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Intro: Hey friends! Welcome to Girls Night. I'm Stephanie May Wilson and I am so happy that you're here. Each week I have a girlfriend over and we talk through one of the biggest questions we have about our lives as women.

We're talking about friendships and faith and relationships and self-confidence, about our calling in life, and how to live every bit of our lives to the full. Life is so much better and easier and absolutely more fun when we navigate it together as girlfriends. And I cannot wait to get started.

So I was at an event recently when someone asked me what Girls Night is all about. I told them here on the show we talk about anything and everything that you'd actually talk about with your real-life best friends at a real-life girls night. That pretty much covers it, right?

Well, one of the things my friends and I have spent a lot of time talking about in the last few years is where we live. Where we live is a really big deal. Our homes are where our lives happen. Our cities are where our people are. And so making decisions about where we want to be located and what kind of house we want to live in, those are really important things to talk about.

And because so much rides on these decisions, everything from finances, to family, to our lifestyles, I am so glad that I haven't had to figure these things out by myself.

You guys may know this, but one of my very closest friends here in Nashville is Hannah Seymour. Hannah has been on Girls Night a bunch of times. She's actually the one who connected me with her amazing realtor, Cindy Easley, who also happens to be Hannah's mom.

Cindy has walked Carl and I through the process of buying and selling our house a few times now, and I'm so grateful for her. Buying a home can feel really scary but it's been so much easier and so much less intimidating when I've had my friends, but also one of my friends' amazing moms to walk me through it. That's why I can't wait to share this episode with you.

Friends, we're talking about how to buy a home for the first time. My hope is that this episode will make it far less intimidating. In this episode, Cindy is going to walk us through all of this.

She is going to talk to us about how to figure out if we're ready to buy a home and what to consider when we're starting that process. She's going to talk to us about our finances and how to figure out the financial part of buying a home. We'll talk

about things like down payments, mortgages, credit scores, loans. We're gonna talk about how to find a real estate agent and a lender that you trust. Super important. Again, I'm so glad that we've had Cindy to walk us through this.

She'll talk to us about how to figure out your must-haves for a home, what's realistic to have on your must-have list, and where we might need to compromise a little. And that's just the beginning.

Friends, if you're trying to figure out your living situation right now or if any part of you is wondering if it's time to buy a house and you're trying to figure out how to do that and what next steps are in for you, this episode has your name on it.

I cannot wait for you to meet Cindy. She's been incredible mom figure walking us through this, and that's why I can't wait for you to meet her too.

But before we dive in, you guys fall is coming up next month which is crazy. That means that sweatshirt and sweatpants season is just around the corner. That's why I wanted to tell you all about our cozy Girls Night signature sweatshirt.

We created the original MY FAVORITE NIGHT IS GIRLS NIGHT sweatshirt shortly after the podcast launched in 2017. And little did we know we had just created a total fan favorite. Since then our signature Girls Night sweatshirt has become the unofficial uniform of girls nights all over the world.

We've received countless photos from women as they cozy up in their sweatshirts and gather with their girlfriends. It's so fun to see so many women representing the podcast, but even more celebrating the true magic that happens when we come together as women.

Our Girls Night sweatshirts are so soft. And if you're anything like me and all of my friends, you will find yourself wearing yours all the time. If you haven't gotten a girls night sweatshirt of your own, just go to Stephaniemaywilson.com and hit the tab that says "shop". Again that's Stephaniemaywilson.com and just hit the tab that says "shop."

Okay, with that said, let's jump into the episode. Here's my conversation with Cindy.

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Stephanie: All right, friends, I'm so excited for who you get to meet today. I'm sitting here with just a really dear person in my life. Cindy Easley, thank you for coming on the show.

Cindy: Oh my goodness, my pleasure to be here. I really can't believe you asked me.

Stephanie: So we need to tell everyone who you are. I feel like you are like a Nashville mom to me because my own mom is really far away in Colorado, and I'm borrowing you from someone that we really know here on the show and love Hannah Seymour, who is your daughter. And Hannah has been on... Like we've lost count of how many episodes. Probably six Girls Night episodes.

So this is Hannah's mom who we are getting to borrow as our real estate mom today. And I'm so glad about that.

Cindy: Well, I'm glad about it too. I love the connection with Hannah. In fact, I haven't thought of that, that most of your listeners will know... I mean, I'll be her mom as opposed to a realtor. It's just what I do. Part of my life, probably the major part right now is real estate. But, yeah, I get to be her mama and grandma to those precious kids.

Stephanie: Oh my gosh, they're so great. Give us a quick introduction. I mean, we sort of just did this, but tell us who you are, what you do, and I want to hear a fun fact about you. And I have no idea what you're going to pick for this.

Cindy: I don't either. I am in real estate. I have been in real estate for years. You know, some people will say that they're in real estate sales. I really don't say I'm in sales. I say I'm in real estate service because my goal, and I hope most realtors you speak with, their goal is to help you in the process of buying or selling a home.

I'm not here to sell a house and put a notch on my belt. I'm here to help people purchase a home that fits their needs or to sell a home that no longer fits their needs. So that's pretty much it.

