

Is Homeownership Right for You?

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During this unprecedented buyer's market many people are trying to decide whether or not it is the right time for them to buy a home. There are many limited-time incentives driving a renewed interest in home buying, but becoming a homeowner is a big decision that should be carefully considered from the short- and long-term perspectives.

How can you determine whether or not homeownership is right for you? Here are some answers that might help you make that decision.

What makes now a good time to buy a home?

There are a multitude of reasons that now, more than ever, it is a good time to buy a home. Interest rates are at record lows; home prices are competitive, which allows you to get more home for your dollar; there is a wide selection of homes on the market to choose from; and there are new federal tax incentives available to certain home buyers for a limited time.

What are the tax incentives?

There are home buyer tax credits of up to \$8,000 for first-time home buyers and \$6,500 for some repeat buyers for homes under contract before May 1, 2010 and purchased before July 1, 2010. More specific information on both credits can be found at www.federalhousingtaxcredit.com.

Many home owners will also see savings on their federal income taxes for years to come. Deductions are often available for the mortgage interest and real estate taxes you pay each year on your home. These savings can add up significantly over the years. For example, a borrower with a \$60,000 annual income with a \$180,000 mortgage at a 5.5 percent interest rate would see a savings of \$5,939 over the first five years.

Also, when you eventually sell your house, there is a capital gains tax exclusion on the money you make from the sale of your primary home, under a certain dollar amount. Check with your tax advisor to see which of the many tax benefits of homeownership you qualify for.

With rents often cheaper than mortgage payments, why is it better to buy?

Owning a home builds equity and helps grow your personal wealth over time. When you own a home, you will realize a return on your investment when you sell since housing historically appreciates over the long term. You will not get this return on your investment when renting.

Also, with a fixed-rate loan, your monthly mortgage payment will remain the same. This does not hold true for rent, which can increase each year. If you continue to rent long term, you may find that your rent will eventually be higher than a mortgage payment would have been if you had purchased earlier.

Are there other benefits to homeownership?

Homeownership typically represents the largest source of net worth for most families. Beyond often being a good investment, it also provides a place to raise your family and create lifelong memories. Additionally, there's ample research demonstrating that homeownership produces significant individual and community benefits as well.

More examples of the financial savings and other advantages of homeownership can be found in the free "Opportunity Knocks" brochure available from the National Association of Home Builders at www.nahb.org/homebuyerbrochure.

You can also contact the Asheville HBA at www.ashevillehba.com for more information or to see a great selection of homes in your area through our Homes For Sale Gallery.