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2019: Fire Your Landlord and Become a Home Owner

Smart homeowners and first-time homebuyers read this paper!

BY CHEREEN JAMES

Do you find yourself moving from apartment to apartment within one and two years, just to pack up and move again? Do you get annoyed with disruptive knocking, texting or calling every first day of the month for the rent? You need to fire your landlord today. How? By becoming a homeowner. When you are a homeowner, you are in charge of whether you stay for decades, pass on generational wealth, or earn profits in equity and rental income. Here are some key things to know before you fire your landlord.

Know your financial situation

Before you toss your keys to your landlord, you need to know your financial situation. This will help you make a decision about what type of property you can afford and where you may want to live. You should have money saved up for the down payment on a home, at least 3.5% of the desired price. If you've saved enough cash to purchase a home without a mortgage, then you can close faster. Just be aware that you will need room in your budget for any additional fees, such as legal and title fees.

If you need a mortgage, you may speak to several lenders about your options and interest rates before you commit to a mortgage. You may be able to purchase a home that brings enough rental income to help pay the mortgage, so that your wages stay in your pocket. Once it is clear that you can purchase a home, you will receive a pre-approval from the mortgage lender.

Fix your credit

In order to be granted a pre-approval, you need a good source of income and good credit. Mortgage lenders will ask for documents showing your income, like taxes and pay stubs, and they will need your credit score. If you are in serious debt, you may consider a credit repair program or speak to a bankruptcy attorney about resolving your credit before you can purchase a home.

Decide what type of home to purchase

Now that you're pre-approved for a loan, you will be shown your loan amount, the home size that you may purchase, and the property taxes that you can afford to pay. If you're purchasing with cash only, then the ultimate decision on the type of home is yours. There are condos, single family, multiple dwellings, and co-ops that you may choose from based on your loan amount and market value of the desired property. Co-ops are not considered to be real property but are shares in a cooperative stock. When you purchase co-op shares, you own the share; you must adhere to the house rules of the co-operative and pay maintenance fees. Condos are real property, and you have full rights of ownership—you just have to pay the common charges. Single and multiple dwellings are real property. You should familiarize yourself with any local rules and codes that apply to your type of home.

Understand the loan closing process

Since you received your pre-approval and offered to purchase a home, you should have a contract reviewed by an attorney and you should have signed it after reviewing it. You will need to speak to the lender about your next steps toward a loan commitment. The lender will order an appraisal of the property. If the property is appraised at a higher value or at an equal value to your offer, then you will be cleared to receive funds towards the purchase of the home. If the appraisal is lower than your offer, you will have to contribute the difference between the lender's appraised value and your offer. At times, the lender may not approve because of your financial situation. So it is

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3 Mortgage Scams to Be Aware of and How to Protect Yourself

It's easy to be enthusiastic and excited about the prospect of home ownership, but it's important to be aware that there are many ways potential buyers can be taken advantage of. From courses for homeowners to companies trying to make a quick buck, there are many things to avoid. If you're on the market for a home and are trying to find the mortgage that will best benefit you, here are some of the tricks you may want to be wary of.

Forgetting About the Finances

The amount of home you can afford and will be approved for largely comes down to your debt-to-income ratio and your credit history, so if you're not getting the tough questions about money, this may be a bad sign. While it's not the lender's job to make a budget for you and decide your month-to-month expenses, if they're embellishing your financial well-being and presuming you can take on more house, you may want to look into another lender.

High Loan Costs

Since a mortgage generally requires the homebuyer to borrow money, there is an associated interest rate on the loan that is a percentage of the total price. While this is the cost of doing business, rates that exceed more than 5% should be questioned to determine what they're made up of. While there can be a legitimate reason for a higher cost, it's important to understand your options and costs with a variety of lenders so you can make an informed, financially-wise decision.

Mortgage Offers for Everyone

For those who have a poor credit history and do not have any savings, the idea of home ownership can seem like a pipe dream. Unfortunately, there are lenders that are willing to capitalize on this hope and will feed people – particularly those at high risk – the idea that they have the ability to buy. Instead of relying on a company that may take advantage and charge high interest rates, research the lender you're dealing with to ensure they're known on the market and have your best interests in mind.

The ultimate dream for many people is to own a home of their own, but it's important to be aware of your mortgage options and your financial stability so you can avoid a bad experience. If you're currently on the market for a home, you may want to contact one of our mortgage professionals for more information. We will be happy to meet with you and share our guidance. Schedule an appointment today. Call 888-670-6791. ■

INSIDE:

Make Wealth! Stay Wealthy!