Fun fact. Okay, well, I don't know if you know this about me or not, Stephanie, but I have a little bit of a risk factor which you picked up in Hannah. She has it too. She gets genetically. But every few years, I have to do something that some people may consider dangerous, such as one time several years ago I went skydiving. And then I did went hang gliding in Israel. If I'm given an opportunity to do something that's a little edgy and scary, I'm going to do it. So that's it. Fun fact.

Stephanie: Oh, no. I did not know this.

Cindy: You didn't.

Stephanie: No. But that makes me love you even more. I didn't know that was possible. But yeah, that is so amazing. I love that so much.

Like I said, I'm so excited to have you on the show. Let me give a little background to kind of how we got to know each other. So Carl and I moved to Nashville eight years ago, crazy, and for the first year we lived here, we lived in an apartment that we found online, and we had never seen in person before we moved into it. And we moved into it like two days before our wedding.

So that was crazy. And after we'd been living here for almost a year, Carl had been, you know, kind of watching the real estate market and feeling like, you know, if we want to buy a house, we probably should do it sooner rather than later because there's going to be a point when we can't afford it. He was watching just the market go up.

I had, I think, always wanted to buy a house at some point, but had no idea what the process looked like of trying to do that. And I'm glad he was paying attention because the timing was great. And through Hannah really, that's how we got connected with you.

So you helped us buy our first house. And then we sold that house and moved into a different house and you helped us buy that house. And then you helped us buy this house like six months ago. So you've been our person for a really long time.

And the thing that I love most about you and getting to do this with you is that at the very beginning you told us that you weren't going to let us purchase a house that didn't pass the Hannah test.

Cindy: That's right.

Stephanie: And the Hannah test was like, you Cindy, would I let my daughter buy this house? If not, you guys are not allowed to buy this house.

Cindy: Yeah.

Stephanie: And I love that so much because it just is such a huge process. It's really complicated and there's legal stuff and a lot of paperwork, really expensive. And so to get to do that was someone who was going to treat us like her own was so comforting, and has been for years.

So that's why I wanted to introduce you to the girls in that community because I know there are a lot of women who are thinking about, you know, buying a first house and are feeling totally lost. So I'm kind of hoping that we can apply like the

Hannah test, the Hannah treatment to the whole Girls Night crew. And I just want to pick your brain like crazy about all things home buying because it's scary.

Cindy: Wow. It is scary, especially when it's your first time. Actually, it can be scary when it's your second, third, or fourth time, or fifth or whatever, but specifically when it's your first time because there's so much you don't know. And you want to make sure that you have a realtor that will educate you, that has the experience to educate you because really it is a learning process. And I'm delighted to do that.

I had a lot of Hannah's friends that I was privileged to work with and to help them, especially with their first homes. I mean, it's really a cool thing for me to be able to help people figure it out.

Stephanie: I kind of think of you as a matchmaker. When you said that you don't feel like you're selling homes, it's you're matching families to the place where they'll be a family. And that's such a great thing. So first of all, tell me your thoughts on how do we figure out when we're ready to buy a home. What does that look like?

Cindy: I think that's a great question. The foremost number one thing is if you're financially ready, which means you need to have a down payment of at least three and a half percent. More is better, and we'll talk about that sometime in this program, I'm sure. But at least three and a half percent.

I would encourage you don't have an emergency fund, because here's the deal. Buying a home or owning a home is expensive, not just the purchasing of the home, and of course, you have to pay insurance and taxes, but things break. So you need to have that emergency fund for when something breaks, not if something breaks, when something breaks, that you have the funds available to fix it. So that's the biggest thing.

I think the other thing is how stable you feel. If you feel like you're going to be in the city that you're living in at that time when you think you're ready to buy for a while. You certainly don't want to purchase if you're going to move in a year. I think that's probably the best thing.

Now, to figure out if you're ready to buy, the first thing you really need to do financially is speak to a lender. I have a great lender that he will even tell young couples, "You need to wait and save X amount of dollars before you, you know... This would help you this much more if you had 10,000 more dollars." And I really appreciate that about him because he's looking out for its best not just trying to sell a loan.

That's really important. You got to talk to a lender, have them look at what you have, your debt, your income, and then be able to figure out what you can afford and if your market has that available, that home or that price range available.

Stephanie: Okay, I have like 15 questions off of this.

Cindy: I'm sure.

Stephanie: So, first of all, you said that you want to be relatively stable. And that was one of the things that almost kept us from buying a house when we did is that we moved to Nashville, but I wasn't like... I think my thought was that I needed to be like, "I'm going to retire here," or something. If I'm going to purchase a house, I need to think that I'm going to be here for like 10 or 15 years. How long do we need to commit to a place if we're gonna buy a house there?

Cindy: Two years. Two years is what I say. And here's why. If you sell a house before two years, you own capital gains taxes on that amount. Not the whole amount, but whatever your profit is and your sale. And so you just want to make sure that you're owning it...

I mean, I work with clients to move after a year because something changes and they find out at the closing table they're pregnant with twins, something like that. I don't know who that would be-

Stephanie: Didn't exactly happen to us, but-

Cindy: Of course. But they find out that what they purchased isn't going to work is my point. But for the most part, I think two years is good. Also, two years is a good time to be able to get equity out of your house. And we're going to talk probably at some point about what that means. But in a brief, you want to make a profit.

