

HINTS FOR HOMEBUYERS

Renting Vs. Owning: Building Equity And Tax Advantages

(NAPSA)—Homeowners who have already secured their dream home know what a great investment they've made. However, millions of renters continue to have misconceptions about the home-buying process, often delaying a home purchase by saying "it's too complicated" or "interest rates are too high." What renters don't realize is that in the long term they can't afford *not* to buy a home, particularly as rents start to increase in many parts of the country.

For many Americans, owning a home is the cornerstone of their financial wealth. Building equity in a home, combined with tax advantages offered by both federal and state governments, has driven home ownership to record levels. Currently, according to the U.S. Census Bureau, 68.7 percent of American households have chosen home ownership over renting for these as well as other reasons.

Buying a home is not as complicated as it may seem. As with any large investment, it's important to thoroughly understand the purchasing process and the obligations associated with taking out a mortgage. Over the years, reputable mortgage institutions, such as GMAC Mortgage, have made the home-buying process simple and easy to manage for potential homebuyers, especially first-time buyers.

Information on many commonly asked questions about buying a home for the first time is at www.gmacmortgage.com.



Many renters may think it's more complicated to buy a home than it really is.

For Latino consumers, the company offers bilingual loan officers who can provide information either in person, in selected markets or by telephone, by calling the company's toll-free hotline (888) 330-4622. The company's Web site also features a Renting vs. Owning calculator, which can help a consumer determine the difference between renting vs. owning based on the actual rent that a consumer pays now or may pay in the future.

One of the key steps in determining whether you should become a homeowner versus a home renter is understanding how the amount you dedicate each month to paying for shelter could better serve you through the building of equity.

For example, let's look at a renter with a monthly rent payment of \$600. Over five years, that person will have spent \$36,000 on rent. In 10 years, that number rises to \$72,000. That's a

large amount paid with no equity in return.

Now, if this same amount were applied to paying a mortgage, a portion of each month's payment would go toward paying down the principal (the price at which you purchased the home less a down payment), which would allow you to build ownership in the property. In addition, the interest that you pay each month, as well as any property taxes, may be deductible on your federal income taxes—a tax advantage not available to renters (check with a local tax advisor or the Internal Revenue Service).

On the flip side, probably the most important advantage of renting is the flexibility it offers in terms of moving. The mortgage industry understands this concern and has created numerous financing products that allow a homeowner to better manage his or her cash flow as it relates to anticipated changes, such as moving to a larger home, relocation or other financial pressures. A mortgage professional can help you understand the types of financing options that would best suit your individual circumstances.

Historically speaking, interest rates remain at their lowest levels in years. If you've ever thought about owning a piece of the American Dream, contact a mortgage professional to learn more about mortgages and to better understand the advantages of owning versus renting.