

IT STILL MAKES SENSE TO BUY VERSUS RENT

Nearly 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 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 for upcoming seminars and more beneficial information. “An educated consumer is my best client.”



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102nd Precinct

Grinder Severs Boy's Fingers

A 4-year-old boy lost four fingers on May 17 after he stuck his hand in a meat grinder at his family's Richmond Hill restaurant.

Police said the unidentified boy was playing in the kitchen of the Tandoori Hut on 94th Avenue at about 5:45 p.m. when he accidentally put his fingers in a dough machine that is used to make bread.

The machine sliced four fingers off the boy's left hand, leaving only the thumb intact, police sources said.

The child was rushed to Jamaica Hospital Center and later transferred to Bellevue Hospital in Manhattan, where doctors were unable to reattach the fingers.

Family members called the incident a “terrible accident” and said the boy's parents are loving and caring people.

The boy is listed in stable condition at Bellevue Hospital. No charges were filed in the incident.

109th Precinct

Hunt Gunmen In Flushing Murder

Queens detectives are seeking help from

the public to identify and locate a pair of gun-toting thugs who shot and killed a Baltimore man during a May 18 street corner dispute in Flushing.

Police sources said Maurice Parker had been arguing with the two men at about 12:30 a.m. outside 41-80 Bowne St. when the dispute turned deadly.

As the shouting escalated, one of the men whipped out a gun and shot Parker in the head, the sources said.

Eyewitnesses told police the two suspects fled in an unknown direction on motorcycles, leaving Parker bleeding on the street.

Parker, who was in Queens visiting relatives, was pronounced dead at the scene by city paramedics.

Police are asking anyone with information on the suspects to contact the Crimestoppers hotline at 1-800-577-TIPS. A \$2,000 reward is offered to anyone with information leading to the arrest and conviction of the suspects.

110th Precinct

Snakes Alive!

Startled firefighters stumbled into a menagerie of deadly animals while putting

out a blaze in a Corona apartment on May 17.

FDNY Lieutenant Ed Ireland said firefighters found dozens of deadly spiders and reptiles after they extinguished a blaze in a basement apartment on 39th Avenue at about 11:30 a.m.

Authorities said all of the animals were caged, except for an “enormous” python that slithered up against Ireland's leg when the lieutenant entered the apartment.

Ireland and other firefighters discovered a pair of two-foot-long alligators, dozens of frogs, turtles, cobras, tarantulas and other creatures inside the apartment, all desperate to escape the smoke-filled room.

At least two cobras died of smoke inhalation, fire officials said. The other animals are believed to have survived.

Tony Baez, 25, broke down in tears when NYPD Emergency Service Unit (ESU) cops removed the animals from the apartment. Baez was issued a summons by the Health Department for housing the animals within city limits. A Health Department spokesperson said it is illegal to house alligators, pythons and other snakes in city residences.

The ESU cops used a noose to remove the python and took all of the animals to

“Social Tees,” an animal recovery center in the East Village.

111th Precinct

Bayside Beating Bust

Police arrested a 21-year-old Queens woman on May 14 and charged her with the brutal beating of a Bayside teenager.

Cops said investigators have been unable to determine why Karina Boland and an unidentified male accomplice exchanged angry words with the 17-year-old victim in the parking lot of a McDonald's Restaurant on Northern Boulevard and 204th Street at about 4:12 a.m. on April 22.

Cops said the angry words turned into violence when Boland and her accomplice pummeled the teen, knocking her to the ground and beating and kicking her in the head.

The victim suffered head injuries that left her hospitalized for three days, police said.

The teen reported the attack to police after she had partially recovered from the beating and Boland was arrested on assault charges, authorities said.

Law enforcement sources said police are still searching for the accomplice.