At least you want to cut even, which means probably if you're going to break even your house is going to have to appreciate enough to at least pay your realtor costs and any other costs associated with selling your house. So I would say two years is about the minimum.

Stephanie: Okay, okay. That's helpful. So you said three and a half percent, and that's your down payment. So that's when you're looking at a house, and if it's like a \$250,000 house, you're saying three and a half percent of that is at least what you need for a down payment. But if you put down more that can sometimes get you a better loan. Is that true?

Cindy: Well, for one thing, yes, it can. A lot of factors go into not your loan, but your rate. And yes, I guess your loan. Here's the kind of loans there are. There's an FHA, there's a VA which you can only qualify for if you're a veteran or currently in the military, and then a conventional loan which a lender is going to have... They may have special loans.

Like occasionally a lender will have a first-time homebuyer's loan that they're pushing and it'll be for eight months or it'll be the first 50 first-time homebuyers. You know, they'll just do little sales so to speak. Not really, but that's the best way to explain it.

But for an FHA loan, the minimum down payment is three and a half percent. You can also get a three-and-a-half percent down payment for conventional loans. Whether you qualify for the FHA or the conventional has more to do with your credit score. The higher the credit score, the better the loan, the lower the rate than anything.

Now, here's the big deal. You have to put 20% down to avoid mortgage insurance premium. Mortgage insurance premium is something that's tacked on to your loan and for a conventional loan until you reach 20% equity in the house, basically.

So really the more you save, the more you have to put down, the lower your mortgage insurance premium will be. And again, if you can do the sweet spot of 20% or higher, then you eliminate it altogether, which again, it affects how much home you can afford if you're having to pay an extra \$200 a month or \$100 a month in this mortgage insurance premium. I feel like I'm giving you a fire hose to drink out of.

Stephanie: No, it's okay. It's okay. I'm familiar enough that I'm like, Okay, I can just be like a sieve here. So if we're going to buy a house, the first thing we need to know is how we're going to pay for it. And pretty much nobody has \$250,000, as an example, sitting in their bank account. So you need to find a loan.

Part of the loan is you have to have a down payment. If you put down less than 20%, there's an extra fee that's sort of like hedging their bets. And that's the mortgage insurance.

Cindy: Right.

Stephanie: But if you can save up to 20% of that amount, then you don't have to pay that, which means that can go to like your monthly payment, which means you can get a better house. Right?

Cindy: Right. Sometimes there are ways that lenders can help you figure out that 20%. Like if you have 10%, they can get a second loan for another 10%, which it's an immediate equity loan. I'm getting into really higher level stuff, but just know talk to a lender because sometimes they have ways around it.

Stephanie: So how do we find a lender? That's not... I don't have a lender on speed dial.

Cindy: [inaudible 00:17:02] is open up Google and type "lenders in Nashville or lenders in..." So two things I would do. Talk to your friends who own a home, find out who they used as their lender and if they liked them, if it was a good experience.

And the second thing is talk to a realtor. You might first want to find your realtor. Find somebody you trust, somebody with experience, somebody who has those connections in the community, or has done enough to go, "No, I would not use this person." They may not tell you that, you know, in those words, but they may say, "Well, this is somebody I've worked with for a long time and I really trust them."

Because when you're looking for a lender, the same as a realtor, you want to make sure that somebody you trust, somebody that you are comfortable with because you're going to be spending a lot of time, not necessarily physical time with a lender, but you'll be talking to them on the phone a lot. You have to have assurance they know what they're doing.

You also want to look for rate. So I always tell people, always talk to more than one lender. Because you can kind of have them compete against each other's rates and go ahead and give them. They're gonna have to give you an estimate of costs. And you can take that estimate and give it to another lender and say beat it, see if they can beat it. I mean, you don't say "beat it." You go, "Here's what they're offering me. What can you offer me?" And see if you can get a better rate. Because especially with rates going up right now, that's a smart strategy to have.

Stephanie: Okay. Maybe before we start going down the lender path or the how are we going to pay for this necessarily, we're saving up money for down payment. That's just like a given. But we need to find someone who can walk us through this. So what are we looking for in a realtor and what are we not looking for?

Cindy: First place to start and looking for a realtor is again referrals. You want to talk to friends, to family in the area, you're looking obviously, in that city or even county, whatever, however your community is divided and find out who they use that they really like and trust.

An example would be in Nashville. And I need to give the caveat that all real estate is local. You'll hear national figures. National figures are good overall example of

what's going on but it's all local. So you want to find someone locally that has good referral and that you trust.

Everyone knows a realtor. You probably know two or three. Back... gosh, a few months ago they published that there were more realtors in Nashville than there were houses on the market. So that's mine boggling to me. It also tells me a whole bunch of people have gotten into the real estate market recently.

So one of the things that I encourage you to do is to get an experienced realtor. Now, it's so hard, because you probably have a good friend who's just gotten their license and you want to support them, and you'd love them. And if you don't use them, it likely will hurt your relationship.

If you are absolutely convinced you have to use your friend with no experience, you make sure that they have a mentor who will walk every step of the way with them. Here's why. It's not just filling out the contract, which is not hard usually. It's when you get into negotiations. It's when you get into what inspection items are more important than others. It's when you get into that team that they know... Again, this is a good realtor, and this is a good inspector. It's having people know how to negotiate in the current market because you negotiate different in a seller's market than in a buyer's market.

