



Dave Windsor's 'Alaska Real Estate'

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Tough Times For Veteran Homebuyers

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No, it isn't the interest rate. No, it isn't the availability of a loan. Even generous debt ratios favor the veteran. In fact, VA buyers (Military past and present plus select Federal employees) are accustomed to the special treatment afforded to them for service to their country.

The biggest housing benefit is the ability to purchase a home with no cash of their own required – the famous "Triple Zero Down" option. Only Veterans can use this purchase option because the Federal Government guarantees the full repayment of loans granted by the financial institution involved.

The bad news is that, in the current 'Seller's Market', where there are competing offers on almost every listing, 'Triple Zero Down' will not fly even if you are an Airforce pilot.

Triple Zero Down can only work in markets where sellers are willing to pick up thousands of dollars in buyer closing costs Why would a

seller do that in this market? As it is, buyers are not only paying their own borrowing charges and prepaids of applicable property taxes and homeowner's insurance, they are offering prices higher than the list price.

I have seen several offers recently on my own listings where buyers are not just asking no financial concessions, they are even paying for the seller's closing costs. You might call this "Reverse Triple Zero Down"!

A successful VA buyer today can use the military benefit of no down-payment but must have savings to cover their own closing costs and prepaids. I would be surprised to see any seller willing to cover 'triple zero down' right now, even with a 'bumped' sales price to cover because then the risk of the Appraisal value comes into play.

FHA, AHFC and other Conventional buyers already know they must have some money of their own to buy a house. VA buyers need to understand the same in order

to make a reasonable offer in the current market.

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