

Key Takeaways

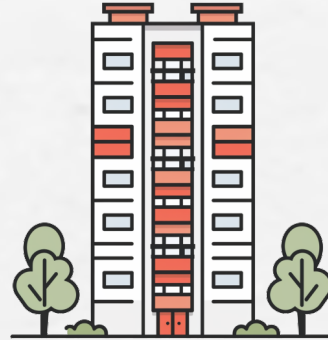
Lesson 8: Buying & Selling Your Home

The Timing of Buying a Home

When you buy a house and it goes up in value, you've got a steady growth plan. With all of this though, you want to own your home, not have it own you.

When Should I Rent?

- If you're in Baby Steps 1-3
- If you're newly married (wait a year!)
- If you're a military family that moves every 18 – 24 months



When Should I Buy?

- You're on Baby Step 3b (saving for a down payment)
- You're debt-free
- You have a fully funded emergency fund
- Best way to buy a house – cash

If You Finance...

If you do have to take out a mortgage, make sure it's:

- A **15-year fixed-rate conventional loan**, with a minimum of **10% down** (20% to avoid Private Mortgage Insurance or PMI)
- No more than **25% of your take home pay** (including mortgage payment, HOA fees, insurance, and taxes)



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Avoid Bad Mortgages

- ❌ Adjustable-rate mortgage (ARM)
- ❌ Interest-only mortgage
- ❌ Reverse mortgage
- ❌ Subprime mortgage
- ❌ Balloon mortgage
- ❌ United States Department of Agriculture/Rural Housing Service mortgage (USDA/RHS)
- ❌ Accelerated or biweekly payoff programs
- ❌ Any mortgage with a prepayment penalty



Get a Good Realtor

- ✅ Interview at least three agents.
- ✅ Make sure it's a realtor that does at least 35 transactions in a year and knows what they're doing.

Buying a Home

- Use broker sites that stay up-to-date, almost down to the minute.
- Buy the cheapest house on the best block.
- Overlook the bad carpet, the bad landscaping, and the bad wallpaper – that stuff can be easily fixed.
- *Always* get an inspection!

Selling a Home

- Interview at least three agents.
- Have your agent do a detailed comparative market analysis.
- Think like a retailer (make over your home like a model home).