

What Would Ben Franklin Do?

Ben Franklin was a man of tremendous accomplishment. Born a little more than 300 years ago, he was a multi-talented visionary, a founding father of our country, and a prolific inventor.

Underlying the great wisdom of his actions was the decision making model, sometimes referred to as “T account” reasoning, that he made famous. The model allowed him to focus like a laser on answering any of life’s questions.

Ben would simply write the question requiring a decisive answer across the top of the “T account”; such as “Should we buy a home in the Hattiesburg real estate market today?” On one side of the vertical line he would enumerate the reasons for taking action and opposite that would be the reasons for refraining from action. The side that made the most sense determined the course of action that he would take.

Assuming that Ben can qualify for financing the purchase of a dream home for his family, and has no immediate plans for moving elsewhere for several years; I believe his decision making model would look something like the following.

Should We Buy A Home In The Hattiesburg Real Estate Market Today?

1. Act now because of historical low interest rates. Some as low as 4.5%
2. Act now because we have a plentiful supply of homes from which to choose and most sellers are negotiable.
3. Housing affordability index (the relationship of mortgage rates, home pricing and buyer income as compared to other time periods) is 30% points better than a year ago, creating a wider margin of disposable income above mortgage payments. Overall median home values are currently stable in the local market versus last year same time.
4. Possible \$8,000.00 Federal tax credit for qualifying first time home buyers who purchase a home before 12-1-09. The money does not have to be repaid if you live in the home for at least 3 years.
5. It is virtually impossible to pick the top or the bottom of any market ...close is good enough.

1. Delay action in hopes the rates will further decline
2. Delay action in hopes that supply will continue to increase and sellers become even more negotiable.
3. Delay action and hope that disposable income, home prices, and interest rates will collectively create a more favorable purchasing scenario.
4. Delay action thinking the government stimulus for home ownership will grow larger.
5. Delay action thinking perfect timing is possible.

Based on the factual content of Ben’s model, do you think it would be wise for Ben and his family to buy now or delay action?

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