

# Is now the time to buy

Roommates driving you nuts? Tired of trying to decipher what in the world your upstairs neighbors are doing to make so much noise? (*Surely they're bowling, right?!*) Maybe it's time to stop renting and start looking for your first home.

Most first-time home buyers are surprised at just how easy it is to afford a home— you may even be paying less for your mortgage each month than your monthly rent ... Cha-Ching! With rents on the rise coupled with historically low interest rates, there's never been a better time to explore the rent vs. buy conversation. [Are you ready to take the plunge?](#)

## Are you tired of wasting money on rent?

Remember Monica's apartment from *Friends*? Of course you do ... unless you were asleep during the 90's. Gone are the luxuries of rent-controlled apartments; in fact, according to a recent report released by Apartments List, the national average for rent is increasing by a staggering [2.9 percent](#) each year.

And here's some not so lucky news for those of us residing in North Carolina: the same study found that rents here are increasing at even more dramatic rates — 4.4 percent — in several major cities including Charlotte and Raleigh. To add insult to injury, a recent report from Realtrac found that, for the majority of the country, [buying is much cheaper than renting](#). As Ricky Ricardo used to say, "Aye Yai Yai!"

Delaying the purchase of a home has been touted as one of the biggest financial mistakes you can make; statistics show that the average homeowner is 38 times wealthier than a renter. How's that, you ask? When you stop paying your landlord's mortgage and start paying yours, you start building a little nest egg fondly referred to as *equity*— and that, my friends, is how you truly build wealth.

## Where are you financially?

Buying a home is a big investment, so lenders will want to know you can handle your new mortgage payment comfortably. But here's some good news: the days of requiring that hefty 20 percent down payment are long gone. If you can't scrounge up the cash, don't sweat it— a whopping 65 percent of first-time home buyers are purchasing homes with less than six percent down.

"If you have a steady income, a good credit score and at least a small amount of savings, [you may be in the position to buy](#) with very little down," says Lisa Green, vice president of loan origination at Allen Tate Mortgage.

### **How long do you plan to stay?**

Before thinking about purchasing a home, it's a good idea to evaluate where you are in life. Pretty deep, right? Philosophical ponderings aside, take this opportunity to think about where you see yourself in the next three to five years.

Are you happy in the city you're in? Do you have a stable job you see yourself content to stay with for a while? Can you see yourself potentially relocating for work in the foreseeable future?

These are all questions to take into consideration as you think about purchasing a home. Chances are, you've most likely heard your parents refer to a home as an "investment" — meaning the longer you stay, the more equity you build, which positively contributes to your overall net worth. All of this to say, if you aren't planning to stay put at least two years, your best bet is likely to keep renting until your circumstances change.

### **Ready to stop missing out on tax benefits?**

Writing a big fat check to Uncle Sam each April is certainly no picnic, especially for renters. As a homeowner, you'll have at least one reason not to dread April 15 each year when you take advantage of tax deductions available only to homeowners.

"The largest tax break available to homeowners is directly tied to the monthly payment they've made each month. For most, a significant portion of their total amount due goes towards interest," says Green.

All of that interest is tax-deductible! Isn't that... *interesting?!?* Most homeowners find that, in order to claim the most deductions, they have to make the move from the delightfully simple 1040EZ to taking an itemized approach using Schedule A. No worries here though, as many homeowners are happy to do a little extra work to see their bank accounts rise. Of course, you'll need to make sure to talk with your tax professional to help you with this process.