



The Home News

VOLUME 2 ISSUE 1

To rent or to buy? That is the question.

In an unpredictable market, it's tempting to put off homeownership in anticipation of the market stabilizing. You may also be wary of the costs associated with purchasing a home—down payment, closing costs, property taxes and maintaining the residence. Happily, the rewards associated with buying your own home significantly offset any perceived drawbacks.

The advantages to buying a home abound—in real dollars! See for yourself in the chart on the right. Or, check online for a calculator which will give you a total of savings over time if you were to buy versus renting.

Remember, your income, savings and monthly expenses play an important role in determining how large a mortgage you can afford. You'll want to know this amount before using a calculator.

Renting v. Owning Savings Example

YEARS	RENT PAYMENT	MORTGAGE PAYMENT	MONTHLY DIFFERENCE	AFTER TAX SAVINGS	YEARLY DIFFERENCE	AFTER TAX SAVINGS
1	800	1000	-200	-50	-2400	-600
2	840	1000	-160	-10	-1920	-120
3	882	1000	-118	+32	-1416	+384
4	926	1000	-74	+76	-888	+912
5	972	1000	-28	+122	-336	+1464
6	1021	1000	+21	+171	+252	+2052
7	1072	1000	+72	+222	+864	+2664
8-30	Savings increase every year					

Saving by Buying

The amount of money you spend on rent may be the same or less than a mortgage payment. But, consider the tax benefits. This is where the real savings can come in! Let's say you start out by paying only \$800 per month in rent. Looking to purchase a home at, say, \$110,000 and pay a monthly mortgage payment of \$1,000 may not seem cost-effective. However, after just six years, your mortgage is lower than your rent payment. When you weigh in the fact that rent increases at an annual rate of 5% or more, in combination with the tax savings of homeownership, buying can be a much more economical and rewarding option.

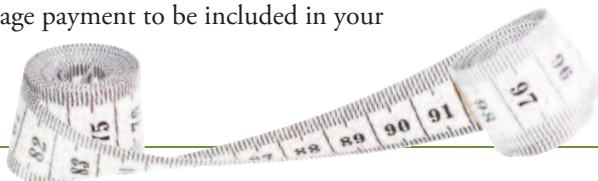
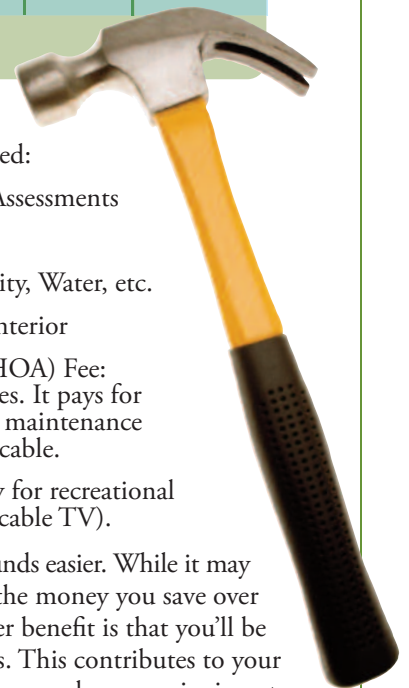
When buying, don't forget the cost of maintenance

As a renter, usually you are not responsible for certain housing expenses like major repairs, appliance replacement or lawn care. Your rental company takes a portion of your rent payment to cover these expenses. As a homeowner, housing expenses will become your financial responsibility. Remember to add the cost to your monthly mortgage payment to be included in your planned budget.

Here's a list just to get you started:

- Property Taxes and Special Assessments
- Home/Hazard Insurance
- Utilities—Gas, Heat, Electricity, Water, etc.
- Maintenance—exterior and interior
- Homeowners Association (HOA) Fee: Doesn't apply to all purchases. It pays for trash and snow removal and maintenance of common grounds if applicable.
- Membership Fee: It may pay for recreational facilities and other services (cable TV).

You may be thinking renting sounds easier. While it may be less of a maintenance hassle, the money you save over time is worth the effort. Another benefit is that you'll be building equity as the years pass. This contributes to your future borrowing power, making your home a wise investment in the end.❖





'Tis the Season.. To Winterize Your Home

Taking the time to prepare your home for the cold weather is a great way to protect your investment and save money now and in the long run. Here are just a few tips to keep you and your home cozy this winter:

- Clean your gutters to prevent water from building up and freezing.
- Keep out the cold air by sealing the areas around windows and doors.
- Caulk gaps, cracks or holes if necessary.
- Clean your heating ducts and change your furnace filters.
- Trim trees and remove dead branches to prevent ice buildup, which could cause damage to your home, surrounding property or power lines.
- Prevent frozen water pipes by draining and insulating them. Keep your heat running, even when you're away from home.
- Insulate. Since warm air rises, start by making sure your attic is protected.
- Foolproof your fireplace. Clean the chimney, ensure the damper opens and closes properly and have plenty of firewood on hand for all those chilly winter nights! ❖

The 411 on Foreclosures and Short Sales

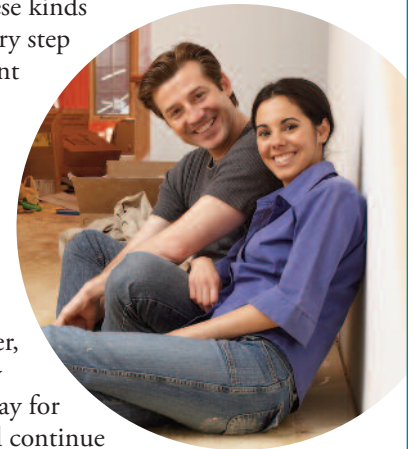
Short sale and foreclosure rates are at an all-time high in the housing market. Many have found themselves unable to make their mortgage payments and lenders are taking action to recoup their losses. This potentially means good deals are out there, but you should also be aware of the ramifications of purchasing a foreclosure or a short sale.

It's imperative that you prepare for the process and are flexible since it takes longer than a normal purchase. It's also important to choose an agent that has experience in these kinds of listings who can guide you through every step as seamlessly as possible. You may also want to speak to a real estate attorney to determine the potential drawbacks.

Although foreclosed homes are often priced much lower than regular listings, there are some things you should look out for. Foreclosed homes are often sold "as is." You will be able to have the house inspected before you buy it; however, the bank will not be required to make any necessary repairs. It will be up to you to pay for the inspection and to decide if you should continue with the purchase of the property thereafter.

Many people think another option for a good deal is a short sale, meaning the homeowner is negotiating with the bank to be able to sell the house for less than what is owed on the mortgage. Homeowners who find themselves buried by overwhelming mortgage payments may choose this alternative over foreclosure to avoid bankruptcy and destroying their credit. However, short sales are a notoriously lengthy process, rendering any prospective buyer unable to write a contract on any other home for what could be weeks or months. If you are not restricted to a lease termination, a short sale may be an alternative for you.

With either type of transaction, keep your budget and time constraints in mind when considering the offer. The price may be great, but the possible issues with purchasing an "as is" property may cost you more in the long run. ❖



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