

# ▶▶▶ THINGS TO CONSIDER WHEN **BUYING** YOUR HOUSE

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## 4 REASONS TO BUY A HOME THIS SUMMER!

Here are four great reasons to consider buying a home today instead of waiting.

### 1. Prices Will Continue to Rise

*CoreLogic's latest Home Price Index* reports that home prices have appreciated by 6.7% over the last 12 months. The same report predicts that prices will continue to increase at a rate of 5.3% over the next year. *The Home Price Expectation Survey* polls a distinguished panel of over 100 economists, investment strategists, and housing market analysts. Their most recent report projects home values to appreciate by more than 3.2% a year for the next 5 years.

The bottom in home prices has come and gone. Home values will continue to appreciate for years. Waiting no longer makes sense.

### 2. Mortgage Interest Rates Are Projected to Increase

*Freddie Mac's Primary Mortgage Market Survey* shows that interest rates for a 30-year mortgage have remained around 4%. Most experts predict that they will begin to rise over the next 12 months. The *Mortgage Bankers Association*, *Freddie Mac* & the *National Association of Realtors* are in unison, projecting that rates will be up almost a full percentage point by this time next year.

An increase in rates will impact YOUR monthly mortgage payment. A year from now, your housing expense will increase if a mortgage is necessary to buy your next home.



### 3. Either Way You are Paying a Mortgage

As a paper from the *Joint Center for Housing Studies at Harvard University* explains:

*"Households must consume housing whether they own or rent. Not even accounting for more favorable tax treatment of owning, homeowners pay debt service to pay down their own principal while households that rent pay down the principal of a landlord plus a rate of return. That's yet another reason owning often does—as Americans intuit—end up making more financial sense than renting."*

### 4. It's Time to Move On with Your Life

The 'cost' of a home is determined by two major components: the price of the home and the current mortgage rate. It appears that both are on the rise.

But what if they weren't? Would you wait?

Look at the actual reason you are buying and decide whether it is worth waiting. Whether you want to have a great place for your children to grow up, you want your family to be safer or you just want to have control over renovations, maybe it is time to buy.

If the right thing for you and your family is to purchase a home this year, buying sooner rather than later could lead to substantial savings.





# YOU NEED A PROFESSIONAL WHEN BUYING A HOME

Many people wonder whether they should hire a real estate professional to assist them in buying their dream home or if they should first try to do it on their own. In today's market: you need an experienced professional!

## You Need an Expert Guide if You Are Traveling a Dangerous Path

The field of real estate is loaded with land mines. You need a true expert to guide you through the dangerous pitfalls that currently exist. Finding a home that is priced appropriately and ready for you to move into can be tricky. An agent listens to your wants and needs, and can sift out the homes that do not fit within the parameters of your "dream home".

## You Need a Skilled Negotiator

In today's market, hiring a talented negotiator could save you thousands, perhaps tens of thousands of dollars. Each step of the way - from the original offer, to the possible renegotiation of that offer after a home inspection, to the possible cancellation of the deal based on a troubled appraisal - you need someone who can keep the deal together until it closes.

Realize that when an agent is negotiating their commission with you, they are negotiating their own salary; the salary that keeps a roof over their family's head; the salary that puts food on their family's table. If they are quick to take less when negotiating for themselves and their families, what makes you think they will not act the same way when negotiating for you and your family? If they were Clark Kent when negotiating with you, they will not turn into Superman when negotiating with the buyer or seller in your deal.

## Bottom Line

Famous sayings become famous because they are true. You get what you pay for. Just like a good accountant or a good attorney, a good agent will save you money...not cost you money.





## DON'T LET RISING RENTS TRAP YOU

There are many benefits to homeownership. One of the top ones is being able to protect yourself from rising rents while locking in your housing cost for the life of your mortgage.

### Don't Become Trapped

Jonathan Smoke, *Chief Economist at realtor.com* recently reported on what he calls a “*Rental Affordability Crisis*.” He warns that,

*“Low rental vacancies and a lack of new rental construction are pushing up rents, and we expect that they’ll outpace home price appreciation in the year ahead.”*

The *Joint Center for Housing Studies at Harvard University* recently released their *2015 Report on Rental Housing*, in which they reported that 49% of rental households are cost-burdened, meaning they spend more than 30% of their income on housing. These households struggle to save for a rainy day and pay other bills, such as food and healthcare.

### It's Cheaper to Buy Than Rent

In Smoke’s article, he went on to say,

*“Housing is central to the health and well-being of our country and our local communities. In addition, this (rental affordability) crisis threatens the future value of owned housing, as the burdensome level of rents will trap more aspiring owners into a vicious financial cycle in which they cannot save and build a solid credit record to eventually buy a home.”*



*“While more than 85% of markets have burdensome rents today, it’s perplexing that in more than 75% of the counties across the country, it is actually cheaper to buy than rent a home. So why aren’t those unhappy renters choosing to buy?”*

### Know Your Options

Perhaps you have already saved enough to buy your first home. *HousingWire* reported that analysts at *Nomura* believe:

*“It’s not that Millennials and other potential homebuyers aren’t qualified in terms of their credit scores or in how much they have saved for their down payment.*

*It’s that they think they’re not qualified or they think that they don’t have a big enough down payment.” (emphasis added)*

Many first-time homebuyers who believe that they need a large down payment may be holding themselves back from their dream home. In many areas of the country, a first-time home buyer can save for a 3% down payment in less than two years. You may have already saved enough!

### Bottom Line

Don’t get caught in the trap so many renters are currently in. If you are ready and willing to buy a home, find out if you are able. Let’s get together to determine if you are eligible to get a mortgage.

