Online Resources

The following list of online resources can assist you in the home buying and selling process:

- www.REALTOR.com – The world's largest database of homes for sale. Search online for homes in your area and select the Real Estate 101 section under Homebuying Tools to learn more about the home buying and selling process.
- www.REALTOR.org – Select the Home Buyers and Sellers section for complete information on the home buying and selling process. Also locate additional information on the NATIONAL ASSOCIATION OF REALTORS®, the REALTOR® Code of Ethics and designation programs.

REALTORS® provide you with invaluable services when buying or selling a home.

Make the right choice — work with a REALTOR®.

Sellers

REALTORS® provide sellers invaluable services, and there are many reasons to work with one. A REALTOR®:

- Can give you up-to-date information about the market, prices, financing, terms and conditions of competing properties.
- Will market your property to other real estate agents and to the public.
- Will know when, where and how to best market your property.
- Can help you objectively evaluate every buyer's proposal without compromising your marketing position.
- Can help close the sale of your home.

Buyers

REALTORS® provide critical assistance with the home buying process. A REALTOR®:

- Has many resources to assist you in your home search.
- Can provide objective information about each property.
- Can help you negotiate.
- Can help you determine your buying power.
- Provides guidance during the evaluation of the property.
- Can guide you through the closing process and make sure everything flows together smoothly.

For more information on NAR's suite of products designed to educate real estate professionals and their clients about relevant legal, ethical, environmental, research and marketing topics, contact us:

Online: www.REALTOR.org/store
1-800-874-6500, select option "1"

A REALTOR BENEFITS® Publication

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REALTOR
NATIONAL ASSOCIATION OF REALTORS®
The Voice for Real Estate®
430 North Michigan Avenue
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www.REALTOR.org

Buying or selling a home? It pays to work with a REALTOR®.

REALTOR
NATIONAL ASSOCIATION OF REALTORS®
The Voice for Real Estate®

Real Strength.
Real Advantages.

What is a REALTOR® and why should I use one?

Only real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) can call themselves REALTORS®. All REALTORS® adhere to NAR's strict Code of Ethics, which is based on professionalism and protection of the public. That's why all real estate licensees are NOT the same.

Dedicated to serving America's property owners at both local and national levels, the NATIONAL ASSOCIATION OF REALTORS®, *The Voice for Real Estate*®, is the largest professional association at over one million members strong. So, whether you're buying or selling a home — it pays to work with a REALTOR®. Look for the REALTOR® logo when choosing your real estate agent.

What Do Recent Home Buyers and Sellers Say About REALTORS®?

The *2008 NAR Profile of Home Buyers and Sellers* provides research results on the experiences home buyers and sellers had when purchasing or selling their home. The majority of the respondents used a REALTOR® (a member of the NATIONAL ASSOCIATION OF REALTORS®). Here's what they had to say:

Home Sellers

- Sellers reported that an agent's reputation was the most important factor in their selection process.
- Nearly two-thirds of sellers report that they would "definitely" use the same real estate agent again.
- The top four home seller expectations of real estate agents are: 1) price my home competitively (21%); 2) sell my home within a specific timeframe (20%); 3) find a buyer for my home (20%); 4) help market my home to a potential buyer (20%).

Home Buyers

- 70% of buyers would probably or definitely use their real estate agent again.
- The benefit most buyers say they receive from their agent is help understanding the process.
- 86% of buyers were very satisfied with their agent's knowledge of the purchase process.
- 81% of home buyers used a real estate agent and/or broker to complete their transaction.

The Code of Ethics: A Commitment to the Public

The Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® is the promise to the public that when dealing with a real estate agent that is a REALTOR®, they can expect honest and ethical treatment in all transaction-related matters. Only REALTORS® pledge to abide by the Association's Code of Ethics and only REALTORS® are held accountable for their ethical behavior.

Some of the basic principles of the Code of Ethics include:

- Protect and promote your client's interests, but be honest with all parties.
- Avoid exaggeration, misrepresentation, and concealment of pertinent facts. Do not reveal facts that are confidential under the scope of your agency relationship.
- Disclose present or contemplated interest in any property to all parties.
- Avoid side deals without your client's informed consent.
- Accept compensation from only one party, except with full disclosure and informed consent.
- Keep the funds of clients and customers in escrow.
- Assure, whenever possible, that transactional details are in writing.
- Provide equal service to all clients and customers.
- Be knowledgeable and competent in the fields of practice in which you ordinarily engage. Obtain assistance or disclose lack of experience if necessary.
- Do not engage in the unauthorized practice of law.

REALTOR® Designations — The Mark of Expertise and Service

The NATIONAL ASSOCIATION OF REALTORS® has a variety of affiliates that provide designations acknowledging experience and expertise in various real estate sectors.