BY CHEREEN JAMES

We have often seen in the media, celebrities' rags to riches—to rags stories. It is unfortunate that some people can earn an adequate amount of money, more than the average American, only to squander it on commodities, or sometimes they, unfortunately, fall on hard times. Real estate is a great way to grow your wealth because that asset tends to appreciate over time. What you do with that asset, and what financial decisions you subsequently make, will determine whether you get to keep your wealth.

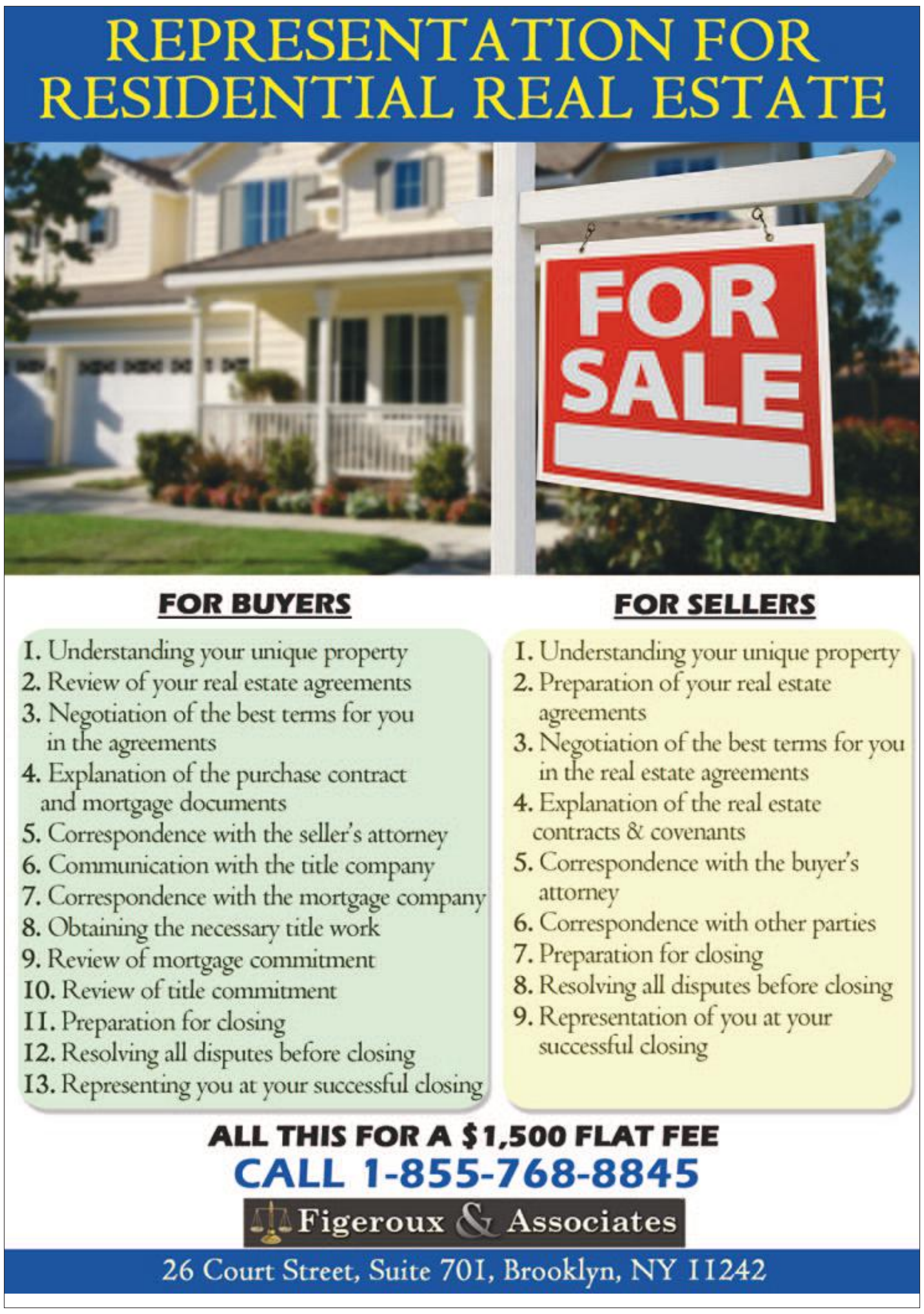
The wealth you earn from your real estate purchase is known as equity, although fond family memories are a great wealth too. Equity is the difference between the home's value and what is owed on the property. Once you purchase your home, you can begin to increase equity, starting with the down payment you put on the house. Location is important because an increasing demand for homes exponentially increases its value. Areas that see a decline in population would often face a slowdown in the growth of the value of their property, but you can still increase your equity by paying down on your mortgage. Another way to improve your home's value is by making in-demand upgrades. A home that is well-cared for will attract more buyers, thus increasing its value.

