

LIBERTY FINANCIAL

A REAL ESTATE LENDING FIRM

Benefits of Owning a Home

Tax Savings – For the majority of most homeowners, mortgage interest and property tax obligations are tax deductible. Most new homeowners see large benefits when they purchase a home and that is because in the first years after a home purchase, most of the money paid toward those mortgage payments represents interest. In addition, many closing costs, such as points paid and fees for your loan application and appraisal, may be deductible, either immediately or down the line when you sell the home.

Stability – When you rent a place to live, you can certainly expect your rent to increase each year, or even more often. If you get a fixed rate mortgage when you buy a home, you have the same monthly payment amount for thirty years. Even if you get an adjustable rate mortgage, your payment will stay within a certain range for the entire life of the mortgage.

Forced Savings – A house can be an automatic savings account for some people, especially those who are bad at saving money. It will take time, but you can accrue savings in two different ways. On a fully amortized loan, a portion of your monthly payment goes towards paying down the principal of the loan. When this happens you decrease the debt owed on the house and the gain additional equity. Now, at first it is a very small amount, but with time the amount going toward principal accelerates greatly.

Second, your home appreciates. The average appreciation over a long term (10-20 years) is five percent, though it will vary from year to year, and at times depreciate. However, history shows that owning a home is one of the very best financial investment you can ever make.

Freedom – When you are renting there are limits to what you can do to improve your living space. You have to get permission to make certain types of improvement, and chances are the landlord will not reimburse you for them. Plus it makes no sense to spend a lot of money on something that will benefit the landlord and not yourself.

When you own a home you can pretty much do any type of improvement you want and reap the benefits from those improvements as well. You end up living in an environment you created yourself.