And a seller's market means the seller has the advantage. Typically, we're kind of getting more balanced in Nashville, but it's when there's not enough inventory and there's more buyers than there are houses on the market that's a seller's market. If there's more houses than there are buyers, it becomes a buyer's market. So then the negotiation, the buyer holds the cards.

And those are two completely different ways to negotiate. You have to know what market you're in and know how to best win that property so that you get the house you want.

Stephanie: I think, you know, the friend thing is really tricky. I'm so glad that I've never been in that situation when it comes to buying a house because I would totally be like, "I'm just gonna hire my friends." But then it could get so messy.

I think my question would be, is it more likely to potentially hurt your relationship for you to not use this friend or for something about that transaction to go wrong? I don't know, I think it would be much more harmful to a relationship to have something go really wrong if you do use someone than to not use them altogether.

Cindy: Silly comparison, but have you ever gone to a friend to have your hair cut, and then you find that you can't stand your hair? And what do you do about that? You can't

go back. I hadn't thought of that but you're right. That can damage the relationship as much for something to go wrong. And it's much more costly than getting your haircut.

Stephanie: I should really know this but I don't. What is the difference between realtor and real estate agent? Because I know that they're different. I've always used them interchangeably, but I know that they're not interchangeable.

Cindy: Well, and most people do. Really the finest point is that a realtor is a member of the National Association of Realtors. So it means that they've got a little bit higher level of education. We have certain classes we have to take every year. So a realtor doesn't just get their license and sit and do nothing.

And it depends on, again, where you're located. But an example is in Tennessee we have to have 16 hours of continuing education every year. So it's an important designation to have to be a realtor, not just a real estate agent.

And then there's agents and then there's brokers. A broker has more experience, has taken more classes on a broker. So you've just been in it longer and learned more.

Stephanie: Okay. I know that we have women listening who are renting currently and are trying to figure out if now is the right time to buy or not. And I know a lot of people have been watching the housing market thinking, "Well, it's a bubble. It's gonna burst at some point," which I don't know how much I totally understand... I mean, I know what that means, generally, but I feel like that's something that a lot of people say, but we don't actually really know what that means.

We know that interest rates have risen recently. How do we figure out when economically in the world, in the market, it's a good time to buy versus when we should hold off?

Cindy: That is such a good question, Stephanie. The thing that's hard about that is I would say you would almost have to look in retrospect to figure out if it had been good or bad. An example is people who bought in the height of the real estate market when there was a bubble that burst, so they bought in 2000, you know, five, six, seven, and then the market burst. At the time they had no idea that was about to happen.

Is the market about to burst now? No, I don't think so. I do think that in most of the United States, the market is going to slow. And it is because of inflation, because of what's going on in our economy, because rate is going up.

But most cities still have a very low inventory of homes. So an example... Again, please keep in mind if you're not in the Nashville market, I'm not specifically

talking about your market. But in the Nashville market, I would say that things are softening a little bit.

The place I see at the most though is in luxury homes. So you're not going to be in a first-time homebuyer, you're not going to be buying a \$2 million home. And if you are, please call me.

But it may mean that you're not going to be up against 20 people buying a house. So it's still a good time to buy. And it may mean that a house is listed at a little bit more than it should have been because a seller and their agent are, the last three to six months, watching prices go up up up up up very fast, and they haven't adjusted to go, "Okay, wait a minute, we're flattening slightly."

I don't see housing prices going down now to what they were less than a year ago, which was astronomical. I mean, in the last few years, housing price has gone up in many places 32%. I mean, that would be the highest. But that's insane. So it's hard to say this is a great time, this is a bad time.

I think it's more what's right for you personally. Do you have the things we talked about? Do you have the amount? Are you stable? Are you ready to own a home and take on...? It's kind of like when people say, are you ready to have a pet or are ready to have a child? It's not just getting the cute little puppy... Let's talk about that instead of a child. It's not like getting a cute little puppy, and then going, "Okay, I really had no idea this thing was going to tear my house apart."

Homeownership is more than just owning a home and you have responsibility. You know, you will have things that you need to take care of and break. Are you ready to mow a lawn if you're buying a single family home? Those kinds of things. Do you have time to do that? Or do you have the resources to hire somebody to do that for you? So that's all things that come into play when you're considering buying a home. Much more than the economy.

Let me say something about rates. It's really interesting that especially in your generation because many of you are in the market for the first time, in the housing market for the first time, and in your adult life we have had unprecedented low rates. I mean, two and a half percent, three percent, three, and a half percent. Even today, five, five-and-a-half percent, those are historically very low rates.

When I bought my first house in the 1980s, the rate was 11 and three-quarters percent. And that was a special rate for first-time homebuyers. The average rate was 15%. So keep that in mind. And I think what's going to happen is people who are scared right now to purchase because they're going, "Oh, the rate is five and a half percent," in a year when it's seven and a half percent or two years, they're gonna

go, "Gosh, I wish I would have bought five and a half percent." That's why it's hard to tell you looking at economic indicators that is good or bad. Because there's [inaudible 00:28:31].

