



A PLACE TO CALL

HOME

One Sailor's Lessons Learned

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My Story

As Sailors, we have a unique opportunity to see the world and experience life in different places; my own wanderlust made me want to serve. So it was strange to me that the first thing I'd missed about my life before the Navy was having a place to call home. I lived my whole young life in a small piece of the world that felt like mine, but I left because I didn't want to settle. Sadly, I haven't felt settled a single day since walking out and joining the Navy. By settled I mean once again having a little piece of the world that's only yours; a place to have company, not subject to inspections, pesky roommates, or having to shower in your flip-flops. There's an unopened box in my basement that I packed up when I moved out of my A-school barracks room in 2008. I don't remember what I put in the box, but for years I thought it would be nice to just have a place to unpack it.

With shore duty orders in hand, I decided the best way to feel settled was to buy a house. I wanted to make an investment in something solid for my future. Since I was eligible for a loan through the Department of Veterans Affairs (VA), I could use the money I'd saved toward a down payment, for some fresh paint and new carpet instead. I was excited.

The process seemed long enough to be thorough and after signing my name more times in one sitting than I'd ever done in my life, I was the proud owner of a 112 year-old row-home in a "transitional" neighborhood of Baltimore. The place seemed like it was in decent shape and just needed a few updates. I fell in love with the crystal doorknobs and the fluted molding that made me feel as though I was buying a castle. Finally, I would have a place to paint and hang photos and leave messy if that's what I felt like doing that day. I'd once again be home.

Two weeks after closing, I hired a neighborhood handyman to do some repairs on the first floor. He found signs of termite damage under some molding. When I first found out, I didn't think much of it. I told the handyman to just get rid of all the stuff that looked damaged. It couldn't have meant more than

some new molding, paint and a pest treatment, right?

Once I got home that afternoon, it became apparent that this was in fact a disaster. The entire back half of the house looked like a tornado ripped through and the support beams dangled like palm fronds, from what used to be the ceiling. A giant hole in the floor replaced the kitchen that had been there when I left for work that morning. I saw hundreds of tiny, white, maggot-like insects swimming in the wood that once supported a floor.

A wave of panic washed over me and I began to feel nauseous. It was like the weight of every brick and beam was crashing down on top of me.

What could I have possibly done to deserve this? The reality comes down to what I didn't do. This was one of the biggest purchases I had made in my life, and I didn't pay enough attention to the process, which if done right, can leave you with a far better result than I had.

Why buy?

It might seem strange to think that owning a home can be less expensive than renting, but in many areas, it's true. The best part is that, paying a mortgage feels the same as paying rent every month except there is a means to an end.

"There is a certain satisfaction that you'll get from knowing that something is yours. Not just putting money in someone else's pocket, but investing in your future," said Chief Petty Officer Laura James, assigned to the pre-commissioning unit America. "I get to wake up every morning in a beautiful home and it's mine. I think that's really exciting."

Buying a house can even save you money on your taxes.

Oleg Purpish, a realtor whose company specializes in helping service members purchase homes said, "When you're buying a home, you can deduct the cost of your mortgage loan interest from your federal income taxes, and usually from your state taxes. The taxes you pay on the property can be a good write-off too."

1. Get your money right

The first key to success in the home-buying game is to make sure your finances are in order. Check all three credit reports and handle any outstanding debts. The underwriting process is extensive and a financial institution will look at all of your accounts, banking transactions, and tax returns. They'll know where you get your coffee every day. Service members have an advantage with the VA loan, but eligibility relies on proof of income and a good credit score.

Purpish's wife is an active duty Sailor and they recently transferred from the east coast to San Diego. He said it's a good idea for buyers to get a pre-qualification letter, which is basically a memo from a financial institution saying they'll lend you a certain amount of money.

"Many offers that are accepted these days require a pre-qualification letter or a verification of funds," said Purpish. "So if they're going into the market without those two things, they're wasting their time because they have to wait for their paperwork. The seller is most likely going to accept an offer that already has that paperwork."

If you're not yet in the market to purchase a home, now is the time to be making good financial decisions.

2. Get a good agent

The first mistake I made was working with an inexperienced agent. He didn't seem to know much about the military lifestyle or the VA process so I ended up walking through that process on my own. He was employed by the broker listing the house, which did not give him any incentive to be thorough in the inspection process, especially the one that should have detected the termites.

Purpish said the difference in a realtor can make or break your transaction.

"Having a good realtor, who is experienced with the challenges of military life is important," said Purpish. "Having someone who understands your unique [circumstance] is always going to benefit you. It's their job to help you."

Your agent's job is to find homes that best suit you and your family's needs. Once you found that home, the agent is responsible for ensuring the transaction works in your best interest. Find an agent that you feel comfortable with, or ask people you know and trust to make recommendations.

3. Shop Around

Just like you would consider more than one property before committing to one, you should consider more than one lender.

Purpish said there are a number of things to take into consideration when looking at lenders.

"First and foremost, you'll want someone with a proven track record," said Purpish. "You want them to have years of experience and you also want to know their closing timeline.

