



Thomas Ervin

Let's Talk About Real Estate

“THE ADVANTAGES OF HOME OWNERSHIP”

If you are now renting, you may wonder why you should get into home ownership. After all, a down payment and closing costs must be obtained in order to buy a home. Also, home ownership requires decorating and maintenance expenses. Don't forget the mortgage loan payment, homeowners insurance and property taxes. Yes, all of these costs are necessary. Despite these factors, however, home ownership is still the biggest opportunity to obtain personal wealth that is available to most people. Here are some of its advantages.

APPRECIATION IN VALUE: The average home has nearly doubled in value in the last ten years. This is very significant when you consider the fact that the average home buyer only pays twenty percent of the purchase price in cash and the balance with a mortgage loan. Let's assume that you purchased a home for \$100,000 in 1990 with a down payment of \$20,000 and an \$80,000 mortgage loan. If its present value is \$200,000, assuming the loan balance is now \$70,000, you have \$130,000 in equity. This example would mean that you have multiplied your initial \$20,000 investment six and a half times in ten years.

INTEREST AND PROPERTY TAX DEDUCTIONS: Home owners still possess the best tax deductible expenses available today. Mortgage interest and property taxes are 100% deductible from federal income taxes on a primary residence and a second home.

OVER AGE 55 TAX EXEMPTION: If you sell your primary residence that you have occupied in the last three years and if you are over age 55, you may take a profit on the sale of your home with no federal tax liability on the first \$125,000. This is a once in a lifetime exemption.

PRIVACY AND CHOICE OF LIFESTYLE: Although not a financial benefit, but every bit as important, is the ability to live in a home that reflects your own personal tastes. Architecture, decor, floor plan and furnishings are all yours for the choosing.

ADVICE: In order to enjoy the benefits of home ownership, consult your Realtor®.