NAR also offers designations and certification programs to its members, including the ABR® and GRI designations, and the e-PRO® certification program.

ABR® – Consumer demand for buyer representation has changed the relationship between buyers and real estate professionals. REBAC (Real Estate BUYER'S AGENT Council) awards the ABR® (Accredited Buyer Representative) designation to REALTORS® who meet education and experience requirements to better prepare them to represent buyers.

GRI – A REALTOR® with the Graduate REALTOR® Institute (GRI) designation is trained in many areas, including legal and regulatory issues, professional standards, the sales process and technology. A minimum of 90 hours of training is required to achieve the GRI designation.

e-PRO® – e-PRO® certification indicates that a REALTOR® has been trained on Internet business principles and the technologies required throughout the real estate transaction.

SRES® – Seniors Real Estate Specialists. When looking for a real estate professional that will respond to your specific, 50+ real estate needs, look for a Seniors Real Estate Designee.

GREEN – NAR's Green Designation. You have made the commitment to environmental consciousness; choose a REALTOR® who understands and shares your green real estate goals. Choose an NAR Green Designee.

To access information on the family of REALTOR® designations and certifications, visit: www.REALTOR.org/edmatrix

REALTOR

We're REALTORS® Real Estate Is Our Life.™

As an example, let's look again at that $200,000 home. Unlike your rental unit, your home should appreciate over time. Instead of assuming average growth, we assume that prices are flat in the first year of ownership and pick up, but only slightly, in the second year. In the third year of ownership, your home has appreciated to a modest $210,858. After ten years, assuming a return to an average 4.5 percent appreciation rate*, your $200,000 home will be worth $286,948. Not only do you earn a rate of return on your original purchase price, you also get a return on any subsequent appreciation.

** Average price appreciation from 1970 to 2008 was 6.0%*

"Appreciating" Returns

Year	Price Growth	Home Value
1	0.0%	$200,000
2	0.6%	201,200
3	4.8%	210,858
4	4.5%	220,346
5	4.5%	230,262
6	4.5%	240,624
7	4.5%	251,452
8	4.5%	262,767
9	4.5%	274,591
10	4.5%	286,948
Total Appreciation After Ten Years		**$ 86,948**

Homeownership Builds Wealth for Households

The Federal Reserve Board estimates that homeowners' net worth has ranged between 31 and 46 times more than that of renters in the years 1998 to 2007. In 2007, the median net worth for homeowners was $234,200 compared to $5,100 for renters. Even though that difference will surely narrow as a result of house price declines since 2007, median homeowners will likely still have substantially greater net worth than median renters." How do you build up your net worth? As a homeowner, you build wealth in two ways: through paying down the principle on your mortgage and through those "appreciating returns" on your home.

We've already seen how your $200,000 home could be worth $286,948 in ten years. In addition, you are paying down the principal on your mortgage. Remember that $200,000 you borrowed at 5.5 percent over 30 years – that debt amount is decreasing every month and every year as you make payments.

Year	Home Price	Mortgage Debt	Net Worth
1	$200,000	$187,441	$12,559
2	201,200	184,737	16,463
3	210,858	181,880	28,977
4	220,346	178,863	41,483
5	230,262	175,675	54,587
6	240,624	172,308	68,316
7	251,452	168,750	82,701
8	262,767	164,992	97,775
9	274,591	161,022	113,570
10	286,948	156,828	130,120

After the first year, you now only owe $187,441 on a home that is worth $200,000. As home price growth returns to a normal level the amount of wealth that you net from appreciation will increase. At the same time you pay your mortgage reducing your outstanding debt. As your debt decreases and the home value increases, you accumulate wealth from the value of your home. In addition, over this ten-year period, you will have a significantly lower after-tax payment for housing. Each year as your home appreciates and you continue to pay down your mortgage debt, you increase your own net worth.

Why Not Wait?

You may wonder whether it is worthwhile to wait to purchase your home until prices are at their lowest. Prices are not the only factor that should drive your decision. Currently, interest rates are at generational lows that greatly improve the affordability of homes. Further on the annual cost table, you can see that even if home prices decline, the possible tax savings of owning a home lead to a lower cost for the buyer, not the renter. Also, there are special, additional tax benefits for first time home buyers that may be available for a limited time only. Finally, and most importantly, when you have made the decision to commit to homeownership because you are financially ready, market conditions are a secondary concern. In fact, the NATIONAL ASSOCIATION OF REALTORS® 2008 Profile of Home Buyers and Sellers found that more than four in ten buyers purchased a home because the buyer was ready to make the commitment to homeownership.

Homeownership–It's NOT Just About Money

The "numbers tell the story" examples should ease your mind about the financial aspects of becoming a homeowner. But there are other, less monetary, benefits to homeownership that may partially explain the fact that buyers buy when they are ready. Several research studies indicate that homeownership adds to the value of communities, has positive effects on children, and even contributes to increased voter participation rates.

