

Are You Ready to Buy Now?

If you are renting now, you probably already realize that any money you spend on housing every month is helping to enrich your landlord. While you make the landlord's monthly payments on your home, he just sits back and counts the equity growth, tax benefits and appreciation in his property. And he probably doesn't even say "thank you" to you.

Wouldn't it make a lot more sense for you to invest that monthly payment in your own home? That's certainly the #1 motivator for you to become a "Rent-Buster" – potential profit. As property values go up, the only way to keep up is for you to own your home.

Uncle Sam helps homeowners by providing significant tax benefits, a benefit you'll never experience as a renter. As a renter, you just write a check for the entire amount due monthly, even though most of that payment is the landlord's interest and property taxes. When you own a home, that portion of your monthly housing payment will be tax deductible. It does seem a shame that you're not enjoying that tax benefit as a renter, doesn't it?

Owning a home does wonders for your self-esteem. You'll experience "pride of ownership" and no longer feel like apologizing to your friends and family for being a renter. Something about that word... It is almost like a dirty word, isn't it? When you own your home, you can clean, paint, repair and generally take care of your own home – and it feels like a worthwhile endeavor. Any improvements to a home you rent will just be more money down the drain, money you spend to enrich your landlord.

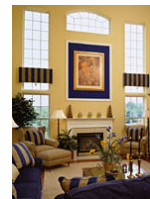
Lou Colletti, a radio personality in the Annapolis area and President of 1st Metropolitan Mortgage, suggests that you ask yourself these questions to help decide if you're ready for home ownership:

1. Do you expect to stay in your current job and work location for the next two or three years? (Ask if your employer is considering relocation.)
2. Do you anticipate any large expenses in the next two or three years, such as a car or college tuition?
3. Have you been pre-approved for a mortgage?

If you answer "Yes" to questions 1 and 3, and "No" to question 2, then it is time to stand up and take control of your life now – Fire your landlord and buy a home! There are many reasons for renting, but I have found that most renters simply do not know that home-ownership is within their reach. They are concerned about one or more of the following:

Up-front money –

In an ideal world, all buyers would pay cash for their homes and be done with it. But people just don't do that, even when they have enough assets to do so. In an almost-ideal world, all



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buyers would have 20-25% of the purchase price to invest in down payment and closing costs – at today's housing prices, not many folks do that either. The truth is that most of my clients put down 5% or nothing at all. That's right, no down payment. There are even loan programs available that incorporate closing costs into the loan, or allow motivated sellers to pay some or all of your closing costs. So don't wait until you save enough for up-front money because you may not need any to buy a home.

If College Park is a community you would consider for your next home, you may be eligible for a \$5,000 or \$7,000 grant simply for buying a home there. When we get together, I shall help you explore this option and others with which you may not be familiar.

Monthly payment –

The odds are that your monthly rent is about a third of your gross income, and it is possible that your monthly mortgage payment on a comparable home will be about the same or even less. There are hundreds, probably thousands, of loan programs available – and I am betting there's one to fit you.

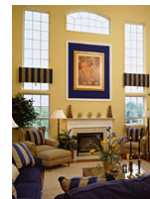
Additionally, many renters don't know how the tax advantages of home ownership impact their monthly payment. My recommendation would be to talk with your tax preparer, or ask me. I have never met a renter who wasn't amazed to find out how low their effective monthly payment was after factoring in their tax benefit. During the course of my career, probably more than a hundred renters told me "I would have bought a long time ago, if only someone had explained this to me."

If your income is not enough to qualify for the monthly payment necessary for your dream home, at least you will learn in this process how much house you can afford now, and how much additional income you will need to buy that dream home.

Credit concerns –

Good credit is important, and it will make your life a lot easier when it comes to buying or renting a home. But many of today's consumers do not have good credit, for any number of reasons. My financial partners and I have helped some very credit-challenged people buy a home – we have the experience and know-how to do that. We sometimes find that a person's credit is not as bad as they feared.

When credit does seem to be an insurmountable problem in obtaining a loan, I can still help you be a "rent-buster" with a rent-to-own program that is exclusive to Anne Arundel County.



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If you're renting now, this is a good time for you to make the leap to home ownership because it is a "buyers' market". That means economic conditions are more favorable to buyers than they are to sellers. The inventory of homes is high, rates are good, and prices are attractive to buyers; when these conditions prevail, home sellers have to be more negotiable than they are in a sellers' market.

If you decide that you are ready to be a homebuyer now, don't miss this great opportunity to be a bona fide "rent-buster."

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