

IS BUYING A HOME IN TODAY'S ECONOMY A GOOD IDEA?

As a long-term investment, homeownership is still one of the best investments for individual households.

"Why" you may ask? After all, while the headlines say the housing market is recovering slowly, defaults are still rising, and mortgage markets are so tight many home buyers have trouble obtaining a loan.

What buyers need to realize is that housing markets, like all markets, inevitably have their ups and downs. And homeownership has a track record that is virtually unmatched by any other purchase in terms of its real benefits for both home owners and their communities.

Despite the turmoil in mortgage lending, if you have good credit, a job and steady income, you will find there is still plenty of mortgage credit to be had at good rates. For well-qualified buyers, rates are running at near historical lows.

Homeownership's Real Value

Here are a few examples of why, dollar for dollar, homeownership is a solid stepping stone to a future of financial security and the single largest creator of wealth for many Americans.



Homeownership is still by far the single-largest creator of wealth for many Americans.

Over the long-term real estate has consistently appreciated, even through periodic adjustments in local markets in response to economic conditions. On a national level, home appreciation has historically increased five to six percent annually, report economists at the National Association of Home Builders.

Furthermore, the tax benefits of homeownership make housing an important source of wealth for middle-income Americans. Deductions for mortgage interest payments and property taxes, as well as a \$500,000 tax exclusion for capital gain for married couples selling their primary home, make the investment return on housing very attractive.

For example, a married couple with a \$180,000 mortgage and \$80,000 in income can expect to save more than \$7,500 in taxes during the first five years of homeownership.

Finally, interest rates for mortgages are near historical lows. This means a lower monthly housing payment, which when tied to a fixed rate mortgage is held constant even if rates go up in the future.

When combining the expected long-run price appreciation, the tax benefits, and today's historically low interest rates, today is certainly a buyers' market. Don't miss out on the benefits of homeownership.



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