Now that your home is increasing in value, allowing you to build your equity, you are now able to make huge financial decisions. Equity has cash value but is not readily available. Some owners use their equity towards personal loans, like business or student loans. Those loans are taken out with the expectation that you would obtain a higher return in the future. A business loan, if put towards a stable and flourishing business, will allow you to repay that loan, keep your home, and will let you make more money as a business owner. That is one way owning a home can enable you to acquire even more wealth. Keep in mind, that if that business fails, you are still responsible for paying that loan. So, make wise decisions.

Another way homeowners use their equity is by cashing it out. You can sell your home, pay off your mortgage and walk away with your equity in cash. You may also request a home equity line of credit from the bank and keep your home. That way your cash is readily available. Keep in mind that you will pay interest on a line of credit. You may use your cash to purchase a smaller home or condo and earn more equity on that property.

An essential part of keeping your wealth is the concept of posterity. With posterity, you pass on your wealth to others, like your children after you are gone. By conducting estate planning with a wills and estate attorney, you will make sound decisions so that your wealth continues to grow after you are gone. A key aspect of continuing wealth is in teaching your children or your beneficiaries these gems in building and keeping wealth so that they don't squander your money and lose the assets they inherited. They can use the assets you leave behind for future wealth to be earned in your family and your community.

We are happy to help and share our insight and experience to help you with the real estate investing process. Schedule an appointment today. Call 888-670-6791. ■



Understanding Real Estate Contracts and What You Can Expect to Find

TThere are a lot of things that go into the successful sale of your home, but many people are unfamiliar with the intricacies of the contract. Whether you consult with your real estate agent or plan on diving in on your own, it's important to be clear on the terms. If you're wondering what you can expect when it comes to the contract, here are some pointers on what to watch out for.

Real Estate Jargon

A real estate contract would not be complete without the professional terminology, so you'll see words like amortization, price-to-income ratio and title that may impact the meaning of your contract. Instead of going it blind, search the Internet for terms or consult with your real estate agent to provide a clear explanation.

Specifics on the Sale

Information regarding the specifics of your property will be present in the contract, and it's important to check this information before signing on the dotted line. While the address and location of your home are important, it's also critical to verify the purchase price that has been decided upon, the closing date on the property and any other items that have been negotiated and agreed upon.

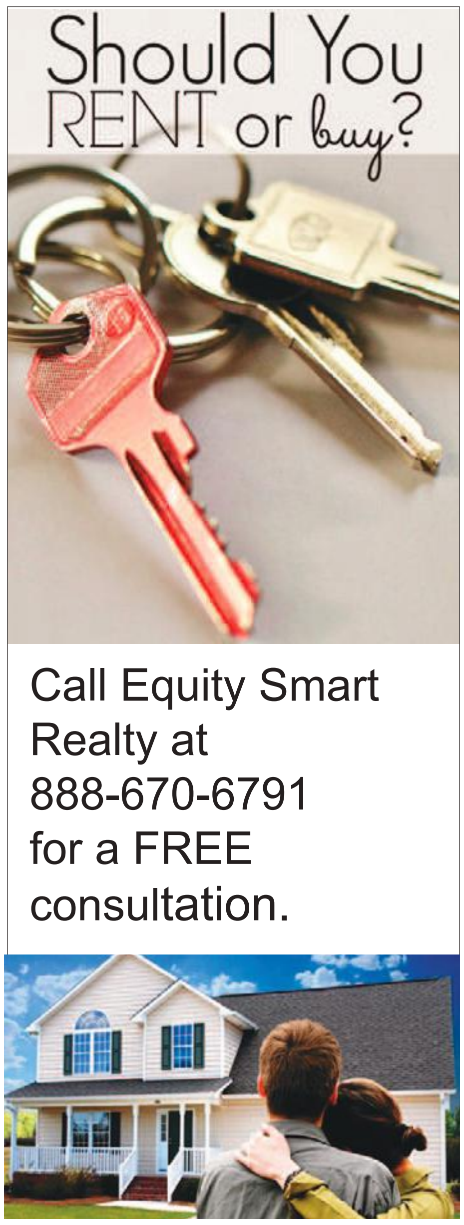
Be Aware of Withdrawal Terms

It can be easy to be taken away by excitement once you've received the perfect offer on your home, but it's important not to lose sight of everything that's required before the sale has been finalized. One of the most important parts of the contract is the withdrawal terms that are laid out, so be certain you're aware of what your rights are if you or the homebuyer decides to withdraw from the process.

