will make buying a home more affordable.

*Customers like the flexibility of these new models which can significantly lower the fees paid to a Buyer's agent. The savings can run to several thousand dollars on a home listed at \$400,000.* Wall Street Journal

Consult with your real estate agent to see how their Multiple Listing Service views Buyer Agents from cooperating brokers.

By negotiating the fee paid to a Buyer Agent, they may save thousands of dollars. Others may opt out of using a Buyer Agent altogether and take a *do-it-yourself* approach (DIY) when searching for a house. More on your options and the resulting savings will be covered at the end of this book in the chapter, *Making Buying Affordable*.

## Why Use a Buyer Agent

*A good buyer's agent can act as a guide on your homebuying journey. They'll show you properties that fit your criteria, help you craft a competitive offer, negotiate on your behalf, and generally provide you with knowledge and support throughout the homebuying process. And P.S. As a buyer — you don't pay them.* Nerdwallet.com

A good Buyers Agent will:

- Find homes for sale and line up showings.
- Knows the area.
- Negotiate offers.
- Recommend home inspectors, repair people and attorneys.
- Attend the closing.

Let me repeat. A Buyer Agent works for you! Your interests are protected above that of the Seller. Here's the best part. A Buyer Agent can legally offer advice. They will recommend a suggested offer price.

Let's break it down even further. Sellers have an agent.

When you see an ad in the newspaper, see a yard sign, or check out a house online, the agent **WORKS FOR THE SELLER**. Their duties are painstakingly spelled out in the listing contract! Anything less invites legal action against the real estate company. Their job is to sell the house for as much money as possible.

If you ask the Seller's agent questions, *what will the Seller take for this house?* The agent will put their arm around you and give you an answer. Their job is to sell the house for as much money as possible.

Your Buyer Agent understands you are under intense pressure to find the right house. You have a limited amount of time. You can't afford to waste it.

## REALTORS®

As a prerequisite to selling real estate, you must be licensed by the state where you practice, either as an agent/salesperson or as a broker. Individuals must take a real estate course and pass an exam to get a license. In addition, the candidate must not have any prior convictions or disciplinary action. To qualify as a REALTOR®, you must meet additional requirements.

*After receiving a real estate license, most agents join their local board or association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, the world's largest professional trade association.*

*Then they can call themselves REALTORS®. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics (which in many cases goes beyond state law). Realtor.com*

1. Use agents who belong to the National Association of Realtors®.

2. Talk with two or three Realtors®.
3. Ensure that the agent works full-time in real estate.
4. Ask how long the agent has been in business.
5. Ask how long the agent has lived in the community.
6. Visit Open Houses to look for agents.
7. Most importantly, ask yourself if you're comfortable talking to this agent?
8. Is the agent sincere in wanting to help you find the best house, or are they more interested in selling a house than meeting your needs?



***In my life, I've found that recommendations go a long way. Whether you're looking for a good electrician, carpenter, or whatever, a good recommendation carries much weight.***

It's easy to pick the wrong agent. Once you start looking, you'll discover a real estate agent on every corner. Presently, there are more agents than houses for sale.

You'll be bombarded with suggestions from friends and relatives. Your mother or aunt may even be an agent. Whether it's a friend or a relative, neither is a reasonable basis to pick an agent. The combination can be deadly.

Emotions often run high when it comes to negotiating a sale. You could even lose the sale. Worse yet, you can lose a friend. It follows the axiom: *Never mix business with pleasure.*

# Home-Buyer Quiz

After each question, write “Yes” or “No”. (Print this page or copy and paste it on your computer. The Answer Key is at the bottom)

- Are you entering an exciting time in your life?*
- Do you have a stable job?*
- Do you have a cash reserve set aside for emergencies?*
- Would you prefer not to rent and answer to someone else for every little thing?*
- Is your credit history good? Are there a few things you can clean up?*
- Are you tired of renting?*
- Is living in a safe neighborhood important? (If you rent, your choices are limited.)*
- Is finding a good school zone important? (Renting will drastically limit your choices.)*
- Do you have/would it be helpful to use an adviser or real estate agent that looks out for you?*
- Are you interested in building a nest egg for the future?*
- Is “quality of life” important to you?*
- Do you have a pet? How about two? Many landlords are reluctant to accept pets.*
- Do you feel this is a good time to buy a house?*
- Do you want the freedom to make improvements?*
- Will prices and interest rates continue to rise?*

**ANSWER KEY:** If “No” outnumbered “Yes,” you should stop buying for now. If you marked “Yes” 8-10 times, consider buying.

