

Positives of Owning a Home

Determining whether to continue renting a home or an apartment versus buying a home takes careful consideration. The rewards that come with owning a home and property are great. For many years, people have known that owning real estate property can be very profitable. Along with owning the land, there is always a sense of pride one gets owning a home. There are also possible tax cuts and financial stability that correlate with owning a home.

Owning a home does require much more responsibility than renting involves. Renting an apartment or house does not lead to financial stability. If you pay \$1000 a month for an apartment and rates are expected to increase 5% every year then you will end up spending over \$66,000 just on rent. Not to mention that if you are renting a house, it is probably much higher. Either way, spending this money on rent is not benefiting you other than giving you a place to live. The 1000 dollars a month you are spending on rent could easily be going towards owning a house. If property values are on the rise, you will not benefit from that if you are still renting, instead of owning.

On the other hand, if you do purchase a home or a condominium, after the next five years you would be building toward your equity. Choosing to borrow money with a fixed mortgage gives you the stability of knowing how much your monthly payment will be. As opposed to an adjustable-rate mortgage, which will fluctuate with the economy. If the rates drop with the fixed mortgage, you would have the ability to refinance as long as there is not a pre-payment in the mortgage agreement. Refinancing could dramatically reduce your monthly payment, giving you extra spending or saving money.

There are also tax breaks that could be obtained depending on your current tax bracket. The taxes incurred with owning a home are generally lower than the taxes incurred while renting; this is also dependent on the tax bracket in which you are in. If your mortgage payment is lower than \$1 million, then you are entitled to tax deductions based on your interest rate. Your mortgage consultant should also inform you on other possibly tax advantages of the various loans offered. This information should be forwarded to your tax consultant on your behalf.

Your mortgage consultant will need to gather information about your monthly household income, your current monthly debts, your savings account level, and obtain your credit scores to easily assess which loan would be right for you. This will give you a realistic loan amount and also how much interest you will be paying. Knowing this will also allow you and your consultant to know how much of a monthly payment you could feasibly afford, which will give you a price range for houses you can afford. After learning your price range, you can easily eliminate too expensive and too cheap of houses right off the bat.

Once you realize that you can afford a house as opposed to renting for the rest of your life, go ahead and look at the various advantages of owning instead of renting. You will be able to gain equity with a house. Land is not a depreciating asset and will usually appreciate. There are the tax break opportunities that arise from owning a home. Lastly, you will get a sense of pride and financial stability that come with owning a house.

About the Author

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