

## Benefits of Buying A Home

If you're like most home buyers you're probably listening to friends, family and co-workers on whether or not you should buy a home. Even with all that advice you may still wonder *should I buy or should I not buy*. The more you know about why you should buy a home, the less scary the entire process will appear to you. I have listed some positive reasons why I feel it is a great idea to buy a home.

I feel as though pride of ownership is the number one reason why people yearn to own their own home. It means you can paint the walls any color you like, turn up the volume on your CD player and decorate your home to suit your own taste. In my opinion home ownership gives you and your family a sense of stability and security.

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

As of now 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. Keep in mind interest is the largest component of your mortgage payment.

Capital gains can be costly and confusing. A few, but not all, of the qualifications to exclude you from capital gains tax are: as long as you have lived in your home two of the past five years and never used it as a rental property, 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 to receive this benefit. There is no age restriction, and the "over-55" rule does not apply. You can exclude the above thresholds from taxes every 24 months, which means you can sell every two years and pocket your profit, (subject to limitations) free from taxation. If you receive more profit than the allowable \$250,000 or \$500,000 exclusion when you sell your home, that profit will be considered a capital asset as long as you owned your home for more than one year. Capital assets can also receive preferential tax treatment. In order to know all the

qualifications and receive more detailed information about capital gains tax exemption I suggest you consult with a CPA or tax attorney.

Reducing your mortgage builds your equity. Each month part of your monthly payment is applied to the balance of your loan. This process builds equity which in most cases you can borrow against. With your home equity you can payoff non-tax deductible high interest credit cards, make home improvements, pay college tuition, etc. You can make your home work for you in more ways than one. When it comes down to the bottom line buying a home is an excellent investment.

The article above is to be used as an informational tool only. If you would like to receive a "Room To Room" selling checklist packet contact Deborah Burton by e-mail [dburton@dburtonrealty.com](mailto:dburton@dburtonrealty.com) or call 256-259-5800