

#### Tips for a First-Time **Home Buyer**

Dear Dave,

I'm 20 years old, and I'm

Dear Jacob,

on making a down payment well for everyone.

and anyone else who's generate positive results. planning to buy real estate. I'd also advise you to home construction.

buy a house with a great, the results. low price if it looks ugly can put up new shutters or you! gutters and stuff like that. Those things aren't a ton of work. But there's a reason you can get a screaming Dear Dave, just an ugly house.

can get a little too excited out for me, and now the on your first home pur- amount due on the Parent chase. So stay smart, look PLUS loan has ballooned at everything involved, and to \$100,000. She recently don't let a case of house fe- told me in her mind it was ver push you into a big, ex- my loan in her name, and I pensive mistake!

### This Guy Has Potential! Dear Dave,

ful of people and realize you've built a really good team. I'm excited for you!

One of the first things planning to buy a home in I'd do is talk to some other the next year. Besides hav- owners of landscaping coming a 20% down payment, panies outside your area what other tips do you have that are about your comfor a first-time home buyer? pany's size and pick their Also, is there anything I brains as to how they're need to guard against when structured. Let them know it comes to buying a house? you're thinking about hir-Jacob ing your first salesman, and I'm glad you're planning team and if it's working

of at least 20%. That's a What we're talking about knew I needed another car, smart move, because it'll here is called best practices help you avoid the added in business. Find something expense of private mort- that works for someone else ness! gage insurance (PMI). Also, in your industry and apply remember to get a 15-year it to your specific situation. fixed-rate mortgage loan, Think about it this way: If one where your payments you wanted to lose weight, are no more than 25% of you'd begin by doing what your monthly take-home people who have shed some pounds are doing, right? Now, the next pieces of You want to emulate beadvice are for you, Jacob, havior that's been proven to

Always get title insurance. make sure the person you're Always! If you're buying talking about is on board a piece of property that's with the idea and that he not a traditional subdivi- understands that any comsion-type lot, have a survey pensation agreement you done. This isn't as much initiate in the beginning of a worry with a standard will be implemented on a subdivision lot, something trial basis for a specified that's pre-platted and has length of time. You're venchanged hands three or four turing into uncharted territimes. But you don't want tory here, Dan, so come up to buy a piece of land un- with a temporary compender the impression that it's sation plan that's satisfy-3 acres and then find out ing to you both at the onset. the hard way it's only 2.25 Then, have an agreement to acres. Get a home inspec- revisit the plan in 90 days, tion too. Unless you happen six months or even a year to be an electrician, con- down the road. There may tractor or something like be a little bit of give and that, you're probably not an take involved, and it'll take expert on things relating to some time, but at the end of the day, you've both got to This last piece of advice be okay with the upside and may sound funny, but don't downside of the scale and

You'll both be really from the street. I did that happy if he's busting it and with the very first house I making himself and the bought, and it's a bad idea. company successful. But No matter what you think, as a business owner, you'll when it comes to houses, want him to feel a little you can't fix ugly. You can pressure if he's not producchange out carpet, and you ing—for himself and for

## A Church Car? You've Got to Be Kidding!

deal on an ugly house—it's My mom took out a Parent ugly. And the guy you sell PLUS loan in 2009 to help it to down the road is going pay for my college educato get a great deal on the tion. I also took out \$70,000 house. Why? Because it's in student loans myself. My mom never made a pay-If you're not careful, you ment on the loan she took should be the one to make — Dave the payments after I became financially stable. Thankfully I just got a new job This's great to hear. Be- making \$140,000 a year. build wealth and enhance lieve me, I know the feel- With this I can finally make their lives. He also serves as

she asks me every week if I'm going to pay the Parent PLUS loan. My mom is a nurse practitioner, so she makes good money, but she recently financed two new luxury cars within 24 hours of each other—one for work and one for church. She also has loans out from borrowing on her 401(k) and credit card debt. Should I take over the Parent PLUS loan under my name?

Tommy

Dear Tommy,

Wait, are you serious? Your mom has a church car? find out how they pay their I've never heard of such a thing. But hey, I'm going to talk to my wife about this. I I just didn't know I needed a church car. Oh, my good-

Ok, here's the deal. If you had an agreement with your mom, or promised at any time to pay back the Parent PLUS Loan when you were able, you should cover it. But that's not what you told me. It sounds like your mom has a good heart and was just trying to help, but she did it in a dumb way. From what you told me, she's done a lot of dumb things with money.

Under no circumstances do you take the loan back under your name. In fact, I'm not certain you can even do that with a Parent PLUS Loan. You need to get your debt cleaned up first before trying to help her. If you choose to be a bigger help after that, you need to start things by having a serious conversation with your mom. She needs to hear that she's being absolutely silly with her money. Let her know you're willing to help because the loan was for your benefit. But make sure she understands you won't pay it all, and you won't do it while she's making two luxury car payments-including one on a church car. That's ridiculous.

Offer to be her biggest cheerleader, and help her find a good financial coach—someone with the heart of a teacher. You might want to let her know you'll match whatever she pays — Dave toward the loan, so it'll feel like a team effort. But also make sure she understands if she pays nothing in any given month, you'll match that, too.

Good luck, Tommy!

— Dave Dave Ramsey is a seventime #1 national best-selling author, personal finance expert, and host of The Ramsey Show, heard by more than 16 million listeners each week. He has appeared on Good Morning America, CBS This Morning, Today Show, Fox News, CNN, Fox Business, and many more. Since 1992, Dave has helped people regain control of their money, ing when you look at room- a dent in my own loans, but CEO for Ramsey Solutions.



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