

The Mortgage Messenger

Our monthly First Time Homebuyer Seminars have been a big hit. We will continue to hold them at our office on the third Wednesday of the month at 6:00 p.m. And our Guest Article is especially informative this month for those looking for a new home. If you know someone that has been thinking about taking that big step towards homeownership, but doesn't know where to start, please pass this newsletter along and let them know about our next scheduled seminar on May 19th.

Thank you, Heidi Snow, President

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Guest Article: Buying with Resale In Mind

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It might seem strange to consider selling a house you don't even own yet, but what if you decide to move? Do you want a house that has grown in value and sells quickly? Sure you do. Most of us won't live in the same house for the rest of our lives, so it makes sense to begin analyzing resale values from the very first day we set out to buy a home. Buying a house with good resale value might take a little longer, and it might take a bit more work on your part, but it's worth the effort.

Location Comes First – Locations regarded as *most desirable* today might not keep that status forever, but they're good models. Consider why those neighborhoods are in demand and how long they have been top choices. Are there other areas in town that are increasing in desirability? Does new growth seem to be headed in one direction? Will there be plenty of services (groceries, shopping, schools) in that area? **Best Tip:** Always choose a home that suits *your* needs, but if you can, find one in a desirable location.


Avoid Outdated Features – For example, one-bath homes sell for significantly less and they take longer to sell than those homes with two or more baths. Watch out for electric baseboard heat and electric ceiling heat which are not as desirable as forced air heating systems. Tubs and showers in outdated colors, or scratched from years of improper cleaning, might be hard to change without ripping out doors or walls. And features like popcorn ceilings really date a house – you know – those bumpy ceilings that were so popular in the 1970s. **Best Tip:** Outdated features are a

negative – unless you turn them into a positive by buying *under* market value and making updates.

Don't Sweat the Cosmetics – Cosmetic items aren't too much of an issue, since they're fairly easy to change. Fresh paint is a quick and relatively inexpensive fix – and sometimes makes the home look like it's had a complete overhaul. Replacing old or dated carpets is always a plus. It's usually better to do it yourself to get the quality you want. If you plan to resell soon, choose neutral colors. Wood and ceramic flooring is another popular option. New appliances freshen up a kitchen. So does new cabinet hardware. Adding glass doors to a few kitchen cabinets gives them a new look. Skylights and sun tunnels brighten a dark home. Be sure to buy top-quality products and install them with care. New light fixtures do wonders to lighten rooms and enhance character. New switch plates are an inexpensive way to make a room look nicer. Browse the options at your hardware store.

Best Tip: Sometimes attention to cosmetics is all a home needs to make it shine. Watch for homes in need of cosmetics, because they're often priced under market value. Then, make it your own, keeping resale in mind.

What Buyers Are Looking For – Closets – lots of closets, preferably walk-in, and as much additional storage space as possible. Split bedroom plans, with bedrooms on opposite ends of the home, are increasingly popular with buyers. **Best Tip:** Popular features differ from region to region, so try to determine what's hot in your town. Ask your real estate agent which features are always in demand.

Your first objective is to buy a house that's right for you. But **do** consider its resale value before you make the final decision, especially if you know you'll move again within three to five years. 

Benefits of Homeownership

For many people it's the American Dream: **Homeownership**. So why is it such a powerful goal for Americans? Most families in the United States spend a significant portion of their total income on housing expenses, typically more than 25%. Renting, as an alternative, just doesn't provide the multitude of benefits that homeownership does.

Many of the benefits to the homeowner are direct. For example, interest paid on mortgage debt is tax deductible. It's generally the largest tax deduction for most households. Homeownership also helps people build wealth. Buying a home is typically the single largest investment people ever make. It's also the fastest growing part of their investment portfolio. Unlike renting, which actually pays the landlord's mortgage, homeowners build equity. The average buyer of a \$100,000 home will build nearly \$25,000 in equity in only 5 years through appreciation and principal payments. As they build equity they can leverage it to finance other goals, like a college education for their children.

The benefits of homeownership often spill over into the community. For example, homeowners take better care of their homes than landlords and renters. They want to protect their investment — they plant a garden, paint and maintain the property. This has a significant impact on the economy. Investments in housing fuel a large segment of local economies and generate \$80 billion in tax revenues nationwide.

But money isn't everything. The social benefits of homeownership are profound. Children of homeowners have 25% better high school graduation rates than renters. They have a 116% higher likelihood of graduating from college and typically earn more than children of renters. And if your parents owned their home, you're more likely than renters' children to own your own home. Higher quality home environments, stronger cognitive ability and lower incidence of behavioral problems are also hallmarks of children of homeowners. They also have better math and reading scores. Homeowners make an investment, not only in their homes, but in their communities. Because they are likely to be there for several years, they are 25% more likely to vote than renters.

