

Around the House

May 2009

Points of Interest...

- When Good Stuff Goes Bad – When to Fix, Junk or Replace.
- Clipping Coupons – Online!
- 25-Year Mortgage vs. 30 Year – Interest Savings can be Substantial
- Children & The Economy

Fix It – Junk It – Replace It: When Good Stuff Goes Bad

Is it better to repair a washing machine, air conditioner or your hot water heater? Or is it better to buy a new one? Here are some rules of thumb that Josh Garskof, *Money Magazine*, says that you should consider before making that decision!

1. If the electronics device costs \$200 or less, junk it! Repairing a microwave or a printer is just not worth it.
2. Check online for complaints. If many consumers have the same problem, contact the manufacturer of the product and see if they offer free repairs or an extended warranty.
3. Consider junking the item if it's beyond three-quarters of its life expectancy and the repairs would cost you more than a third of what you would pay to buy a new one. An example would be spending \$700 to fix a 10-year-old refrigerator that would cost you \$2,000 to replace.
4. Repairmen tend to want to fix an item. Manufacturers want to sell you a new one. If you want a third opinion, check out ApplianceGuru.com, a blog site to ask questions. RepairClinic.com offers free repair help and an easy drop down menu to search all name brands and order parts – especially if you think you can make the repairs yourself. They provide valuable DIY instructions.
5. If you decide that "repair" is the route you are going to take, shop for "repair technicians" too. Get recommendations from friends or check out AngiesList.com, a consumer-rating site. Establish a "fix it" price ahead of time or you will find that the repair might cost more than replacing it.
6. One more thing to consider is new technology. If your washing machine breaks down, but can still be repaired, think long term here! Would purchasing a new, energy efficient, water saving model be more cost effective over the long run?



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Clipping Coupons: More Savings Online

According to the Simmons Market Research Bureau, almost 39 million shoppers used online coupons and promo codes last year. Before you buy anything in the store—or online—you might want to check to see if you can find a coupon for that!

Your local businesses advertise savings and coupons every single week. However, you may find coupons (for the same items) with better discounts than those being offered by your local merchants. A national quick oil-change company advertised a 25% discount, but online you could print a coupon for 50% off an oil change.

Additionally, the buy-one-get-one-free offer might be a good deal, but online, you may be able to get the entire purchase free, without having to buy anything. For example, Dunkin' Donuts had a promo to get a free sample of their new coffee. Kashi offered a coupon for a free frozen entrée.

Coupons can be found online for a variety of products and services, ranging from golf clubs, clothes, gifts, groceries, restaurants, sporting events, etc.

There are several online coupon services that you can subscribe to. Every week you will receive an email notice with new coupons, product promos or free shipping. If you can't find discounts for a certain product, just Google it by typing in the word "coupon" and the name of the product or the company! You'd be amazed what you will find. For example, one consumer was thinking of changing Internet providers. She found a promo code online (for the same company) which offered a \$150 Visa Gift card. When she asked the company if they had any promotions, they told her no! She mentioned what she found online and they "suddenly" remembered that online discount.

Online coupon services you might want to subscribe to are: Coupons.com, RetailMeNot.com, CoolSavings.com or BradsDeals.com. But don't rely on these sites exclusively. Check out "brand" websites like General Mills or Office Depot. They often times have better deals than being offered by coupon services.



In November alone, more than \$50 million in savings was printed from Coupons.com. Shoppers who utilize that site save an average of \$40 to \$50 a week, or \$200 a month. Many large companies are shifting more dollars from traditional coupons in publications, to Internet print coupons.

One word of caution—watch out for cyber crooks. Make sure you can print the coupon directly from the merchant's website. If the website says they will send you an email and "attach" the coupon—don't do it. The attachments may contain computer worms or viruses.

Save Big Money with a 25-Year Mortgage

Did you know that a 25-year fixed rate mortgage has huge benefits over the normal 30-year term? Whether you are refinancing your current mortgage, or will be buying a home in the future, I suggest that you run the numbers and consider the 25-year term.

First some basics! The interest rate is the same you would pay on a 30-year term. While you can take out an ARM for 25 years, the real savings occur on fixed-rate loans. The monthly payment is a little higher!

Here's a comparison of a \$200,000 loan amount at 5.25% interest rate, at 25 years and 30 years!

	<u>25-Year</u>	<u>30-Year</u>	<u>Difference</u>
P & I Payment	\$1,198	\$1,104	\$94.00 Month
Principal Paid – 1 Yr	\$3,976	\$2,820	\$1,155 More Equity
Principal Paid – 3 Yrs	\$12,583	\$8,923	\$3,660 More Equity
Principal Paid – 5 Yrs	\$22,141	\$15,701	\$6,440 More Equity
Lifetime Interest	\$159,547	\$197,585	\$38,038 Interest Savings

Sure, the monthly payment is \$94 higher per month but think of it this way—instead of one dinner at a nice restaurant (for a family of 4) per month, consider the \$94 as building equity in your biggest real estate investment.

Yes, you could take out a 30-year mortgage and pay an extra \$94 per month, but ask yourself (be honest)—will you? My goal is to save you money and it's an option to consider when refinancing or purchasing another home!

Kids and the Economy

In a nationwide survey, over 60 percent of parents say that the current economic crisis will have a long-term effect on their children.

Just as the Great Depression started a generation of savers – this crisis will change the spending habits and how they save for the future. Likewise, children surveyed have said:

- Parents have talked to them about the family finances and why they need to be more frugal.
- Allowances have decreased.
- Required to do more chores around the house.
- Have been told there is less money for clothes & entertainment.

With unemployment at an all time high, kids are certainly aware that they cannot rely on traditional employment. Expect an entrepreneurial tsunami to emerge within a few years because your children will start new businesses – like never before seen in the last 50 years. Set the groundwork and encourage them to start small – maybe a newspaper route, selling cards door-to-door or starting a website.

Children know that change is in the air and right now is the time to get back to the basics of family values, savings, entrepreneurship and volunteerism.



About Lissette Cancio.....

I am an Experienced Mortgage Broker dedicated to putting my clients FIRST. I strive to build long-term relationships by helping clients achieve their goals and uphold a culture based on integrity and fair dealings. I feel that keeping my clients informed about new loan programs, ways to improve credit, and tips on managing their financial well-being are critical in maintaining good relationships. Once you join my team, you will fully experience what it means to have your needs put first.

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