

BUYING VS. RENTING: The Benefits of Home Ownership

Trends in home prices, personal income and mortgage rates, combined with the tax advantages of home ownership, make this an excellent time to turn the home of your dreams into a reality. If you're thinking of buying a home, you've probably already asked yourself, "Can I afford to buy?" Another good question to ask is, "Can I afford to continue renting?" No matter what you're currently paying for rent, your total cash outlay over a period of several years will probably add up to a much bigger total than you may have realized. The chart below shows how quickly the rent payments you're making add up figuring in what this money would earn invested at 5 percent interest.

Rent Per Month	Rent Payment 10 Years	Rent Payment 20 Years	Rent Payment 30 Years
\$400	\$62,113	\$164,413	\$332,903
\$500	\$77,641	\$205,517	\$416,129
\$600	\$93,169	\$246,620	\$499,355
\$700	\$108,698	\$287,724	\$582,581
\$800	\$124,226	\$328,827	\$665,807
\$900	\$139,754	\$369,930	\$749,033
\$1,000	\$155,282	\$411,034	\$832,259
\$1,100	\$170,811	\$452,137	\$915,484
\$1,200	\$186,339	\$493,240	\$998,710
\$1,500	\$232,923	\$616,551	\$1,248,388
\$2,000	\$310,565	\$822,067	\$1,664,517
\$2,500	\$388,206	\$1,027,584	\$2,080,647

MORTGAGE RATES

As a rule of thumb, a one point drop in mortgage rates means that half a million more families will qualify for affordable financing. Yours could be one of them! Rules for conventional 30-year fixed rate mortgages remain at historically low levels, and increasingly popular alternate forms of financing may make your loan even more affordable. Your real estate agent or broker can provide information on the types of financing plans available to you.

HOMEOWNER TAX ADVANTAGES

When you're figuring out how much you can afford to commit to monthly mortgage payments, don't forget the tax advantages of home ownership. Both property taxes and interest payments on a mortgage for an owner-occupied home are currently tax-deductible. In the early years of a typical mortgage, all but a small percentage of each monthly payment is used to pay off the interest on the loan. This means that as a homeowner, your annual taxable income could be substantially reduced by deducting the payments you make on property taxes and yearly mortgage interest. Ask your CPA, attorney or tax preparer how buying a home now would affect your tax situation at the next filing deadline on April 15th.

HOME VALUE APPRECIATION

In addition to tax advantages, you can also benefit from any increase in the value of your home both through appreciation and improvements you add for your own comfort and enjoyment. Take a good look at your personal financial situation in comparison to housing price trends and mortgage plans available in your community. You will probably discover that you are closer to home ownership than you realized. And that, in fact, this is the time you've been waiting for. Buying a home is probably one of the biggest investments you will ever make. When it is your first home, it is especially important that you seek qualified assistance. Your local real estate agent or broker, has the experience and expertise to help you find and purchase the home of your dreams.