## SECTION THREE

# Choosing the Right House

*I'm tough, I'm ambitious, and I know exactly what I want.  
If that makes me a bitch, okay. ~Madonna-Goodreads.*

## Buying New

Buying a new house may be your best bet as builders begin to catch up with demand. Why buy *NEW*? The best answer: EVERYTHING WORKS! You are the original owner. Having sold cars for 25 years, I always preferred to sell new cars over used ones. You just can't beat that *new car smell*.

Believe it or not, there's a *new house smell*.





# Golden Rule #1

***Let Your Criteria Drive the House.  
Don't Let the House Drive Your Criteria.***

Don't let emotions drive a buying decision. In other words, don't let the house take charge at the expense of your criteria.

It's easy to fall in love with a house. Resist the urge to *make do* and throw out critical criteria. I've seen families *settle for* a mediocre school zone. A lovely house trumped the kids. Trust your gut and stick to your original criteria.

Early in the game:

## 1. **Identify Needs and Wants**

Looking for a house is exciting. Slow it down and take a deep breath. Sit at the table early in the game (before you even start looking). Write down the important criteria. Price, size, number of bedrooms, or a large kitchen are just a few examples. Stick to it! Identify your **needs** and **wants**. Make two lists. One is a *Must-Have* list. The other is a *Nice-to-Have* list. Put it on paper. Resist the urge to buy on impulse. Determine what features are essential. Write them down. What room will you live in most of the time? Do you like to cook? Is a bigger kitchen in your future? Do you mind yard work? Rank your items in order of importance and stick to the list as best you can.

## 2. **Take a Hard Look at the Budget**

There's nothing wrong with being a bit on the conservative side and looking for a house under budget. Leave a bit of *wiggle room* in case you have to pay a bit more than you expected. You may even have to trim things and look for a less expensive house. You may even have to cut things and look for a less expensive house.







Offers should follow two rules:

1. Your goal from the start is to start talking to get your foot in the door. Any negotiations will come later.
2. Get ready to act FAST.

We still find ourselves in a competitive Seller's market. Moving forward, supply and demand continue to drive the housing market. There aren't enough homes on the market to satisfy demand.

Here's more good news.





## Attending an Open House

Open houses are a great way to familiarize you with the housing market or find the right agent. As you approach each home, you can feel the excitement. But it can be a bit frustrating and confusing. What do you say? What questions should you ask? Will you get a high-pressure sales pitch? How do you escape?

Here are four tips to get the most out of your Open House experience.

**1. Preparation:** Unless you're just looking for a Sunday outing, narrow your visit to houses that you can afford. There's no sense in looking at \$300,000 houses if your target price is around \$200,000. It's OK to bracket your search within a \$50,000 range. For example, you should include houses ranging from \$200,000 to \$250,000. You'll get a better feel for what your money can buy. You may even decide that your target price is unrealistic and needs to be increased.

**2. What to Expect:** The owner will usually be absent—no need to ring the front doorbell. The agent is expecting you anyway. Besides, they may be busy answering questions from someone else. Walk in. At some point, you will be greeted. You may be asked to sign a guest register. Sometimes, light snacks and drinks will be offered. If the agent is busy, then it's OK to give yourself a self-guided tour. You'll have time to ask questions before leaving.

**3. Be Polite:** It goes without saying. Be polite to your host/hostess. You may be asked to remove your shoes. If you're working with another agent, mention it. That way, the host or hostess won't solicit business.

Don't take pictures out of respect for the homeowner's privacy. Ask if it's OK.

If the agent seems pushy, thank them and leave. Hold any criticism about the house until you get outside. You never know who is listening.

**4. Pay Attention:** Look for handouts like a property feature sheet and information about available mortgages. A good feature sheet will describe the property, special

features, square footage, and number of bedrooms and bathrooms. Take plenty of notes. Rate the house on a scale of one to ten.

Visiting several Open Houses is an excellent way to get acquainted with other agents. You're in charge. You're interviewing agents to find the right fit.

The primary reason agents hold open houses is to sell their listing and let the owner know the house is being promoted. Of course, it's also an excellent way for agents to meet prospective Buyers.



## SECTION FOUR

# Choosing the Best Mortgage

## Golden Rule #2

***Let the Financing Drive the House.  
Don't Let the House Drive the Financing.***

You've found the perfect house. Boy, are you excited? It cost a bit more than you expected, but the house is too attractive to pass up. Your loan officer assures you that you will qualify for a higher payment. You go for it.

