



Federal Tax Benefits Of Owning A Home

Consider the tax benefits that you receive as a homeowner. The interest and property tax is a write-off. In the early years of your mortgage, the write-off is substantial. It will slowly decrease, but the first few years are most important to you.

The following information is not intended to be tax advice. It is highly recommended that you consult your tax professional. Regardless, the following can be considered general knowledge provided for your interest. The figures are not exact, but they should be fairly accurate. The estimates provided are for Federal Taxes only. Savings on State Taxes may be an additional benefit.

If you buy a home for \$244,950 with a total mortgage amount of \$240,513, then the interest that you pay the first year is \$12,162 and the property tax you pay is \$3,062. Your additional write-off will be \$18,315.

With a tax status of Married, 0 dependents and a monthly taxable income of \$5,555, your standard withholding could be \$888/mo. With these amounts you might get a small refund.

However, if you own a home and you have an extra tax write off of \$18,315, you should see a tax savings of \$887 a year.

Your Federal tax refund could be \$887 higher.

You can wait until the end of the year to get this refund or you can adjust your withholding to improve your monthly cash flow.

Your Federal tax savings per month is \$74.

If you subtract this monthly tax savings from total house payment of \$1,676 (including taxes, insurance, etc).

Your net housing cost would be \$1,602/mo.

Don't forget: If you decide to buy a home, check this out with your tax professional. The information displayed above is based on IRS guidelines for 2015. Quick Qualifier™ disclaims any responsibility for the accuracy of the information printed above. NMLS#, 444444x

**Provided courtesy of Thor
Cal-Bay Mortgage**

Office 925 754 7444 Email thor@mortgagesoftware.com



Renting vs. Owning a Home

If you buy a home for \$244,950 with a total mortgage amount of \$240,513, your house payment will be \$1,676

When you rent, not only do you lose out on the tax benefits of owning a home, but your rent will very likely increase year by year. On the other hand, if you own your home, you have the option of a fixed mortgage payment. Even with potential changes for property taxes, hazard insurance or ARM rates, your total house payments can be reasonably projected. Even if you start by paying more per month on a house payment, as time goes by and rents increase, the extra cost will reverse and you will be paying less each month.

The projections below are based on an annual rent increase of 5%. They also represent an estimate of your house payment minus \$74/month, the Federal Tax savings that you get from buying this home. State Taxes may be an additional benefit not shown. Changes in APR rates for ARM's, changes in property taxes or hazard insurance cannot be predicted or projected.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Rent	1,575	1,654	1,736	1,823	1,914	2,393	2,991	3,739	4,674	5,842
Net HP	1,599	1,598	1,599	1,601	1,604	1,616	1,635	1,655	1,670	1,676
Extra/mo	\$24	-\$55	-\$138	-\$223	-\$310	-\$777	-\$1,357	-\$2,084	-\$3,004	-\$4,167

The next consideration in your decision to rent or own is the fact that when you rent, not only does your monthly housing cost increase, you have no appreciation of value. As the value of your home increases, and loan balance decreases, your equity builds up. The estimates below are based on an appreciation rate of 5%/year and normal amortization of your loan.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Value	257,198	270,057	283,560	297,738	312,625	390,781	488,477	610,596	763,245	954,056
1st Mtg	236,458	232,227	227,814	223,209	218,404	191,071	157,279	115,502	63,854	0
Equity	\$20,740	\$37,830	\$55,747	\$74,530	\$94,221	\$199,710	\$331,198	\$495,094	\$699,391	\$954,056

None of the information above is intended to be an exact quote of interest rates. It is also not meant to be a prediction of the future. It does, however, represent reasonable projections based on the history of home values, annual increases in rent and income tax laws. While nothing in life is guaranteed, buying a home can be an excellent investment.

NMLS#, 444444x

**Provided courtesy of Thor
Cal-Bay Mortgage**

Office 925 754 7444 Email thor@mortgagesoftware.com