

7 Good Reasons to Buy a Home

1. Pride of Ownership

Pride of ownership is the number one reason why people yearn to own their home. It means you can paint the walls any color you desire, turn up the volume on your stereo, attach permanent fixtures and decorate your home according to your own taste. Home ownership gives you and your family a sense of stability and security. It's making an investment in your future.

2. Appreciation

Although real estate moves in cycles, sometimes up, sometimes down, over the years, real estate has consistently appreciated. Many people view their home investment as a hedge against inflation.

3. Mortgage Interest Deductions

Home ownership is a superb tax shelter and our tax rates favor homeowners. As long as your mortgage balance is smaller than the price of your home, mortgage interest is fully deductible on your tax return. Interest is the largest component of your mortgage payment.

4. Property Tax Deductions

Real estate property taxes paid for a first home and a vacation home are fully deductible for income tax purposes.

5. Capital Gain Exclusion

As long as you have lived in your home for two of the past five years, you can exclude up to \$250,000 for an individual or \$500,000 for a married couple of profit from capital gains. You do not have to buy a replacement home or move up.

6. Mortgage Reduction Builds Equity

Each month, part of your monthly payment is applied to the principal balance of your loan, which reduces your obligation. The way amortization works, the principal portion of your principal and interest payment increases slightly every month. It is lowest on your first payment and highest on your last payment.

7. Equity Loans

Consumers who carry credit card balances cannot deduct the interest paid, which can cost as much as 18% to 22%. Equity loan interest is often much less and it is deductible. For many homeowners, it makes sense to pay off this kind of debt with a home equity loan. Consumers can borrow against a home's equity for a variety of reasons such as home improvement, college, medical or starting a new business. Some state laws restrict home equity loans.