*Carpe Diem.* (Live for the day.) Good name for a boat. It's not a good name for a financial strategy. Again, the House trumped the financing. You took the wrong fork in the road.

Here's the bottom line. You need an *exit strategy* before it comes time to buy a house. Remember what I said in the beginning. It's not a matter of **if** but **when** it comes time to move.

Try this exercise. You've found the perfect house. It's what you've always dreamed about. The house is driving the financing. Who cares if it's more money than you want to spend? Critical criteria such as school district, daily commute, or even fewer bedrooms bit the dust.

***It's gorgeous! We 'gotta' have it!***

You stretch the budget. You have set yourself up to become *house-poor*. As a result, you sacrifice trying to make the budget work. Forget a new car. Forget a trip to Disney World.

## Choosing a Mortgage Company

You need to shop around to find the best mortgage lender. "*Studies show that borrowers who compare the details of at least three lenders' offers save a considerable amount over those who just go with the first institution they come across.*" Bankrate.com

Compare the rates and terms from different banks, credit unions, and online lenders. Beware of online banks that offer deals that are just too good to be true. These “come on” rates can change fast. Credit unions and local mortgage companies are a good way to go. Their rates are very competitive and use local appraisers that are familiar with the market.

What to Look For:

- Lenders that use local appraisers.
- Debt-to-income requirements.
- Credit score minimums.
- Terms



***Try and avoid online lenders that promote VA loans or programs for veterans. There's a good chance that they do not use appraisers that are familiar with your market. It's OK to check them out but put them at the bottom of the list.***

## Credit Scores Rule

Do you have excellent credit? **So what?** Keep reading. Even a slight improvement can raise your score and help lower the interest rate. This, in turn, can drop your monthly payment, help you qualify for a more expensive house, or help shorten the loan term.

**Determine your credit score.** Is it good enough to qualify, or does it require a bit of work? Go online and check your credit for accuracy. [Creditkarma.com](http://Creditkarma.com) is a good first step. You'll get a free credit score. They also will monitor your credit for any changes.

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You're entitled to one free copy of **your credit report** every 12 months from each. The top credit sites are [www.Experian.com](http://www.Experian.com), [www.Transunion.com](http://www.Transunion.com), and [www.Equifax.com](http://www.Equifax.com).

Equifax, TransUnion, and Experian will **delete 70% of medical collections from consumer credit reports.**

1. **Check your credit for mistakes** before you start calling mortgage companies. Look for errors and correct them immediately. If you question something, dispute it. Credit reports can be full of mistakes. It could take weeks, even months to make the necessary corrections.
2. **Avoid applying for new credit.** Don't go out and buy a new car or new furniture. Wait until after you close on the house. Why? The lender will check your credit the day before closing. If they see new purchases or inquiries, they may flag your

approval. In short. No loan.

3. **Pay off as many credit cards as possible.** Start with cards that have the lowest balance. Ignore cards less than six months.
4. **You must pay off** unpaid collections.
5. **Stay current.** Do not be late with payments.
6. **Do not close out unused credit cards.** Even with a zero balance, your credit limit can be considered. A higher credit limit helps. It won't hurt to apply for an increased credit limit.

## Debt-to-Income

Debt-to-income is a crucial factor used to qualify for a mortgage loan.

Ask yourself, what can you reasonably afford? Most experts say a mortgage payment (principal, interest, insurance) should not exceed 28% to 36% of your gross monthly pay. For the military, be sure to count BAH as income.

For example, if your monthly income is \$3,500, you can afford a monthly payment of \$980 to \$1,260.

If your combined monthly income is \$5,000, you can afford a mortgage between \$1,400 and \$1,800.

Put another way, the house should cost no more than two and a half times your annual salary. If you're earning \$100,000 a year, the house should cost no more than \$250,000. Go to [www.bankrate.com/calculator](http://www.bankrate.com/calculator) for an affordability calculator.

Depending on the type of loan, these ratios could be higher. Check with your lender.

*The total debt-to-income, or back-end ratio, shows how much of your gross income would go toward your debt obligations, including mortgage, car loans, child support and alimony, credit card bill, student loans, and condominium fees. In general, your total monthly debt obligation should not exceed 36 percent of your gross income. To calculate your debt-to-income ratio, multiply your annual salary by 0.36, then divide by 12 (months). The answer is your maximum allowable debt-to-income ratio. ~Bankrate.com*

Go to [www.bankrate.com/debt-to-income](http://www.bankrate.com/debt-to-income) for another easy way to calculate debt-to-income ratios.



