

Why You Should Buy Rather Than Rent...

For most individuals, buying a home is a major decision in their lives. This decision is not simple, but it can become the best investment you can make. Here are a few reasons why:

- It will be yours and yours alone! The freedom of owning your own home is immeasurable compared to the restrictions set on renters. Hammer a nail where you want without hassle from landlords.
- Equity. Rental payments are gone once you make it, but with a mortgage payment each payment builds equity. So the longer you own your home, the larger the equity becomes.
- A home is also an investment that helps you keep up with inflation. All homes may not appreciate at the same rate, and although some years are better than others, real estate has historically kept pace with or appreciated faster than the rate of inflation.
- Homeowners are different also. When you live in a building or neighborhood that is mostly owner-occupied, your neighbors like you have an invested interest in their property.
- Under current law, all interest paid on a mortgage is tax deductible as long as the mortgage is under \$1 million. In the early years of your mortgage, most of the payments are interest, but if you decide to take advantage of the growing equity in your home at a later date, you can deduct the interest of up to \$100,000.
- Remember that a renter who makes any property improvements ends up with no financial benefits if the individual relocates. But as a homeowner you can realize some or all of the cost improvements when you sell your home.
- If your first home is not your “dream home,” it can be thought of as an investment towards your goal. With appreciation and possibly some improvements it can provide you with enough equity to make a down payment on your dream home later.
- As opposed to rent which is indefinite, the mortgage on a home will be paid off in the future.
- An additional good investment is in a condominium or second single-family home that would be rented out to those who don’t own their own home. The investment brings you profit and tax benefits.

<u>Rent</u>	<u>5 years</u>	<u>15 years</u>	<u>30 years</u>
\$500	\$30,000	\$90,000	\$180,000
\$700	\$42,000	\$126,000	\$252,000
\$900	\$54,000	\$162,000	\$324,000
\$1200	\$72,000	\$216,000	\$432,000
\$1700	\$102,000	\$306,000	\$612,000