[00:28:33] <music>

Sponsor: Hey friends! We have a brand new sponsor here at the Girls Night podcast, and I am so honored to have them because I just love what they're doing. Our new sponsor is [Modern Fertility](#).

Modern Fertility is an easy and affordable way to test your fertility hormones at home with a simple finger prick. You mail it in with a prepaid label and you'll get your personalized results within 10 days.

Their tests will give you insight into things like your hormone levels, your ovarian reserve, which is how many eggs you have compared to other women your age, and other important fertility factors. If you want kids today or maybe one day in the future, this clinically sound information about your body can help you make decisions that are right for you.

So you may or may not know this, but one in six couples struggle with infertility. And my husband and I happen to be one of them. Carl and I, the planners that we are, spent years talking about every single aspect of what it would look like to have kids before we ever even started trying. We talked about how many kids we might want and when we wanted to start trying and how babies would impact our lives and how our lives would impact babies and so much more.

We did everything we could to gather all the information possible so we can make wise decisions about such an important part of our lives. I remember specifically asking my doctor if there was any sort of test or exam or something that we should do before we started to try, just to make sure that everything was working the way that it should.

And we were told, "Nope! Go ahead and start trying. And if it doesn't happen within the first 12 months, we'll start doing some tests." It didn't happen in those 12 months, and I really, really wish we had had more information sooner.

Friends, there aren't many decisions bigger than having a kid. But for many women, their fertility is a giant question mark. Modern Fertility believes that knowledge is power. And when you know more, you can have informed conversations with your doctor and make better decisions for your body, your health, and your future.

Right now, Modern Fertility is offering our listeners \$20 off the test when you go to modernfertility.com/girlsnight. That means your tests will cost \$179 instead of the hundreds or thousands it could cost the doctor's office.

Again, you can get \$20 off your fertility test when you go to modernfertility.com/girlsnight. Again, that's modernfertility.com/girlsnight. Modern Fertility, thank you so much for sponsoring our girls night. We just love having you.

[00:30:50] <music>

Stephanie: Okay, that makes so much sense. Also, if you buy a house and it's five and a half percent, and then all of a sudden next year you can find another loan that's like two and a half percent, you can refinance, right?

Cindy: Oh, yeah, absolutely. If you can go from five and a half to two and a half, you better refinance.

Stephanie: When you lock in a rate, like if you get a loan, whatever the rate is right now, if it goes up, that doesn't apply to you. Like your rate won't go up. You'll still be at five and a half percent even if it goes to eleven and a half percent. But if it does go lower, you can always... I mean, we've done this once and I don't totally understand how it works but you can refinance which means you can get a lower rate.

Cindy: That's right.

Stephanie: So, I don't know, you kind of can't lose as much.

Cindy: It's almost nothing to lose. Right. Right.

Stephanie: Okay, so if we're renting right now, how far in advance should we start looking for a home? Like, how long does this process normally take? And is there anything we can do to make it as smooth as possible?

Stephanie: I mean, I would say if you just even have an inkling, "Oh, gosh, maybe I'd like to own," I would, and you probably already are if I'm talking to you, you're thinking this, I would get on some of the national... realtor.com. Even Zillow. Which Zillow can be inaccurate depending on your local market. It's how they get the data fed to them. So Zillow, or Redfin, or whatever you'd like to use. And start looking at houses just to kind of get a feel for your market, like, "Oh, this is what I'm gonna get for 300,000 or this is what I'm gonna get for 250,000 or whatever. That's going to give you your first indicator of whether maybe you should get in the market or not.

And you can do that a year before you think you're ready or six months before. But know until you're ready, you know... It's not like you can go, "Oh, I found this house. I can't lose it." No. You're just playing. That's all you're doing is playing.

Stephanie: We did almost do that. I think I told you that. It was before we bought this house, but we found a house in our neighborhood that we loved. And we walked through it and we're like, "Oh my gosh." But we hadn't figured out anything having to do with the lender. You didn't even know we were looking. And Carl and I are sitting there going, "It's Sunday, do we call Cindy and go, 'Cindy, can we write up an offer today for this house you didn't even know we were looking at?'" We decided not to. But I do-

Cindy: And I would say, "Have you talked to your lender. Do you have a pre-approval?"

Stephanie: And we would say, "No. Shoot!"

Cindy: Again, it's out there. So what you really need is between, you know, I would say 60 days is about the most you really need in most markets. From the start when you contract a house to closing is typically 30 to 45 days.

Stephanie: Okay.

Cindy: So you want to have enough time to begin looking. That's why I'm saying 60 days. First question to find out is when your lease is up first, can you get out of your lease if you need to? Secondly, when your lease is up, can you rent month to month? When you know those two answers, that'll give you an indication.

If you have six months on your lease, and you can't break the lease or in breaking the lease the penalty is so great financially, it's not worth it. And that tells you right there you need to hold on a little bit.

If you find out that, well, no, we don't lease month to month, once you're ready to get out you're out, then that tells you, oh you need to back up and start looking. And if you have to pay rent and your mortgage one month, then that's probably a better thing to do than to be homeless.

Stephanie: I like that you said to start looking well in advance because the thing that's happened since we... I mean, living in Nashville, even when we bought our first house in 2015, the market was so wild that I feel like you had to show up. And I said this then and it has only increased, but I feel like you have to like show up with like a suitcase of cash and just be like, "Hey, how can we buy this house?" Not that we've ever had anything like that.