**Don't forget about student loans. Depending on your monthly payment, it can affect your debt-to-income ratio.**

## Types of Financing



## 1. VA Financing

The VA does not give loans. However, the VA loan is a **\$0-down mortgage** option issued by private lenders and partially backed by the Department of Veterans Affairs. This makes the loan very attractive to lenders. Veterans may obtain a 100% loan with no down payment. Closing costs and prepaid may be financed.

Currently, VA requires a [debt-to-income](#) ratio of 41% or lower, which is more lenient than conventional financing.

You may apply for a new loan two years after bankruptcy. However, it may take a bit of shopping to find a lender.

VA Buyers can ask the Seller to pay or share some or all closing costs, including discount points, appraisal, credit report, state and local taxes, and recording fees. You also may ask a Seller to pay other closing-related expenses, up to a limit of 4% of the loan amount.

***Relatives can give you money as a gift to help cover closing costs, downpayment, or even pay off some bills. This could mean the difference between qualifying and not qualifying for a mortgage.***

In Addition:



- A VA 2.15% funding fee may be paid in full or added to the mortgage.
- The funding fee drops to 1.5% with 5% down.
- The funding fee drops to 1.25% with 10% down.
- Second-time users will pay a 3.3% funding fee.
- Disabled veterans do not pay a funding fee.

Military families with a VA-backed mortgage may rent their current home and qualify for a

second VA loan. There is no restriction on the number of homes you own.

## Homes that Qualify for VA Loan

The property must be:

- A single-family home
- Condo
- Townhome
- Manufactured home
- Multi home - four units or less

You must occupy the house for one year. Multi-units require that you live in one of the units. The rental income can be used to help offset the mortgage.

## Fixer-Uppers

Buying a fixer-upper that needs work can be exceedingly difficult to buy. You may be required to set aside money for repairs. Foreclosed property or short sale listings are not allowed. Talk with your REALTOR® or lender before you consider buying such a property.

## Necessary Steps for a VA Loan

Your first step is to obtain a Certificate of Eligibility. Go online to the VA Housing Assistance Site. The certificate is mailed, but it may take time. Alternatively, your lender can apply online for instant approval.

You will also need a DD214 and proof of service. Go online and open an e-benefits Account. Go to [www.ebenefits.va.gov](http://www.ebenefits.va.gov). Once you have a premium account, click the "Manage Benefits" tab. Go to the Military Personnel File (DPRIS) link and request a copy of the DD214. You'll be ahead if you ask your lender for a letter stating that you pre-qualify for a mortgage.

*An important thing to know about VA loans is that **they are assumable**. This means that a borrower can take over the terms of an existing VA loan, even if they are not eligible to take out a VA loan for themselves. With that, the home buyers will have the same mortgage payment the home seller had. [Rocket Mortgage](#)*

Expect to see more and more VA assumptions. Why? When you compare the current interest rate of around 6% with the previous attractive ridiculous rate of 2.5%, 3% or more, come on. Judge each case on its merits. You may come out way ahead or even be forced to put a little money down. The benefits could be very advantageous.

## 2. Conventional Loans

A conventional loan is a mortgage loan not backed by a government agency. This is the most common type of mortgage. Most lenders require a credit score of 620 or better with as little as 3% down. You'll also be required to pay private mortgage insurance. (PMI) Borrowers with 20% down can avoid PMI.

## 3. FHA Loans

FHA loans require credit scores as low as 500 with 10% down and 3.5% down with a 580 score.

## 4. Adjustable-Rate Mortgage

Adjustable-rate loans, or ARMs, are mortgages similar to conventional loans.



**Closing Settlement**

GROSS AMOUNT DUE FROM BORROWER		21,517.36
Contract sales price		400,000.00
Personal Property		1,517.36
Settlement charges		752.91
Adjustments for advance		
Adjustments for period paid by seller		
Adjustment 04/30/08 to 06/30/08		
Adjustment 04/30/08 to 06/30/08		
107. County taxes		
108. School Taxes		
109. Water Rent		
110. Sewer Rent		
Association Dues		
AMOUNT DUE FROM BORROWER		
PAID BY OR ON BEHALF OF BORROWER		

Adjustable-rate mortgages (ARMs) are becoming more common as home buyers hunt for ways to save money with today's higher mortgage rates. The benefit of using ARMs comes especially when interest rates are high, so the benefit of a reduced rate during the introductory period is most pronounced. This largely explains their current boost in popularity. [Zillow.com](http://Zillow.com)

Rates are adjusted every 5, 7, or 10 years to match current rates. If rates go up, then your interest rate increases. If rates drop, you can enjoy the savings.

