

BIZ VOICE

Common mistakes keep renters renting



John Adams
Inside Advice

I am beginning to worry that the American dream of home ownership is slipping away.

In 2006, about 31.6 percent of households were rented. Today, that number has grown to 36.6 percent according to the U.S. Census Bureau. And it appears to be getting harder, not easier for first-time buyers to buy their own homes.

A lot of good folks are trying to get back on their financial feet, but their credit is preventing them from owning again. As a result, more Americans are renting than at any other point in the past 50 years.

I have identified five mistakes that we see renters make again and again. Let's take a look:

Not reading the lease.

When you fail to read and understand the lease agreement, you are setting yourself up for problems. If you ignore the lease, you are much more likely to end up being evicted and causing your credit rating to get worse, not better.

Not taking pictures of the property.

The one single area most often leading to eviction and credit problems is the matter of security deposit.

Did you cause the damage, or was it there to begin with? If it's your word against theirs, you will probably lose.

But if you'll take lots of photos when you move in and have them time- and date-stamped, you will, at least, have some evidence to back up your story.

Not paying the rent on time.

I know you have extenuating circumstances, but so does everyone else, and you must pay the rent on time if you hope to ever qualify for a home loan.

If you don't, you should know that the landlord will file a dispossessory action in local court, and also know that you will very likely lose in court.

That simply makes your credit worse, and makes it less likely that you will buy a house anytime soon.

Not communicating with the landlord.

When times get tough, renters have a tendency to ignore communications from their landlord. While that action is emotionally understandable, it is the exact wrong thing to do.

If you don't communicate with your landlord, he believes that he

has no alternative except to go to court, and that simply hurts you.

Not making plans right now to buy a home.

There are ways to beat the system and begin making plans now to buy a house. This needs to be a high priority if you want owning to become a reality.

My strong advice is to focus your attention on two areas: building your savings and boosting your credit as much as you can. These two steps will make ownership a reality faster than anything else you can do.

I believe that "once in a lifetime" opportunities in real estate tend to come along about four times a year, if you are expecting them and you are ready to take action.

The bottom line

Take control of your financial future and begin making plans now to own your own home.

You don't have to pay all cash and you don't have to have perfect credit, but you do need a plan.

I've said it before and I'll say it again: For most Americans, owning their own home is still likely to be the best investment they ever make.

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