

## 15 Things Every Buyer Should Know Before Purchasing

1. Property taxes and qualified home interest are deductible on an individual's federal income tax return.
2. Many times, a home is the largest asset an individual has and is considered one of the safest investments available.
3. A homeowner can exclude up to \$500,000 of capital gain if married filing jointly or up to \$250,000 if single or married filing separately.
4. A portion of each amortized mortgage payment goes toward the principal, which is an investment.
5. A home is one of the few investments you can enjoy by living in it!
6. The majority of the time, a REALTOR<sup>®</sup> can show you any home, whether it is listed with a company or a builder or is even a For Sale By Owner.
7. Working with a REALTOR to purchase a For Sale By Owner property is very advantageous, because someone will be looking out for your best interests.
8. A real estate professional who can provide you financial information with a computer will give you a distinct advantage in making the right decisions.
9. A pre-approved program will actually approve you for a specific loan amount subject to the property. This will give you confidence and will help when negotiating with the seller.
10. Your real estate professional can provide you with a list of items that you'll need to make a loan application, so you'll be ready when the time comes.
11. The right to conduct a property inspection, included in your purchase agreement, gives you the ability to negotiate with the seller once you know all the facts about the property's condition.
12. A Home Protection Plan can provide coverage for selected items, such as central heat and interior plumbing, built-in appliances, water heaters, etc. If the seller is not providing this coverage, you can purchase it yourself.
13. Ask your real estate professional if he or she is familiar with the neighborhoods you want to live in. Ask how many homes he or she has sold in those areas in the past year.
14. Working with a REALTOR who has an office "team" helps assure the buyer that the transaction will be handled smoothly.
15. In a "seller's market," don't go looking for a deal. Set your sights on the right house for you, and then let your REALTOR help you negotiate the best price and terms.

# The Real Cost of Renting

*Based on a 6% Rental Increase Each Year, If You Now Pay...*

	\$600/ month	\$700/ month	\$800/ month	\$900/ month	\$1,000/ month	\$1,200/ month	\$1,400/ month	\$1,600/ onth
This year	\$7,200	\$8,400	\$9,600	\$10,800	\$12,000	\$14,400	\$16,800	\$19,200
Next year	\$7,632	\$8,904	\$10,176	\$11,448	\$12,720	\$15,264	\$17,808	\$20,352
3 <sup>rd</sup> year	\$8,090	\$9,438	\$10,787	\$12,135	\$13,483	\$16,180	\$18,876	\$21,573
4 <sup>th</sup> year	\$8,575	\$10,005	\$11,434	\$12,863	\$14,292	\$17,151	\$20,009	\$22,868
5 <sup>th</sup> year	\$9,090	\$10,605	\$12,120	\$13,635	\$15,150	\$18,180	\$21,210	\$24,240
6 <sup>th</sup> year	\$9,635	\$11,241	\$12,847	\$14,453	\$16,059	\$19,270	\$22,482	\$25,694
7 <sup>th</sup> year	\$10,213	\$11,916	\$13,618	\$15,320	\$17,022	\$20,427	\$23,831	\$27,236
8 <sup>th</sup> year	\$10,826	\$12,631	\$14,435	\$16,239	\$18,044	\$21,652	\$25,261	\$28,870
9 <sup>th</sup> year	\$11,476	\$13,389	\$15,301	\$17,214	\$19,126	\$22,951	\$26,777	\$30,602
10 <sup>th</sup> year	\$12,164	\$14,192	\$16,219	\$18,246	\$20,274	\$24,328	\$28,383	\$32,438
<b>TOTAL</b>	<b>\$94,901</b>	<b>\$110,721</b>	<b>\$126,537</b>	<b>\$142,353</b>	<b>\$158,170</b>	<b>\$189,803</b>	<b>\$221,437</b>	<b>\$253,073</b>

*Think about the home you could have purchased using that money.  
Not to mention the potential annual tax deduction for mortgage interest paid!*

## *Renting Versus Buying Your Home*

***Pride in Owning:*** Most people buy homes to have control over where they live. Although investment features are important, the psychological reasons for buying—the satisfaction of owning and freedom from paying rent—are at least as important. In a survey done by the National Association of REALTORS® of 6,000 homeowners and 2,000 renters—perhaps the largest survey ever of attitudes toward home ownership—it was shown that 76% of owners and 66% of renters considered pride of ownership an important reason for buying.

***Dislike Paying Rent:*** Close to 7 in 10 of almost equal portions of owners and renters expressed a dislike of paying rent as an important reason to buy. Renting offers a lifestyle that's nearly maintenance-free. That may appeal to you, but consider that renting offers you no equity, no tax benefit, and no protection against regular rent increases. Writing a rent check is just like watching your hard-earned money sail away!

***Settling Down:*** More than 6 in 10 renters said “settling down” was an important reason to buy.

***Good Investment:*** 76% of owners and 69% of renters said that the investment aspect of ownership was important.

***Tax Advantages:*** Property taxes and qualified home interests are deductible on Schedule A, for itemized deductions.

***Long-Term Appreciation:*** People consider homeownership a good investment because they view it as a long-term venture. Historically, home prices have risen at relatively steady rates. Existing home prices rose an average of 4% per year between 1980 and 1992.

***Leverage Investment:*** People borrow a great deal to buy homes, yet they receive the full benefits of price appreciation. In the long run, investments in homes far outpace inflation rates.

***Source of Savings:*** Homeownership always has been and continues to comprise the single largest source of savings for American households. Homeowners build equity and can borrow against it.

***Sacrifices Are Worth It:*** Almost 7 in 10 renters in the National Association of REALTORS homeownership survey said that they planned to buy a home in the future