*A settlement statement is a document that summarizes the terms and conditions of a settlement, most commonly a loan agreement. A loan settlement statement provides full disclosure of a loan's terms, but most importantly, it details all of the fees that a borrower must pay extraneously from a loan's interest. ~Google*

You did it. Everything is finally coming together. Now, it's time to close on your new house. The REALTOR® has told you the time and the place for the closing. It's time to



# Title Insurance

line up your home owner's insurance and make moving arrangements. BEWARE!! During the summer months especially, movers can be hard to find.

**SIMPLE ANSWER:** A massive pile of paperwork needs to be signed. Don't expect to change a single word. If you want the house... sign.

As a rule, the entire process, from sale to closing, should take 45 to 60 days. This gives the Seller time to make moving arrangements. If the Seller has already moved and the house is vacant, this time can be reduced.

Closing Corp says closing costs are typically thousands of dollars and can vary widely by state. According to Closing Corp, the average closing costs run anywhere from \$4,000 to \$8,000 nationally. However, closing costs in New York can run over \$13,000. Go to [www.bankrate.com/mortgages/average-closing-costs-by-state/](http://www.bankrate.com/mortgages/average-closing-costs-by-state/)

A home is the single largest investment that you make in your lifetime. Title insurance is one of the best ways to protect that investment.

*First, a title search is conducted. Public records are examined manually or by computer or both. It depends on how pertinent records are kept in your area. The searcher looks at deeds, wills and trusts, tracing the history of the property back many, many years. Among the important questions are whether all past*



*mortgages and liens have been paid. Does anyone hold an easement? Are there any pending legal actions?*

*But what if the title search misses something and it comes back to bite after you've moved in? This could happen. Buyers have even been known to lose their houses because of clouded ownership — some past problem that wasn't discovered. ~Zillow.com*

It's not unusual for critical legal documents to go to the courthouse and be recorded months later.

Do not confuse **Buyer's/Owner's Title Insurance** with **Lender's Title Insurance**. They are not the same.

**The bank requires the Lender's Title Insurance.** It insures the mortgage and protects the lender. This policy does **NOT** offer any protection for the buyer.

**Owner's Title Insurance** is a one-time purchase at the time of closing. Expect to write a separate check for the coverage.





*You see a lot of smart guys with dumb women,  
but you hardly ever see a smart woman with a dumb guy. ~Erica Young*

## Sell or Keep

Selling rules changed so much that this chapter faced a significant rewrite. The market flip-flopped to a Seller's market. There are not enough houses available to sell. Sellers are keeping their houses off the market, deciding to wait it out.

You have three choices:

1. Do NOT Sell Your House.
2. Sell Your House and Buy Another.
3. Keep Your House and Rent for now.

Each choice has severe ramifications. Let's explore each option.





**BONUS CHAPTER**  
**Keeping the  
Family Safe  
Stateside or Deployed**

*I could not, at any age, be content to take my place by the fireside and simply look on. Life was meant to be lived. Curiosity must be kept alive. One must never, for whatever reason, turn his back on life. ~Eleanor Roosevelt*

## **You're Being Watched!**

No doubt, the Internet is beneficial. But you must admit, the Internet has invaded our privacy. A recent story in the news told how a family was being watched through their security system. My wife has the crazy habit of folding a small piece of paper and putting it over the camera on the computer screen whenever she goes online. I know – it's a bit crazy.... maybe not so crazy.

We enjoy talking with friends. We constantly update people with our plans on Facebook, letting our friends (and bad guys) know we're going to Paris for the week or visiting Mom and Dad. It's not unusual to post personal photos or even pictures of the house online.

We love to share. Unfortunately, we don't always know with whom we're sharing. Pedophiles, hackers, burglars, and potential rapists all have access to your most private information.


Artificial intelligence is rapidly becoming an essential part of our lives. Amazon's Alexa and Apple's Siri are finding their way into every home. Are they helpful or hurtful? You be the judge.

## Layers of Defense

A break-in while you're away bad enough. But a break-in while you're at home is beyond horrible. Trust me. It will leave a big emotional scar. You won't sleep for weeks.