But we've had to make really, really fast decisions. And I feel like the way that we've done that is by doing so much research ahead of time and looking at so many houses. Because when we walked into all three of the houses that we bought, it was pretty instant that we were like, "Oh, okay, this checks this box, this checks this box, it checks this box.

And the only reason we knew that was because we had looked at a whole bunch of houses that didn't. But I think when we found each house that we really liked, we knew that we couldn't sit there and think about it for a month, which is what I wanted to do because it's such a huge commitment. It's such a huge purchase.

But I think because we've done so much thinking ahead of time, that's how we felt more comfortable going, "Okay, we've seen this house twice now and we're going to put in an offer," but it's only because we knew what else was out there.

Cindy: And I would say start going to open houses and just walking through. Please don't ever... If you go to an open house and you walk in and the agent that is the listing agent of that house, or whoever sitting the open house... Because it's not always the agent. It can be one of their colleagues.

If they ask you if you don't have an agent or are you unrepresented, and if you're not represented... Obviously, you need to be honest. You need to say, "No, I'm not represented." They may try to represent you. That is not how you find a realtor. They may be a great realtor, don't get me wrong. They may be the best in the area. But you don't want to do it just because you meet them and you like them and they are nice because the reason they're in an open house is trying to pick up buyers.

Again, you need to go back to your people you trust and find out who they trust rather than just going with that person. That would be my encouragement there. You know, and you don't want to go in and go, "Yes, help me write this offer on this house." You need to have [inaudible 00:37:09].

Stephanie: Because they're already representing the other half. You need someone who's like on your... And they wouldn't be on your team if they weren't already on the other person's team.

Cindy: Right. Right.

Stephanie: If anyone listening is like me, they've watched a lot of House Hunters and so they've seen so many examples of must-have lists and people wanting things and not knowing if it's realistic.

As we're looking for what we want, what is realistic. It's really hard to think about spending \$250,000 on a house and having it be something that we don't love. That's so much money. How do we figure out what we're sort of allowed to love for our price range?

Cindy: First thing I need to say is, your first home is not going to be your dream home. It's not your forever home. The whole point of a first home, and maybe even the first two or three is to build equity so you have a snowball so you can get bigger and better home.

I'm not saying bigger, better, newer, more is always the best thing. Please don't hear that. But I'm just saying you're not going to walk in and have the house you were raised in if you're raised in a, you know, four bedroom, three and a half bathroom home. So that's the first thing.

Stephanie: Pause really quick and talk to me about equity because I don't even know if I can explain it.

Cindy: I'm glad you asked because there's so many words that I use every day in that everybody has. Whatever your job is, you've got your vocabulary. And this is one of them. So equity, when you purchase a home, let's say you put down 10%, the day you close, you have 10% equity in that house.

As the house goes up in price, I mean, you're still living there, you're not selling it, but as it goes up in price, let's say you buy it for 250,000 and four years later, you sell it for 300,000. Then the initial down payment you put in plus the mortgage amount you've paid throughout those years, plus that extra 50,000, that's your equity.

It's all the money that you have, I guess made in the house. When you pay your mortgage payment, your mortgage payment is going to have principal, interest and normally insurance. Because your lender is going to want you to give them the insurance money and then they'll pay your homeowners insurance when it's due once a year.

So it's what you pay in principal that becomes your equity, not the other parts of it. You may start paying your loan... Just for conversation's sake, let's say your mortgage payment is 1,200 a month. You may be paying for the first year only 200 a month to your principal, and \$1,000 to interest in insurance.

Again, that 200 gets racked up, and it actually gets bigger the longer your loan is because you're paying less interest and more principal. That becomes part of your equity.

Stephanie: So when you borrow money from a lender, the way that they make money off of you is by charging interest. I always thought that your interest was spread out equally over all your payments. So it's not. They take kind of more of the money upfront. But then by the time you're reaching your last payments, you're paying off more of like the actual amount.

Cindy: I mean, at some point it gets even, where interest and your principal are about even. It's a balance. And then it switches where you're paying more in principle in less in interest. I mean, not many of you are ever going to own a house the life of the loan if you have a 30-year loan or even a 15-year loan. But yes, that's how it works. You pay more interest to begin with as you go on.

So here's a little trick. If you want to get more equity, pay more to principal. So every month when you make your mortgage check for 1,200, add an extra 200 for principal. That will help gain that equity. But you have to put on your... I'm sorry, you're gonna do it online, on your memo online through your lender... I mean through your bank, however you pay your bills.

You need to put in there 200 toward principal or extra 200 towards principal so that they know that that's where that money goes and they don't just apply it to the next payment. Because you don't want to pay for interest, you want to be paying down your principal.

Stephanie: I think the best way that it's made sense to me is like if you picture your house and you own 10% at the beginning, you really own 10% of it at the beginning because that was what your down payment was, you own like the bathroom. That is your bathroom. Like you're not paying it off anymore, it is your bathroom. And so little by little, you're owning more and more and more of the house.

So then when you go to sell it, that's... It kind of feels like putting my money in like a house bank accounts. It's kind of how I think about it.

