

Why Now is the Right Time to Buy

Mortgage rates inevitably rise as the economy recovers, so trying to time your real estate purchase perfectly may not pay off. Let us show you what we mean with a simple example.

Let's say your patience paid off and after waiting six months to purchase the home you wanted, the builder dropped the price \$10,000. However, in that same time frame, interest rates inched up just a 1/2 of a percentage point. You would have virtually saved nothing in your monthly payment and you would have spent six more months living someplace you might rather not be.

There are great reasons to purchase now – the new first time home buyer tax credit, some of the best new home pricing the market has seen matched with compelling builder incentives and almost record low interest rates.

Today		Waiting 6 Months
If your home costs \$200,000		
Today's sales price at \$200,000	Home Price	The possibility that the price <i>may</i> go down 5% if you wait, to \$190,000
5.5% With an FHA 30 – year fixed rate loan with 3.5% down payment	Current Interest Rates	6.0% The same loan, but the recovery begins and the Fed starts to raise rates
\$1,115.00	Monthly Principal and Interest	\$1,118.50
If your home costs \$300,000		
Today's sales price at \$300,000	Home Price	The possibility that the price <i>may</i> go down 5% if you wait, to \$285,000
5.5% With an FHA 30 – year fixed rate loan with 3.5% down payment	Current Interest Rates	6.0% The same loan, but the recovery begins and the Fed starts to raise rates
\$1,672.51	Monthly Principal and Interest	\$1,677.76
If your home costs \$400,000		
Today's sales price at \$400,000	Home Price	The possibility that the price <i>may</i> go down 5% if you wait, to \$380,000
5.5% With an FHA 30 – year fixed rate loan with 3.5% down payment	Current Interest Rates	6.0% The same loan, but the recovery begins and the Fed starts to raise rates
\$2,044.04	Monthly Principal and Interest	\$2,050.46

It is a great time to buy!

