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Welcome! Along with the daffodils and tulips, it certainly seems as though For Sale signs are popping up everywhere. We're just entering the peak home buying and selling season so it's time to look at how to prepare for buying a home. Read on for some tips on how to decide whether to buy – and how to prepare if you do take the leap to home ownership.

Whatever you decide, we're here to help you stay *On Course!*

-Jennifer Lane, CFP

Hello, Mortgage! Planning for the Big Purchase.

Here are some tips and planning tools to study *before you purchase your home.*

Three questions

- 1. Are you ready to settle down and stay in the house?** The days of flipping are gone. If you buy a house, make sure that you will live there a number of years. Your job situation should be stable. Many times, marriage and children are a great catalyst to making the decision to buy.
- 2. Do you have a 20 percent down payment?** Yes, it is a lot of money, but it saves you from having to pay for PMI (private mortgage insurance) and reduces your monthly payment.
- 3. Can you pay not only the mortgage and real estate taxes but also the needed maintenance costs?** Homebuyers often forget to factor in those maintenance costs. And, there will almost certainly be big-ticket items like furnaces and roofs that will catch you by surprise. Some experts say to budget 2 percent of the home cost for routine maintenance and major repairs.

About that down payment

- If 20 percent seems overwhelming, there are some ways to help.
- [FHA](#) and [VA](#) loans can help but come with higher interest and possible PMI costs.
- First-time homebuyers programs offer assistance. For example, [Boston's program](#) provides classes that might result in lower interest or help with down payments.
- Borrowing from your 401(k) or IRA. If you absolutely need to do this, remember that you will be paying taxes on your interest twice after you pay back what you have borrowed.

Be prepared

- Check your credit score at [AnnualCreditReport.com](#) and get your FICO score at [MyFico.com](#).
- Track your expenses at [Mint.com](#).
- Practice paying your mortgage. Calculate the difference between your rent or current mortgage and what you'll be paying in the new house. Begin to put that money away every month so you will understand and get accustomed to living at that level. Special added bonus: you'll be saving more towards your down payment!

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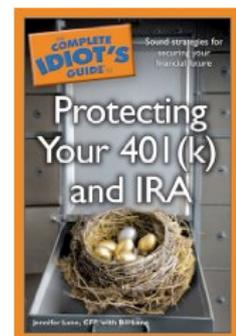
[Monthly Tip](#)



Jennifer's Hint

If you're not planning to retire in the home you're living in now, a break from the real estate taxes and maintenance costs can be a welcome respite. And you don't have to buy a new place; tax laws allow unmarried homeowners to realize \$250,000 and married homeowners to realize \$500,000 in capital gains when they sell their primary residence without having to reinvest in a new home.

Get more tips in Jennifer's book



(click here for link)

Helpful Websites

[AnnualCreditReport.com](#)

[BankRate.com](#)

With the proper planning and the right amount of time, you will be able to move into a new house!

City of Boston

HUD

Mint.com

MyFICO.com

VA

Q&A

Q: A local credit union is advertising a 3.625% fixed rate mortgage. It's a 10-year loan that can be written for any term up to 10 years. Estimated closing costs are about \$2,150. This sounds like a great deal. What's the catch?

-- Lisa from Natick

A: Lisa, the catch depends upon where you are in your current mortgage. You pay much more interest than principal at the beginning of the loan and, as the loan matures, the interest portion grows smaller as the principal grows larger. So, rather than look at breakeven, i.e., I'll be saving \$250 a month, which will cover the closing costs in a year, look at the total interest you will be paying on your current mortgage versus the new mortgage. BankRate.com has a good calculator that will help you see the difference easily. Then, you'll know how to decide.



What's New

- In a Boston Business Journal article, [Women Execs Talk Advancement](#), Jennifer discusses what can be done to help women to move up in the ranks in today's business environment.
- We now have a Facebook page. Visit www.facebook.com/AskJennifer and like us!
- Jennifer's Compass -- Jennifer recently answered viewers' questions on taxes on NECN. Click [here](#) to watch the information-packed video on her blog.
- Jennifer is now appearing on NECN every other Monday morning at 9:30 am in addition her Tuesdays' 5:00 pm and 6:30 pm appearances.
- On May 12, 2011, Jennifer will be on a panel for [Adler Blanchard & Freeman's Entrepreneurial Series: Women in Business -- Startup to Success](#).

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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