Cindy: Well, you know, owning a house or owning your home is the fastest best way to build wealth. Because you are. It is a savings account in that way. And if you're paying extra principal, whether it's monthly or yearly, however you want to do it, there's 100 ways to do it, to pay extra principal. But if there really is a bank account, it's a bank account you can't withdraw from which is really helpful.

It's not like you can go, "Oh, man, I want that \$200 back." Uh-uh. Once the lender has it, yeah, it's there. So it is. That's a great way to look at it.

Stephanie: For our house, I think we rounded up. Our payment was like \$60 or something like that. So we added 40 just to make the number round, because Carl is the kind of person that likes to put the exact amount of gas in the car. He likes the numbers to be round when you're filling up your gas tank. So he did that with our mortgage payment, which is just nuts.

But when you look at sort of the overall payoff calendar, because we pay, you know, \$40 extra a month, we're saving so much over the life of a loan. And it's like that's \$40 that we never will have thought about that, you know?

Cindy: Right. You can either download an app through your favorite app store or you can go online and you can look at mortgage calculators and you can play with it. You can look at what is called an amortization schedule. Let's say you do a \$200,000 loan for 30 years at 6%. You put in all that data. And usually they'll ask for a down payment. And then they'll give you "this is what you're going to pay at the beginning," and they'll take you through every month for 30 years. It's painful if you want to really look at it all.

But you can start to see where the breakeven is and then you can play with it, and go, "Well, what if I pay an extra, you know, like you said, \$40 in interest a month? What will that do to my interest?" And then watch the interest. And it's amazing how much you're saving.

And it'll usually tell you this is what you saved over the life of your loan by doing that. Again, you're not going to own your house for 30 years. More than likely. But it gives you an idea of how much that little bit extra is helping you.

Stephanie: So the hope is that you have that 10% that you put down initially, you have a little bit that you're contributing every single month as you pay your mortgage, and then you have the house, you know, growing in value over the time that you own it. So then by the time you sell it, all of that money that you put in and that you've also made gets to go either into your pocket. Or if you want to buy another house, that gets to be your down payment, which means that you have a much bigger down payment than you would have had at the beginning.

Cindy: Yeah, that's exactly right. Again, that's how you build wealth. You keep taking that and snowballing it. And we've really seen this in the past year with the stock market. The real estate has gone up and up and up, and the stock market has gone down and down and down.

So it, once again, is just a really good reminder that over years, because obviously sometimes the stock market is going insanely high, but over years, real estate is a really, really good investment. So one of the things I encourage people to do, yes,

you're buying a home to live in, it's your home, but always remind yourself that it's an investment. It's the largest investment you own.

Stephanie: Yeah. Yeah. That's really good. Now that we've talked about equity, what is realistic for us to look for in a house?

Cindy: Oh, yes, that was our original question.

Stephanie: That was our original question. I totally took us off course.

Cindy: I really think it depends on, again, your local market, and what you can expect there. I'll tell clients when I'm working with them that what I want is their basics. How many bedrooms, bathrooms, kind of what I guess square footage that they want, yard, no yard, you know, whatever. Just kind of the basics.

I will tell them, You can give me your dream list, but I'm going to only slightly look at it because what you want on paper and what you end up loving can be very different. So what I'll tell people is, Work with me. Let me take you through 10 houses, I watch how you respond to a house and I know what you need.

I mean, most agents can do that. And you can do it yourself. When you walk into a home and the home has tons of windows and it's a sunny day and light is spilling, do you feel like your soul lift? I don't mean to sound spiritual, but there's a component to that.

Are you a great cook? Do you love to cook? Is that what's more important to you? And then the master bathroom needs to be renovated in a few years. Cool. Let's go with the kitchen. You're going to figure that out when you go in houses.

And let me say if you're married, they won't necessarily be the same thing. Your husband may respond to things differently than you and then you... that's a great thing. I say some are realtor and marriage counselor. I've done a lot of marriage counseling in my car. "Okay, let's be all on the same page. It's just the goal." So you'll figure that out.

Again, it has to be your price range. It may not be realistic in your price range that you're going to get granite in the kitchen. Maybe you need to buy a house that has really good bones or other features that you love. And you know that you save for a couple of years, and you put in granite yourself, you know. That also builds your equity by the way. Even though you're spending money, it's going to make your house have more value. It's what they call sweat equity.

Stephanie: I love that. I love that. And I love that idea of figuring out what's important to you and important for your life. And it's different for everybody. How you use your house is different for everybody. So some people it may be really important to them to have a really good dining room to host this giant family that they have over every Sunday. And then some people may be like, "I legitimately don't cook. I need a fridge and a microwave. And that's it." So you can kind of make decisions accordingly.

But I also really love the reminder that this is not probably the last house that you'll own and this is a step and an important step in the direction of a house that will feel more like a dream home to you.

Cindy: Right. Exactly.

Stephanie: But you don't start there. But it's by buying your first house that you're able to buy your second house and your second house you're able to buy your third house.

Cindy: Exactly.

Stephanie: And that's kind of how it grows. Can you tell us the thing about 80... Do you say 80-20? No. You do 80-10-10.

Cindy: Oh, my formula 80-10-10. I have absolutely no idea where I came up with this but I know it wasn't original. So I stole it from someone but I don't know who. I don't know if I read it somewhere or somebody told it to me.