So how can you help promote homeownership in your community? The biggest barrier for first-time homebuyers is saving for a down payment and closing costs. If you're selling a home, consider a contribution to a non-profit organization to provide down payment assistance to your buyer. Also remember that many loan programs allow gifts to cover these costs. Who do you know who should be a homeowner? There are many loan programs that make it easy. Have them give us a call to find out how we can help them make their dream come true!

Source: Homeownership Alliance of Nonprofit
Downpayment Providers (HAND Providers at
www.downpaymentalliance.org) 

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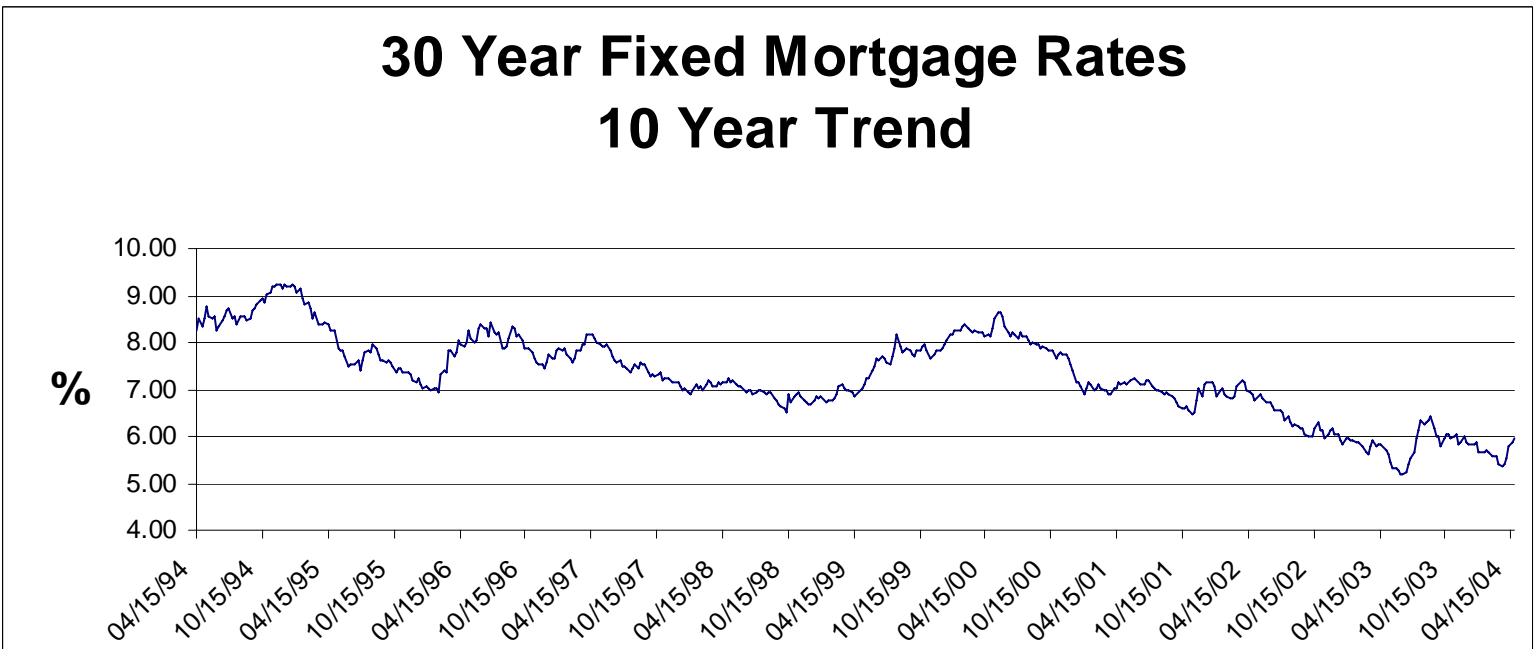


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30 Year Fixed Mortgage Rates 10 Year Trend



You Think You're So Smart!

Here are two more brain challenges to ward off old age.

- A. Complete the following sentences by rearranging the same 7 letters to form the missing words.

*The job they were doing was long and _____.
 Every 2 hours the workers put down their tools to go _____.*

- B. If six goobies and three frankles cost \$15, and you can buy nine frankles and three goobies for the same \$15, what will it cost to buy one hundred frankles?

If you want to see if your answer is correct, or you can't figure it out and want to know the answer, email or call Roger Kennett (our resident "Mensa Dude") at rkennett@perennial-mortgage.com or 888-9500.

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