

# Benefits of Home Ownership

## **Credit:**

Owning a home help you establish financial credibility.

## **Independence:**

Owning your own home provides you with independence and more privacy than renting. You are free to paint walls, plant flowers, keep pets and anything else within legal bounds.

## **Investment / Equity:**

As you make more payments and build equity in your home, you add to its investment value. Most improvements you make will also add to its value. Consult your agent before making major improvements, as some improvements do not increase the home's value equal to the cost of the improvements.

## **Pride:**

A home reflects its owner's values and lifestyle. Owning a home can provide you with a source of pride, enjoyment and satisfaction.

## **Tax Advantages:**

Interest on your mortgage loan is deductible on your yearly personal income tax return. Some of the closing costs associated with purchasing your home are deductible, as are your property taxes under current tax laws. Most people can't afford to not take advantage of these deductions. In most cases, capital gains (profit) made when you sell a home are exempt from income taxes. Up to \$250,000 in capital gains if you are single (or file your taxes separately) or up to \$500,000 in capital gains if you are married and filing jointly, are exempt from taxes. To meet the requirements for capital gains exemption, the home must have been your principal residence for two of the five years preceding the sale. This tax exemption can be used every two years. Certain circumstances, such as large medical expenses faced by the homeowner, can make a home sale qualify for the capital gains exemption more frequently than every two years. An accountant can fully explain the possible exemption circumstances.

## **Security:**

A home can provide security against inflation if the value of your home increases.

## **Stability:**

Being established in a community provides a sense of belonging, stability and security.