

### IT STILL MAKES SENSE TO BUY VERSUS RENT

**N**early a full third of households are still renting, but if you are one of them you could be paying a hefty price. Additionally, the children of the baby boomer generation are close to or at the home buying age, but these “echo boomers” could mistakenly decide to put off the purchase of a home because of all the noise about a “bubble” in home prices.

Is there a bubble? The simple answer is “no”. Even if interest rates move a bit higher, it won’t be enough to cause a nationwide slide in home prices. The key to a healthy housing market is the job market. If the payment on a new home might be slightly higher due to increased interest rates, it generally won’t stop someone from purchasing the home of their dreams...but if they feel their job is in jeopardy, it might be enough to stop them from making a move. So with the currently low levels of unemployment and the beefy gains in job creations, it looks like the housing market will remain vibrant. Although it will be difficult to sustain the double-digit gains that much of the country has seen, price declines are highly unlikely. Expect a more moderate rate of appreciation, perhaps closer to the historical 6-7% range, which is still very good.

It is important to note that housing tends to be localized. So if the job market in our area is weak, housing prices could under perform the rest of the country.

But this talk of a housing bubble has been going on for a few years now, and those who

were unfortunately victimized by continuing to rent instead of purchasing a home are painfully mulling over their missed opportunity. But is it too late? Even with the more moderate levels of appreciation expected procrastinating on that home purchase could cost you a bundle.

Let’s look at an example; If you are paying rent at \$1,500 per month and your landlord increases your payment by a modest 5% each year, you would wind up paying just about \$100,000 over a 5-year period! Worse yet, after forking over \$100,000, you still would have nothing to show for it.

And speaking of having nothing to show for it—how about any improvements you might make to a rental property? It’s not uncommon for renters to freshen up the paint, install new light fixtures or plant some nice flowers outside. But guess what...all your efforts, labor and the benefit of that improvement belong to the landlord, not to you.

With the extensive variety of programs to help buyers obtain a mortgage with little to even zero down payment, the very same money could have been used towards home ownership. Even using a standard 30-year fixed program, a mortgage of \$300,000 could be obtained with a total monthly mortgage payment, including property taxes and insurance, of around \$2,200. Assuming a 25% tax bracket, this would be equivalent to the average amount spent on rent during the same period after your tax benefit.

And the benefits of home ownership are

quite considerable. Because the mortgage is being paid down each month, equity is being built. After 5-years, the \$300,000 mortgage would be reduced to \$279,000, adding \$21,000 to your net worth. Home appreciation can add an even bigger chunk. If your home appreciates at a modest 5% per year, the value of a \$300,000 home would increase to \$383,000 after 5 years. Subtract the remaining mortgage of \$279,000 and you have a whopping \$104,000 of additional net worth! Even if the appreciation level were at 3.5% or half the historical norm, the result would be \$77,000 of additional net worth.

But if laying out the initial increase in monthly payment and having to wait for your tax benefit to show up next April is a tough nut to crack, the IRS wants to help. Instead of waiting to file for the tax benefits derived from your new home purchase, you can simply adjust the amount of your withholding. This allows you to have less tax withheld from each paycheck so you can handle the new mortgage payment more comfortably throughout the year. In essence, you are taking your tax refund as you go instead of letting Uncle Sam hold it all year, interest free.

Visit [www.irs.gov](http://www.irs.gov) and use the IRS withholding calculator. This very handy tool can quickly show you the effect a change in withholding will make on your net paycheck. Remember to balance this with the expected refund and it is always a good idea to check with your tax advisor.

Don’t be victimized by the bubble hype.

Buying a home is a big step, but it is almost always one in the right direction.

Come to my First Time Buyers Seminar at Emerald Isle Immigration Center, 59-26 Woodside Ave., Woodside on May 23. Call Kara Egan at 718.478.5502 to make a reservation as seating is very limited. Visit my Web site [www.certifiedmortgageman.com](http://www.certifiedmortgageman.com) for upcoming seminars and more beneficial information. “An educated consumer is my best client.”



