

### Pride of Ownership

Home ownership gives you and your family a sense of stability and security.

### Appreciation

Real estate has consistently appreciated.

### Mortgage Interest Deductions

Home ownership is a superb tax shelter and our tax rates favor homeowners.

### Property Tax Deductions

Real estate property taxes paid for a first home are fully deductible.

### Capital Gain Exclusion

You can exclude up to \$250,000 for an individual or \$500,000 for a married couple of profit from capital gains.

### Preferential Tax Treatment

Profit will be considered a capital asset and capital assets receive preferential tax treatment.

### Mortgage Reduction Builds Equity

Part of your monthly payment is applied to the principal balance of your loan, which reduces your obligation.

### Equity Loans

Equity loan interest is often much less and it is deductible.



NC Institute of Minority Economic Development  
**NCHOMEOWNERSHIP**  
PROJECT

The purpose of the **NC HomeOwnership Project** is to increase the knowledge base/competencies of individuals for improving credit, increasing net worth and creation of a spending plan. A special emphasis will be placed on African Americans, Hispanic/ Latino populations.

The funds will be administered to address financial literacy needs around:

- ▶ Pre-purchase homeownership counseling and foreclosure prevention counseling
- ▶ Community outreach training/seminars on homeownership and foreclosure prevention

This project is funded by a grant from Genworth Foundation.

A program of the  
NC Institute of Minority Economic Development



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The home buying process can seem complicated, but if you take things step-by-step, you will soon be holding the keys to your own home!

### Nine Steps to Buying a Home

1. Figure out how much you can afford
2. Know your rights
3. Shop for a loan
4. Learn about home buying programs
5. Shop for a home
6. Make an offer
7. Get a home inspection
8. Shop for homeowners insurance
9. Sign papers

While owning a home is a great way to build net worth, homeownership also brings additional costs. Some maintenance work is planned & should be scheduled every year, and other repairs will come up unexpectedly. When these expenses arrive, having some money already set aside can prevent a financial disaster.

### Inevitable Expenses

Expenses that are easily overlooked may include:

- ▶ Property taxes (may be assessed by state, county or local government)
- ▶ Homeowner's insurance
- ▶ Higher utility bills if the new home is substantially larger than an apartment
- ▶ Homeowner's Association fees in certain communities
- ▶ Periodically replacing older carpet and appliances
- ▶ Repairs when something goes wrong
- ▶ Routine upkeep such as landscaping and pest control
- ▶ Furnishings & decorating

Mortgage servicers and lenders are willing to work with you to avoid foreclosure. They stand to lose thousands of dollars in net value when a typical home loan is foreclosed.

### What is Foreclosure?

Foreclosure is when a homeowner doesn't make the mortgage payments over a period of time, the lender can begin a legal process to take possession of the home or sell the home to recover money owed on the defaulted loan.

### Foreclosure Prevention Options

If you find yourself struggling to meet the monthly payment:

- ▶ Review your household budget
- ▶ Call the lender and explain your situation
- ▶ Work out a realistic payment schedule to get back on track
- ▶ Shop around to refinance the loan
- ▶ Sell the property
- ▶ Short sale
- ▶ Deed in Lieu of foreclosure