

The Mortgage Messenger

I recently had a visit from an old friend I knew when I lived in Washington, D.C. She came to see the Balloon Fiesta and we also toured a dozen houses in the Homes of Enchantment Parade. We didn't have nearly enough time to do all the things our city and region have to offer. It made me appreciate what a great community we live in. We all need to take some time out of the rat race, to relax and spend with friends and family. I encourage you to get out there and take advantage of the nice weather and interesting cultures and activities we're so lucky to have.

Sincerely,

Heidi Snow, President, hsnow@perennial-mortgage.com

Client Comment Corner

"Without Karen, I never would have been able to navigate the loan process. I will be forever grateful." Andrea S., Albuquerque, NM

"Professionalism at it's best! No matter who I talked to, or dealt with, my questions were always answered." Joseph A., Albuquerque, NM

"Matt was exceptional. He understands customer service! You're very lucky to have him." Steve B. & Cindy M., Albuquerque, NM

Zero Down Encourages Young Adults to Buy More Homes

For the past 10 years, the rate of homeownership among those under 25 has surpassed all other age groups. The U.S. Census bureau reported recently that homeownership for this age group has gone from 14.9% in 1994 to 25.2% in 2004 — that's an increase of 69%!

Why are more young people choosing to buy rather than rent?

- Record-low interest rates allow people to buy a home with payments similar to or less than rent.
- Many new mortgage programs require little or no down payment, which has traditionally been one of the biggest barriers to homeownership.
- Young buyers are anticipating appreciation of their new property.
- Discriminatory lending practices against young minority buyers have been greatly reduced.
- Non-profit firms, public housing authorities and mortgage companies now offer homeowner training and counseling services.

Perennial Mortgage is helping a lot of younger home buyers these days. Many of them are referred to us by their parents or co-workers. Others attend our First-Time Home Buyer Seminars to learn about buying a home.

It is more advantageous for most people to buy rather than rent if they plan to live in the same area for several years. Tax deductibility and appreciation are the primary benefits of owning a home.

Mortgage interest, which is front-loaded at the beginning of the mortgage term, is tax deductible for most homeowners. With the tax benefit taken into account, mortgage payments are often less than rent. This may be the only tax deduction available for young people with good jobs and no children.

This burgeoning group of forward thinking youth have decided to invest in an asset that appreciates instead of spending money on cars and clothes. They recognize that, for most people, their home is their largest asset and source of wealth. Over time, as their equity increases, they are able to sell and buy up to a large home.

One of the keys to homeownership is good credit. It doesn't have to be perfect but most mortgage programs require that the buyer have at least 1 year of clean credit history. Some first-time buyer programs allow us to create an alternative credit picture for individuals who have never borrowed money before and don't have enough data on their credit report to generate a credit score. Twelve months of timely payments on rent, utilities and cell phones can be used to show credit worthiness.

Are there young people you know that should take advantage of the benefits of homeownership? Have them give us a call and we can help them develop a plan to achieve their goal of buying a home.



Tax Credit for Energy Savings

With the winter season around the corner and natural gas prices projected to increase an average of 36%, everyone is concerned about pending utility bills. There are several things you can do to reduce your fuel costs and take advantage of energy efficiency tax credits.

Did you know that you can claim a tax credit of up to 10% of the cost of energy-saving home improvements, up to a lifetime maximum of \$500. That's a CREDIT, not a deduction!

Many relatively small expenditures qualify for the tax credit. For example, insulating your attic will cost a few hundred dollars but will make your home much more comfortable throughout the year.

Bigger projects like replacing single pane windows with insulated glass used to take a long time to yield a return on the investment. With higher energy costs and the \$500 tax credit, you'll get a quicker return on your investment.

To claim the credit you don't have to itemize the claim and you can combine separate items to reach the \$500 limit. Some of the other improvements eligible for the credit include solar hot water heaters, thermostats, insulation and caulk. Check with your tax advisor for detail on caps and credits.



505 888 9500 office
505 888 9760 fax

7611 Indian School Rd. NE, Suite 102
Albuquerque NM 87110

www.perennial-mortgage.com



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FIX YOUR ARM^s NOW

Interest rates are on their way UP. If you have an adjustable second mortgage Home Equity Line of Credit (HELOC), you should consider getting that rate fixed NOW. HELOCs are tied to the Prime Rate, which is continuing to rise as the Federal Reserve attempts to fight inflation. We can convert your adjustable rate HELOC (or other loans) to a Fixed Rate mortgage.

For example, if you have a \$30,000 line of credit at Prime+1.5 your effective rate is 8.25% and an interest-only payment of \$206/month. We can convert that to a 20 year fixed rate loan at 8% and a FIXED principal & interest payment of \$250. No more increases in payments. *(Sample rates based on 700+ FICO and 100% combined financing.)*

Through the end of 2005 our fees on stand-alone 2nd mortgages are 1%+\$200!!! CALL NOW!!

Heldl Snow
President, 505-235-6920

Karen Hopkins
Loan Officer, 505-362-7491

Matt Hunter
Loan Officer, 505-385-4385

Jessie Keefe
Loan Officer, 505-480-2100

You Think You're So Smart!

The following words contain some unusual letter combinations.
Fill in the missing letters.

_ Y N A _ _ _ W K W _ _ _ _ Y Z Y _ _

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.

We Are a Referral-Based Business!

We generate referral business by being extremely knowledgeable about mortgages and providing exceptional personalized service to our clients. Whom do you know who needs our services?

505-888-9500



Always there for you