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**Hire..** provided with a bulletproof vest at Spencer’s request. In other recorded conversations that day and on April 26, the defendants allegedly provided details regarding the identity of the police officer, his address, the possibility of using an automatic rifle or handgun to commit the murder and the manner in which the defendants wanted the police officer killed.

A week ago last Tuesday, on May 1, a search warrant was executed on Kye’s 115th Road house and among the items recovered were a loaded .9-mm Smith and Wesson handgun and a loaded semi-automatic assault rifle with a bayonet mount and a flash suppressor.

Spencer and Kye were arraigned before Queens Criminal Court Judge Ira Margolis on May 3. Both defendants were remanded and ordered to return to court on May 17.

Queens District Attorney Richard A. Brown, joined by New York City Police Commissioner Raymond W. Kelly in a news conference at One Police Plaza in Manhattan, said, “Justice may be blind, but it’s not deaf. When prosecutors were told of the murder-for-hire plot the defen-

dants were allegedly hatching, the response by police and prosecutors was swift and effective. The cooperation of victims and witnesses is critical to our crime-fighting efforts and we will do everything within our power to ensure their safety. Clearly, the conduct underlying these charges is extremely serious and the dangerous weapons recovered show that the defendants had the intent and means to carry out their deadly plans. Having failed in their efforts, however, they now face strong laws and tough penalties.”

Kelly said, “A police officer represents all of society in the enforcement of the law. If we let a threat against a police officer stand, we are abetting the ultimate undoing of civilized society. I want to thank District Attorney Brown and his staff for their important work in this case.”

It should be noted that criminal charges are merely an accusation and that a defendant is presumed innocent until proven guilty.

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### Red Cross Emergency Prep Plan Comes To Forest Hills

The American Red Cross in Greater New York (ARC/GNY)—Queens will provide a free emergency preparedness program on Thursday, May 17 at 7:30 p.m. at P.S. 144, 93-02 69th Ave. (corner of 69th Avenue and Kessel Street) in Forest Hills. The presentation is co-sponsored by City Councilmember Melinda Katz and Assemblymember Andrew Hevesi.

Ready New York is a free, two-hour event dedicated to preparing individuals and families for emergencies. Attendees receive a 45-minute emergency preparedness presentation that teaches New York City residents how to create a plan, build a supply kit and keep loved ones safe and informed during times of disaster. In addition, residents have access emergency experts from the Fire Department (FDNY), Police Department (NYPD) and the New York City Office of Emergency Management (OEM). Participants receive an interactive CD that can be used to create a customized evacuation plan and other tools that will help any family become better prepared.

For more information, call Yesha Naik at ARC/GNY—Queens at 718-558-0053 or e-mail [naiky@nyredcross.org](mailto:naiky@nyredcross.org).

ARC/GNY, the largest Red Cross chapter in

the U.S., helps nine million people in New York City and Orange, Putnam, Rockland and Sullivan Counties prevent, prepare for and respond to emergencies. ARC/GNY—Queens is located at 138-02 Queens Blvd., Briarwood.

ARC/GNY provides immediate aid to more than 100,000 people affected by 3,000 emergencies a year, including fires, floods, building collapses and blackouts. Given the uncertainties of today’s world, the chapter is accelerating its collaboration with partner agencies to develop and implement readiness plans to respond to major natural and man-made disasters. The chapter also helps New York residents and businesses prepare for emergencies by offering hundreds of courses in first aid, CPR and aquatics and free emergency preparedness training programs and resources.

ARC/GNY is not a governmental organization and relies on individual and corporate gifts, special events and grants from foundations and local, state and federal government to fund its essential programs and services. For more information about volunteering, donating and training, call 1-877 REDCROSS (1-877-733-2767) or visit [www.nyredcross.org](http://www.nyredcross.org).