But when I'm working with clients I tell them there's a formula to buy a house and that's 80-10-10. And here's what it is. 80% of the house you love, 10% you can change and 10% you can live with. If you're married, your 80-10-10 does not have to be the same. He may go, "I can live with this," and you're like, "Well, I can change this."

I would say if you find a house that's 80-10-10, especially in your first house, it's a really good house for you. If you find 90-10, buy it. Because even if you were to have the free sources to build what you think is your dream home within six months, there would be things you'd want to change.

I have experienced that, because I've built few homes. And there's always that, "Oh, we should have done this, this or that, or next time, let's do this and not that." So 80-10-10 is a really, really helpful tool just to kind of help you go, Okay, doesn't have to be perfect, but it's good enough, and we're gonna like it, and it's gonna fit our needs right now. And that's what you're looking for.

Stephanie: I love that. That's really helpful. So I want to ask you, as we're going through this process, I mean, there are parts of it that are really discouraging. You know, when we bought our first house, we were both... I mean, we still are, but we were both self-employed so we don't look like a great gamble to someone looking to lend us money. So that was tricky.

And like, you know, just gathering the necessary paperwork, that's tricky. But then especially, there were a couple of houses that we fell in love with when we first started looking that we lost out on. That's really discouraging. So do you have just any encouragement that we can take with us for the discouraging moments of this journey?

Cindy: Well, first thing I can say is, if you get really discouraged and you need to tell your agent, "We need a month to not do anything to emotionally break from this," then take it. Tell them that. Most agents will understand, especially if they have been in a market that is really hard.

The second thing is... And you know, I wish I can say I can guarantee this, but I can't. But I have found, I can almost say without exception, that when my clients have lost out on a house, or two, or three or four, or five, the house they end up purchasing is better than anything that they looked at previously. And I don't know why that happens. I don't know if their needs change or they get more realistic, or... I don't know what it is, but the house they eventually purchase kind of makes the other ones fall away.

Again, that may not always be true. It may be just from my perspective because I'm going, "Oh, no, this actually meets what you need more." It can also be that they've raised their maximum or what they're willing to pay. Because most people try to start really low, which is okay. I actually encourage people to do that and just bump it up when you have to.

More than anything when you purchase a house, you want to make sure that the house doesn't own you but that you own the house. You don't ever be house poor. I'll tell my young clients, you want to make sure that you can still, you know, go and hang out with your friends or have people have for dinner or order pizza because you don't want to cook. You just don't want to be where everything goes in your house. You know, you suffer for it basically. You end up hating your house in that case.

Stephanie: That makes a lot of sense. And I like that. That's totally been true for us. That anything that we missed out on it was a bummer. But I mean, that's how you learn what's really important to you. I feel like I'm kind of talking about dating right now. And job searches, I would say. But, yeah, that you end up figuring out more of what

you want. There really are so many houses in the world that... And inventory continues to change. It changes every single day.

Cindy: That's right.

Stephanie: And so there may be a dream house that just isn't... You may be like, "Nothing's working out." It's like, Well, I mean, the house that you're gonna buy isn't on the market yet, but it will be in two weeks. So keep looking.

Cindy: Right. Right. Exactly.

Stephanie: Again, I would say that's also true for dating.

Cindy: There you go.

Stephanie: Okay, Cindy, just as we're finishing up, is there anything else that you really wants for some homebuyers to know? Just any sort of last tip that you can slip to us as we're on our way.

Cindy: You know, I can say that if you believe in God, if you pray, you need to pray about this purchase. You need to ask God for wisdom. I am a firm believer that He will grant you wisdom. I pray for all of my clients, whether I'm buying or selling. I pray for the family that's going to buy their house if they're selling it, because I want everything to work. I want both sides to feel like they're getting exactly what they want. And I want God to be glorified through the process personally. So that'd be the main thing.

The second thing is make sure you trust your team. And your team is your... really mainly your lender and your realtor. You have to trust that they're giving you good advice always. That you can trust them. So those will be the most important things.

Stephanie: I love that. And I think that we've seen that along the way, just the way that our housing journey has worked out. I think it might seem like a selfish thing to ask God for a house especially if it's beautiful. I feel like we can feel, okay, asking for a roof over our head but we shouldn't ask for more than that.

But I think that home is a really important thing and that the most important parts of life happen in homes. That's where we gather. That's where we have relationships. That's where we spend time with Him. I mean, sort of anecdotally, I've gotten to see that God really cares about where we live. And He's really answered our prayers. So I just believe that help-

Cindy: Love that.

Stephanie: Cindy, thank you so much for walking us through this and for walking women through this. We're gonna link to all of your stuff in the show notes so that people can connect with you. I just love you. I'm so glad to get to talk to you.

Cindy: I love you too.

Stephanie: Thanks for being on the show.

Cindy: All right. Thank you, Stephanie, for asking.

[00:55:45] <music>

Outro: Guys, thank you so much for listening to today's episode. I can't tell you how much it means to me to have you here at Girls Night.

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And thank you to all of you who have left those beautiful five-star reviews already. It means the world to me. All right, friends, that's all we have for today, but we'll be back next week with another episode of Girls Night. I'll see you then.