

**Are you unsure about becoming a HOMEOWNER?
Thinking that you can't afford to BUY a home?
Are you worried about whether home-buying is a
good investment?**

Buying a first home can be an intimidating process, but the first step is making those first decisions: I want to own my own home; I can afford to own my own home; owning my own home makes sense for me financially and economically. If you are still struggling with those first decisions, here are some facts that may help you make that first step towards becoming a homeowner.

You cannot afford NOT to buy a home!

Over the last ten years, the cost of rental housing in the U.S. has increased an average of 3% per year. That means that an apartment or home renting for \$1,000 per month will cost more than \$1,300 a month in ten years. If you rent the same home for ten years, the total amount you would pay for rent will equal \$137,640!

Year	Monthly Rent (avg. increase 3% per year)	Total Annual Rent
1	\$1,000	\$12,000
2	1,030	12,360
3	1,061	12,732
4	1,093	13,116
5	1,126	13,512
6	1,160	13,920
7	1,195	14,340
8	1,231	14,772
9	1,268	15,216
10	1,306	15,672
Total Rent Paid Over Ten Years		\$137,640

Tax Advantages of Owning a Home Result in Savings

None of that \$137,640 is returned to you, either through savings or as an investment. Homeownership, on the other hand, has tax advantages over renting a home, and those advantages can help you save money. Unlike your monthly rent, part of your monthly mortgage payment “comes back to you” in tax savings. Here is an example:

You purchase a home that costs \$210,000. Your downpayment is \$10,000 (plus closing costs — expenses incurred to actually process the transaction). You finance the balance with a 30-year fixed rate mortgage at 6.5 percent interest. Your monthly payment (not including utilities, maintenance, insurance, etc.) are:

Monthly Mortgage & Tax Payments

mortgage	\$1,264
property tax (@1.25 tax rate)*	230
Total Monthly Payment	\$1,494
tax savings per month (assuming a 30% income tax bracket)	
mortgage interest tax deduction	\$322
tax deduction for property tax	68
Total Monthly Tax Savings	\$390
Total Monthly Cost After Tax Savings	\$1,104

**property tax rates vary by city and county*

You actually save **\$390** a month by owning your own home. On a yearly basis, the savings are even more dramatic:

Total Annual Costs

	Homeowner	Renter
annual mortgage/rental payment	\$15,168	\$12,000
real estate taxes	2,760	0
mortgage interest tax deduction	-3,864	0
tax deduction for property tax	-816	0
mortgage principal accumulation	-2,232	0
appreciation*	-9,450	0
Total Annual Cost	\$1,566	\$12,000

**Based on 4.5% annual appreciation rate, from the NATIONAL ASSOCIATION OF REALTORS Median Sales Price data series*

Homeownership is a Good Investment

For the majority of Americans, their home is their largest financial asset, and a major player in their investment portfolio. It is a good thing, too, since stock market value has declined since 1998, while home price appreciation has increased. The NATIONAL ASSOCIATION OF REALTORS estimates that home value rises, on average, by 4.5 percent a year. That is a steady return on investment; one's own home is a much less volatile asset than stocks, bonds or mutual funds.



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