How often do they close on time?"

Purpish also added that Service members should choose a lender with clear communication skills and an ability to analyze and understand your needs.

It's easy to just walk into a financial institution you already bank with and apply for a loan, but consider looking elsewhere. For her second home, James went with a mortgage broker who investigated a variety of lending sources to find the lender with the best terms for James.

"The broker that I'm going through is giving me a float down to walk option," said James. "So if the interest rate lowers before we close escrow, then it will drop my interest rate."

4. Use your VA loan

According to the VA website, VA guaranteed loans are made by private lenders, such as banks, savings & loans, or mortgage companies to eligible veterans for the purchase of a home which must be for their own personal occupancy. The guaranty means the lender is protected against loss if you fail to repay the loan. The guaranty replaces the protection the lender normally receives by requiring a down payment allowing you to obtain favorable financing terms.

In my case, even though the VA required a termite inspection, they didn't offer any protection or recourse for the termite damage that was done.

Speaking of VA loans, that is just one type of financing. Depending on what and where you plan to purchase, another financing option may work better for you. There are fixed and adjustable rates, Federal Housing administration (FHA), and interest only loans. Be sure to shop around for the right loan and the lowest interest rate that fits your needs.

In addition to financing options, there are also city lift and good neighbor programs that give financial incentives to civil servants and teachers to purchase homes.

5. Have a thorough inspection

I could have completely avoided my situation had I been more engaged in the inspection process. My agent (representing both the broker and I) coordinated a termite inspection with a company he'd worked with regularly. It's not just a good idea to do a termite inspection, it's required for most mortgages. I didn't want to have to bail on a half day of

work to be there for the inspection so I let my agent handle it. On their report they documented that the property had been previously treated for termites as indicated by drilled holes in the cement. That's no big deal, especially for a house that age. What's crazy is that they didn't detect termites because the inspection was superficial. In other words, there weren't any visible insects crawling on the surface walls or floors so they called it good. And that's totally legal.

It's a good idea to be present at all inspections. Think of any invasive Navy inspection and take a good hard look the house. Check for gear adrift and pick it apart. Look behind things and under stuff. Move ceiling tiles and open any and every door. Ask your inspector questions. Even if you don't know anything about structural integrity, electrical wiring, or wood destroying insects, a good inspector is there to provide insight about what's been done by previous owners or things the property might need down the road.

6. Be objective

The third major cause of my home buying disaster was me. I made a lot of emotionally-charged decisions that I would have given more consideration if I wasn't so invested in the aesthetic charm of the house. I was willing to overlook things like a furnace from the 1970's, faulty electrical, and galvanized plumbing. But if I knew about the termites then, I would have walked away from the purchase.

Upon return to my normal-self, I'm paying to repair structural damage caused by termites plus footing the bill to get the electrical and plumbing up to city code plus the upgrades I'd originally planned on. And since there's a giant hole in the floor, why not pay to update the furnace? It's a necessary expense to get the property to sell, which is what I'll be forced to do in the next year to cover the more than \$80,000 in repairs; Repairs that have taken nearly two years to finance and complete.

Purpish tells homebuyers not to settle for a house with issues.

"Most of the time it's easier and cheaper to fix little things like doors and fixtures than big things like HVAC systems, electrical or structural issues that can hide behind walls," said Purpish.

7. Read the fine print

Finally, read every single letter of every single word, in every single contract. Inspectors, brokers, lenders and agents are all going to have paperwork that protects them in the event of a discrepancy. This one might seem obvious, but be absolutely sure you know what you're signing. Make sure your spouse

understands it. Get clarification on what you don't understand. This might seem like a no-brainer, but it pays to know what you signed and to have copies of it. My lawyer was able to recover some money for damages caused by the termite inspectors because they didn't fulfill all of the terms of their contract.

8. Get help

There are many resources out there for anyone to be successful whether they're purchasing a home for the first time or the 100th. Check out your local Fleet and Family Support Center. They offer home buying workshops and financial counseling. Visit <https://www.ebenefits.va.gov/ebenefits-portal/ebenefits-portal> to apply for a VA loan certificate of eligibility. For resources and information on the home buying process, visit the Department of Housing and Urban Development's website at www.hud.gov. Talk to the people you work with. Chances are good that someone in your workplace has gone through the process and could share their experience.

The light at the end of the tunnel

Property values are on the rise in my "transitional" neighborhood and I stand to actually make a profit when I finally sell my house. Plus, the improvements I'm making will give me a sizeable refund next tax season, which will also help supplement the cost of repairs. I've recently moved back into my house and a lot of my things are still boxed up in the basement and will probably stay there until I PCS in a few months. This was a house, but unfortunately, I'm still searching for my home.

Through this process I've learned the feeling of being settled has more to do with the people that surround me, than the things. My friends and my shipmates that have been there to lend an ear or a couch, my leadership at my command who were understanding when I needed to be away from the office, and my parents who helped me keep it all in perspective, have all built a shelter of support around me and have helped to make this experience bearable. Hopefully, my experience can be an avoidable one for another shipmate looking to invest in a place to call home.