

# Hints for Home Buyers

## Note to Renters: Waiting To Buy a Home Can Cost You

(NAPSA)—For nearly two years, 45-year-low interest rates have fueled home sales to record proportions. Now, with financial experts in agreement that those rates will continue to rise, the window of opportunity may be closing for the estimated 38 million renters across the U.S.—most of whom hope to become homeowners in the near future. In fact, waiting to buy a home could cost you more in the long run.

### Buy or Wait?

Rising home prices and interest rates are only part of the equation. By purchasing a home now, renters can begin building home equity and personal net worth sooner. In a market where home prices are consistently edging upward, a home purchased for \$200,000 two years ago could easily be worth \$20,000 more today. That extra money is equity in the homeowner's pocket. Nationwide, home values increased by 23 percent on average since 2000. In some parts of the country, homes have increased by as much as 65 percent or more in the same span of time.

### Renter Misconceptions

Many renters or first-time buyers don't realize that purchasing a home is easier today than ever before. It's one reason the national home ownership rate was 62.9 percent for the second quarter of 2004, representing 73.4 million homeowners in the country—an all-time record. To that end, a number of perceived barriers are sidelining or stalling renters from jumping into the market. Top "fear factors" according to a Bank of America-commissioned survey are:

Fear of making a costly mistake—Consumers need to be dili-



gent about consulting only with established, reputable lenders. Seek out a lender who is more concerned with your personal financial situation than earning a commission. Also, do your own homework to ensure that you know what competitive mortgage rates are. Mortgage rates are published weekly in the business or real estate section of most major newspapers or visit [www.bankrate.com](http://www.bankrate.com). Use those rates to help guide you, but be mindful that customer service and attention to your specific needs are also key criteria to consider.

Intimidation of the paperwork and the process—40 percent of renters believe they either don't have enough money saved or they may not qualify for a mortgage, yet more programs exist today than ever before to limit the amount of down payment needed to become a homeowner—and limit the necessary paperwork. Bank of America, for example, offers an 80 percent less paperwork process that benefits many homebuyers.

Not knowing where to start—Approximately 75 percent of

homebuyers begin by doing online research. Also, first-time homebuyers may find it helpful to start the process with a visit to a bank or a realtor recommended by a friend or relative. They can help you determine how much house you can afford and what your payments would be.

Despite the misconceptions above, the survey also found that 57 percent of renters intending to purchase a home by year-end are in fact accelerating their plans in light of the rise in interest rates—and they are smart to do so. For every one percent rise in interest rates, one million renters or first-time homebuyers no longer qualify for a mortgage. Why? Because interest rates factor into affordability. For example, a ½-percent increase in interest adds nearly \$50 to the monthly payment on a 30-year mortgage.

"Home ownership is a goal for most renters, and this is a pivotal time to get into the market," says financial expert Gene Morris. "If your goal is to purchase a home one, two or three years from today, you should visit your banking institution to discuss the benefits of buying a home sooner."

In a rising interest rate environment, millions of renters can still take advantage of an opportunistic market, a positive economic outlook and programs that make buying a home an attractive proposition. If you are one of the millions of renters intent on becoming a homeowner, you owe it to yourself to explore homeownership sooner rather than later. Talk to your banker to get a clear understanding of the options available to you right now.