

**The Interior**

- 11. How many bedrooms *must* you have? / Would you like to have? \_\_\_\_\_
- 12. How many bathrooms do you want? \_\_\_\_\_
- 13. How big would you like your house to be (square feet)? No less than \_\_\_\_\_ but no more than \_\_\_\_\_.
- 14. What features do you want to have in your house?

**Must Have/ Would like to have?**

Air conditioning	Wall-to-wall carpeting	Ceramic tile
Hardwood Floors	Eat- in- kitchen	Separate dining room
Formal living room	Family room	Great room
Separate den or library	Basement	Separate laundry room
Fireplace	Workshop	No interior steps
"In-law" apartment	Spa in bathroom	Lots of windows (light)

**Community features**

- 15. Do you want to live in an area with a community association?
- 16. What else do you want in your community?

***Must have/ Would like to have***

Community pool	Golf course	Basketball court
Tennis courts	Gated community or doorman	Clubhouse/ activities

- 17. Are there any other special features or needs that you must consider when you're looking for a home?

**Other preferences**

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# Advantages of Home Ownership

The US government allows tax incentives that make it possible for many homeowners to exceed the standard yearly deduction. Your state may offer the same benefits.

- Deduct the yearly interest on your primary and vacation home. This amount equals a big chunk of your total payments for the first several years.
- Deduct the total amount of your yearly property tax bill.

You might wish to refinance to consolidate other debts. These loans typically carry a lower interest rate than the debts they replace, plus, the interest on the home equity loan is tax deductible.

More Stable Costs For Homeowners  
Monthly payments can change if property taxes and insurance go up, but increases usually happen gradually. Rental fees can sometimes be more unpredictable.

An adjustable rate mortgage can result in higher payments. That's a scenario you should discuss with your lender before selecting a loan.

## Appreciation of Your Investment

No one can make any guarantees, but over time most real estate increases in value. If you are careful about your selection and you treat the home kindly it

will likely be worth more in five years than it was the day you bought it.

Your initial investment may be as little as 3% (or less) of the home's sales price, but you are the one who benefits from appreciation of the property. Not the bank, not the landlord. You.

## Home Equity

Even though interest makes up a good portion of your monthly payment, the amount paid toward the principal increases each month. Paying down the principal increases your equity in the home: the portion of the home's value that is truly yours should you decide to sell.

Appreciation and equity work together, helping you use your initial investment to move into a higher priced home.

## Control

The house is yours. You are the only one with the power to allow anyone to enter the house to inspect it. Paint it and decorate it in any way you wish. Put nails in the walls to hang pictures and artwork. Bring home a pet without asking anyone if it's allowed. It belongs to *you*.

# Savings Associated With Home Ownership

Home ownership is something that people really think about before even attempting it. They think about all hurdles like finding a good neighborhood, the price of the house, and where they are going to get it. And of course, like everything else, they think about how much it's going to cost in taxes. We are here to help turn your tax nightmare into an opportunity to make money.

When you purchase a house, almost all the expenses associated with the house are not tax deductible except for one aspect. The IRS says that the interest that you pay on your house payments is deductible. The interest is part of every monthly payment you make for your house loan. If you bought the house on any day other than the first of the month, you incur daily interest for every day of the month that is tax deductible. Now here is how you make money on this. The IRS states in most cases, things like loan discount points and origination fees are tax deductible to the buyer, regardless of who pays them. This is an important factor because sometimes on HUD settlement statements, the seller is the one paying for them. However, it is not the seller that can claim them as deductible, but the buyer. These things can add up to almost 1% of the value of the house, and that's a lot of money you just saved as you can claim them as tax deductions.

Another tax-deductible interest that can cut your taxes is off a loan that you may acquire to repair or maintain your home.

of the loan, they mostly consist of interest, so that can really help you in the first couple of years, as most of that is tax deductible. In addition, you can take out home equity loans to pay off personal loans that you may have taken out with a higher percentage of interest. For example, if you bought a car and you had taken out a loan that included a 15% interest, you can take out a home equity loan and pay your car loan off. The interest on the car loan is not deductible, but the interest on the home equity loan is. So you save money there also. You need to be careful when taking out home equity loans, realizing that you have put your house on the line here as collateral.

The act for selling your home can reap you many financial benefits as well. There is only one requirement when it comes to selling your home. You have to have lived in this house for at least two years out of the five years prior to sale as your principal residence. The way to make money on this is by buying a worn out house and working on that house for the next two years day and night and then when the two years are over, you sell it. Guess what? All the money up to \$500,000 for married couples and \$250,000 for single men or women that you make off the sale as profit or gain is tax exempt. This means you pocket all the cash. The only requirement right now is the two-year law. You have to live in the house for two years unless a medical condition forces you out.

# THE MONEY

**When you decide to buy a home, there are many things that you need to consider.**

- How much money do you need?
- How is your credit?
- How much can you afford?
- Do you qualify for the home you want?

## Money Needed:

This is broken down into three categories:

### 1. Down Payment:

This will vary, depending on the price and type of loan that you are applying for. An FHA (Federal Housing Authority) backed loan will require as little as 2 ¼% of the purchase price for down payment.

Example: (house price) \$50,000.00 x 2.25% = (down payment \$1250.00)

Other types of loans can require more down payment. Traditionally this type of loan requires the least amount down. It is applied towards the purchase price to determine the amount of money you will need to borrow from the lender.

### 2. Closing Costs:

These are costs that the lender will pass onto

the buyer for different services related to the purchase of your home. Below is a list of typical closing costs. These vary from lender to lender and will change, depending upon the purchase price.

- Appraisal of property \$275.00
- Credit Report Fees \$ 50.00
- Recording Fees \$100.00
- Banks Attorney \$450.00
- Title Insurance \$350.00
- NYS Mortgage Tax \$400.00

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**TOTAL CLOSING COSTS: \$1,625.00**

*These figures are only estimates, based on a purchase price of about \$50,000.00*

### 3. Escrow:

The lender will want to make sure that the Real Estate taxes and the fire insurance payments are kept up on the property that you buy. Therefore, they will require that in every payment you make each month that 1/12 of the total taxes and year's insurance be added on top of your monthly payment. When these taxes and insurance come due, the bank will pay them directly. However, at closing, they are going to collect from you at least one half-year taxes and one-year fire insurance. This way they will insure that they always have enough money to pay for these items when they come due.

#### **Example:**

**Taxes:** \$1800.00 per year.

**Insurance:** \$300.00 per year.

**Escrow amounts:** \$900.00 + \$300.00

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**\$1200.00 collected at closing for escrow.**