



You Can Afford to Buy and Haven't...Are You Crazy?

This may be the best buyer's market that we'll see in our lifetimes. There are lots of legitimate reasons why you should be taking advantage of this market if you are able.

Obviously, if you don't have the down payment or credit score, you won't be able to seize this opportunity. If you are concerned about losing your job, that would be a valid reason for not buying now. If you are planning on relocating in the next year or two, maybe now isn't the time to buy.

On the other hand, if you have good credit and job stability, you should seriously consider capitalizing on this unique combination of opportunities. A qualified real estate professional can explain all of the reasons and even suggest some very interesting financing alternatives.

Top Ten Reasons to Buy a Home NOW

1. Interest rates incredibly low – the rates are at historic lows. Interest rates play a huge part in the cost of housing together with the price and shouldn't be overlooked. The average mortgage interest rates for the past four decades were: 1970's 8.9%; 1980's 12.7%; 1990's 8.1%; 2000's 6.3%. Most experts agree that they're going to rise this year.
2. Lower Prices - Recent price adjustments have made good values that haven't been available at the Lake for years. Current buyers are able to take advantage of the discounted prices.
3. Selection is good – In a seller's market, buyers sometimes have to accept a home that may not meet their needs completely because of short supply. Inventories in most of the lake market and certain price ranges are higher which allow buyers better choices.
4. Negotiate financing concessions – FHA, VA, and Conventional allow the seller to contribute towards financing concessions for the buyer. The money can be used for buyer's closing costs, pre-paid items or interest rate buy down.

5. Costs for FHA loan going up – Currently, a seller can pay up to 6% of the sales price in financing concessions but the number will be reduced to 3% later this year; the date has not been announced yet. The annual MIP for FHA loans will also probably be going up this year which will increase the monthly payment. Buyers who get in now will pay the lower fees.
6. Interest and property tax deduction – the U.S. is one of the few countries in the world that allow an interest and property tax deduction for homeowner/taxpayers.
7. Source of funds with deductible interest - a homeowner can borrow up to \$100,000 above their acquisition debt and deduct the interest regardless of what purpose the money is used. This is a great opportunity to consolidate debt at a lower interest rate and be able to make the interest deductible that otherwise may not have been.
8. Capital gain exclusion – the U.S. allows qualified homeowners to make a profit on their home without having to pay tax on the gain.
9. Borrowing against equity is non-taxable event – taking money out of the equity in your home does not require recognizing capital gains income.
10. The combination of reasons to buy a home may never be stronger than now.

Interest rates are going up; it is just a matter of when. Inventories are starting to be absorbed by current demand. New home construction is down considerably which could lead to higher prices due to not enough annual housing units to keep up with the population. Prices have started to climb in some markets; others will surely follow.

A basic rule of investing is to buy low and sell high. There will be some buyers who take advantage of the current opportunities and will look back and remark how fortunate they were to act when they did. There will be others who look back on these conditions and say "We should have bought then." Hindsight is always 20/20. Evaluating the present and acting takes equally clear vision. The help of a trusted professional can make the difference.

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