Watch for Seller's Responsibilities

If you, as a seller, do not remain committed to the terms of the contract this can be a deal breaker, so ensure that you've familiarized yourself with exactly what's required of you. This may include everything from the maintenance on the property to offer negotiations, so it's important to comply with these terms.

Dealing with a real estate contract can be confusing for the layman, so it's worth your while to have a trusted real estate agent around who will be able to explain it. From withdrawal terms to seller responsibilities, there are plenty of things you should be aware of before sealing the deal. If you're currently embarking on selling your home, you may want to contact one of our real estate professionals for more information.Schedule an appointment today by calling 888670-6791. ■



It's Tax Time: Buying a New Home Can Help to Reduce Your Tax Burden

Most people do not look forward to tax time, whether they get money back or not, but as a homeowner there are a lot of things you can do that will help to reduce your taxes and get you a refund. If you're getting prepared to invest in a home and are wondering how it can benefit you, here are some deductions you'll want to watch out for.

Minimizing Mortgage Interest

One of the best benefits of having a home is that you can actually deduct mortgage interest at tax time and save considerable money as a result. While the amount you receive will depend on your interest rates and the type of loan you have, this can make a significant dent in the amount of your monthly payment when all's said and done.

Deducting Property Tax

Property tax is another fee that comes along with home ownership, and it can be a rather debilitating amount depending on where you live. While you have the ability to deduct this amount on your primary residence, you also have the option of doing this if you happen to own a vacation home. This is not only a benefit for money savings, but can be a boon for future home investment too.

Capital Gains Credit

Many people stay in a home for a few years and then invest in something larger, and the Capital Gains Exclusion is a great way to take advantage of tax-free profits on your home. While you'll have to live in the primary residence for at least two years to take advantage of this deduction, you will not have to pay any capital gains tax up to a certain amount.

Line of Credit Reduction

If you happen to have either a line of credit or a home equity loan, you can also deduct the interest off the amount paid for a refund on your taxes. In addition to the lower rates provided by these loans, you can also save on interest when tax time comes around, making it a considerable benefit.

Most people do not look forward to doing their taxes, but if you're a new homeowner you may not be aware that there are many financial benefits associated with buying a home. If you're currently considering home ownership and are wondering about other ways it can benefit you, you may want to contact one of our real estate professionals for more information.

If you're currently in the process of looking for a new home, you may want to contact one of our experienced real estate professionals for more information. Schedule an appointment today. Call 888-670-6791.

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important that you research the home's value when making an offer with a mortgage.

Understand your legal rights and responsibilities

Once you receive the commitment for the loan, your lender will work with you on closing the transaction on your new home. You are now a homeowner. You should understand your rights and responsibilities. Know your property. There may be easements that you share with your neighbors; you may share a fence or a driveway. Understand your rights to use those easements. You typically find out your home's survey and easements on the title report before closing.

As a homeowner, you should know your local rules, such as building permits to make certain renovations and even garbage disposal rules. You should also be aware of whether you need to register your home with your local administrators; for instance, multiple dwellings in New York City must register with HPD. Knowing your local rules is important because they may result in fines. As a homeowner, you need to be aware of any liens placed on your property and whether any fraudulent transactions, such as fraudulent deeds, are being made against your property. Speak to a real estate attorney on your legal rights and responsibilities.

Take control of your taxes

As a homeowner, you should be aware of tax incentives and deductions. You can deduct the interest you pay on your mortgage as well as the points you were charged. If you use part of your home as an office, you can deduct the cost associated with it. Check your locality for any tax abatements for low- income earners. In New York City, low- income earners can receive STAR abatement. Homeowners should speak to a tax representative on your tax options.

When you find yourself cramped in your tiny apartment or room, you should fire your landlord. Speak to a real estate broker, real estate attorney and a mortgage lender about your options and your rights. There are programs that can help you with the home-buying process and those representatives can inform you. Fire your landlord and enjoy the benefits of homeownership.

Questions? Help is just a phone call away. Call us at 888-670-6791.