Homeownership: The American Dream

More than two thirds of American households own their own home. They know the benefits of homeownership, from the accumulation of home equity, tax incentives, and the pride of owning a place of their own. They also had to take that first step of deciding "I'm ready to be a homeowner." REALTORS® assisted many of today's 75 million homeowners in both their decision to buy and their first home purchase. REALTORS® are real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and who abide by the Association's strict Code of Ethics and Standards of Practice. They can help guide you to first-time homebuyer programs in your area, as well as assist you in searching for and buying your home.

For more information on NAR's suite of products designed to educate real estate professionals and their clients about relevant legal, ethical, environmental, research and marketing topics, contact us:

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Real Strength.
Real Advantages.

Are you unsure about becoming a HOMEOWNER?

Thinking that you can't afford to BUY a home?

Are you worried about whether homebuying is a good INVESTMENT?

Buying a first home can be an intimidating process. But the first step is deciding if: I want to own a home; I can afford to own a home; owning a home makes sense for me financially and emotionally. If you are still struggling with those decisions, here are some facts that might help you take that first step towards becoming a homeowner.

You Can't Afford NOT to Buy a Home!

Over the last ten years, the cost of rental housing in the U.S. has increased an average of 3.5% per year. If that trend continues, that means that an apartment or home renting for $1,000 per month will cost more than $1,300 a month in ten years. If you rent the same home for ten years, the total amount you would pay for rent will equal $140,777!

Year	Monthly Rent (avg. increase 3.5% per year)	Total Annual Rent
1	$1,000	$12,000
2	$1,035	$12,420
3	$1,071	$12,855
4	$1,109	$13,305
5	$1,148	$13,770
6	$1,188	$14,252
7	$1,229	$14,751
8	$1,272	$15,267
9	$1,317	$15,802
10	$1,363	$16,355
	Total Rent Paid Over Ten Years	**$140,777**

Tax Advantages of Owning a Home Result in Savings

None of that $140,777 is returned to you, either through savings or as an investment. Homeownership, on the other hand, has tax advantages over renting a home, and those advantages can help you save money. For many homeowners, part of the monthly mortgage payment "comes back to you" in tax savings. Here's an example:

You purchase a home that costs $200,000. Your downpayment is $10,000 (plus closing costs – expenses incurred to actually process the transaction). You finance the balance with a 30-year fixed rate mortgage at 5.5 percent interest. Your monthly payments (not including utilities, maintenance, insurance, etc.) are:

Monthly Mortgage & Tax Payments

mortgage	$1,079
property tax (@1.25% tax rate*)	208
Total Monthly Payment	**$1,287**
tax savings per month (assuming a 25% income tax bracket)	
mortgage interest tax deduction	$216
tax deduction for property tax	52
Total Monthly Tax Savings	**$268**
Total Monthly Cost After Tax Savings	**$1,019**

**property tax rates vary by city and county*

Owning your own home reduces your federal income tax bill by $268 a month. In addition, as you pay down your mortgage loan and as home prices rise, your equity – the wealth you have in your home – increases.

Annual Costs

	Homeowner	Renter
Total Annual Costs		
annual mortgage/rental payment	$12,948	$12,000
real estate taxes	2,500	0
Tax Deductions/Equity Builders		
mortgage interest deduction	2,592	0
tax deduction for property tax	624	0
mortgage principal accumulation	2,559	0
appreciation		
no growth	0	0
loss*	-2,000	0
below trend growth**	1,200	0
average growth***	9,000	0
Annual Costs Less Equity Gains		**$12,000**
no growth	9,673	
loss*	11,673	
below trend growth**	8,473	
average growth***	673	

** assumes a 1% annual depreciation ** assumes a 0.6% annual appreciation*
**** assumes 4.5% annual appreciation*

Buyers Come Out Ahead

Given that price growth has recently deviated from its usual pattern of increase, the table above considers four different price growth scenarios, including a loss. You may be surprised to see that the homeowner still comes out ahead of the renter even if there is a decline in the home's value over the next year. Extraordinarily low interest rates and lower prices have ushered in some of the best affordability conditions in a generation. Further, special tax advantages exist for buyers who purchase before July 1, 2009. Tax laws change, so ask your REALTOR® or tax advisor for current information.

Homeownership is a Good Investment for Qualified Buyers

For the majority of Americans, their home is their largest financial asset and a major player in their investment portfolio. The NATIONAL ASSOCIATION OF REALTORS® estimates that home value rises, on average, by 4.5 percent a year. That's a steady return on investment; one's own home is a much less volatile asset than stocks, bonds or mutual funds, even when the recent downturn is considered.