Your first line of defense is the outside of your home.





BONUS CHAPTER  
**Relocation  
Stress Syndrome**

## No One Is Immune

**DEFINITION:** *The physiologic and psycho-social disturbances that result from a transfer from one environment to another.*

Sorry to throw another disorder at you. This makes sense. Moving affects every family member to a varying degree. I believe 80% of moving families will experience RSS to some degree.

In the long run, your attitude and that of your spouse and kids have lasting ramifications when picking out and moving to another house. The more you reduce these stressful aspects, the more successful the outcome.

RSS is like culture shock and is associated with moving from one location to another.

Psychologists put this syndrome on the same level as stress from a divorce or a death in the family. Of course, some wives tell their husbands that there will be a death in the family unless they back off.





SECTION SIX

# HOW TO MAKE BUYING AFFORDABLE

*I'd rather regret the things that I have done than the things  
I have not done. ~Lucille Ball*

## Avoid the Cost of Waiting

### **Consider These Facts:**

- **HOUSING BUBBLE:** The sky is not falling. There is no housing bubble. Pent-up demand will skyrocket the minute interest rates start to drop.
- **MIGRATION:** Families are migrating to less dense areas. For example, many are leaving New York City and Chicago due to the higher crime rates.
- **HOME PRICES:** Supply and demand continue to rule the market. Do not expect a Buyer's market to replace the current Seller's market. As more houses hit the market, the number of houses for sale will not be able to keep up. As a result, prices are expected to appreciate in most markets.
- **GROWING FAMILIES:** Many families need more room. Their current house is just too small. Sons? Daughters? They are reluctant to leave home. Who can blame them? No one saw this coming. Get ready. Mom and Dad are moving in!



- **WORK AT HOME:** Remote work is becoming common as families set up an in-home office. Now you need a bigger house. But that's not the end of it. Forget a long commute. Now you can live anywhere. Why not trade your current house in an expensive area for one in a cheaper area?
- **SENIORS:** Many seniors have accumulated wealth and want to downsize.
- **FIRST-TIME BUYERS:** As the economy improves, first-time buyers will slowly re-enter the marketplace.
- **RENTERS:** Many renters are tired of renting and will look for another house as the economy improves. It's anyone's guess how long a growing family will be satisfied renting a small two or three-bedroom apartment.

## Ways to Make It Work

1. **Sell now and take advantage of an insane profit.** Use the money for a downpayment on your next house to help make up for the higher mortgage rate.  
**Sell now and take advantage of an insane profit.** Use the money for a downpayment on your next house to help make up for the higher mortgage rate.
2. **Purchase less house** with fewer bedrooms, square footage, or amenities. This will not be your last house. Buy less house to compensate for higher prices. Make a list of your requirements and see if there are any areas you can cut. You reduce your monthly payment by hundreds of dollars when you drop the price.
3. **Use negotiating skills** to end up with better terms.
4. **Negotiate terms** with another firm's Buyer Agent and enjoy the savings.



## In Conclusion

In short, the housing market will stay strong in many parts of the country. Buying a home will always be the American Dream.

Use common sense in making decisions. By following the strategies outlined here, you can insulate yourself against unknowns.

Be proactive and take steps to invest in your future.

1. Decide early in the game whether it's wiser to hold onto your present house, buy or rent the next one.
2. Follow Golden Rule #1: *Let Your Criteria Drive the House. Don't Let the House Drive Your Criteria.*
3. Avoid neighborhoods that have too many houses with red flags.
4. Make an acceptable offer with the help of your REALTOR®.
5. Follow Golden Rule #2: *Let the Financing Drive the House. Don't let the House Drive the Financing.*
6. Optimize your finance options and set yourself up to sell within 3 to 5 years:
7. Keep the home improvements to a minimum.
8. Let a REALTOR® help sell your house quicker and for more money.
9. Set aside tax return money to help purchase your next house.
10. Concentrate on paying off as many debts as possible. Start saving for the future.

My goal has been to provide you with information and tools to improve your lifestyle and create lasting financial freedom.

Whatever you decide, go with the decision that feels right for you. Don't look back or second-guess your choices.

***JUST DO IT!***

My best advice is for you to enjoy the journey and not the destination.

Feel free to pass this on to your friends or anyone who might benefit. Drop me an email with your comments and questions at [cdutch66@gmail.com](mailto:cdutch66@gmail.com).

***Happy House-Hunting.***

*Charlie Dutch*