

CHOOSING

Homeownership Why Buy?



Financial Freedom

Ownership

Owning a home is the most important life goal for many Americans. It stands for the security of financial stability, the comfort of being part of a community, and the sense of accomplishment you can only feel in your own four walls. On the other hand, with the choice of homeownership comes the duty to handle the monetary responsibilities as well as taking care of your property.

Many feel intimidated by the paperwork and process involved in achieving this dream. Others are even hesitant to approach real estate agents and mortgage loan representatives, for fear that they don't qualify. This guide takes you through the steps to home ownership, and will explain in detail how you, too, can achieve the dream of owning your own home.

Advantages of Owning your Home

First, let's look at the benefits you would receive from owning your own home. Compared to renting, owning a home offers many rewards:

Grow Wealth: Unlike paying rent, part of your mortgage payment is paid towards your home's equity, which in turn increases your overall finances. Think of it as automatic savings for your future.

Less Taxes: Since your mortgage's interest is generally tax deductible, you will save significantly in your annual tax payments, especially in the beginning when most of your mortgage goes toward interest.

Establish Credit: Paying your mortgage and other bills on time will greatly enhance your credit rating. The sheer fact of owning a home makes you appear more reliable and attractive to lenders overall.

No more Landlords: Forget the annual dread of losing your apartment, higher rent or the struggles to resolve issues with the owner.

Freedom to Design: It's yours, so feel free to let your home reflect your style. Decorate, remodel, do what you want – just make sure you comply with zoning regulations, local building codes and Homeowner Association rules.

Do the Math:

Renting-
\$750 Month for five years— \$45,000 paid to the landlord

Owning-
Purchase price of \$90,000— loan amount of \$85,000 at 6%/30 yr.
Payments of \$750 Month for five years including HOA
Sell in Five Years with just 3% appreciation a year, for \$104,546

Tax Savings \$10,317
Sales Price \$104,546
Payoff
Mortgage \$79,000
Selling exp. \$7318
Equity \$25,449

Owning will save you \$24,186 compared to renting over the five years, in today's dollars.

