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A time of reflection

Remembering September 11

This month marks the ninth anniversary of the tragic events of September 11, 2001. Let us remember those brave citizens who gave their lives on that fateful morning. Our thoughts and prayers go out to those associates who lost someone close to them. I hope that you will take a moment today to reflect on the things that are most important in your life.

Labor Day

While we're out at picnics, walking in parades and taking the last dip in the pool before summer officially ends, take a moment to remember the contributions workers have made to strengthen the prosperity and well-being of America.

Renting vs. Owning: The Benefits of Home Ownership

For many people, a home is one of the largest investments they'll make in their lifetime. Unfortunately, over the past four years we've seen some of those same people lose their homes due to economic uncertainty and job loss. But that doesn't mean it's still not an excellent time to look into the opportunity and advantages of owning a home. Renters, especially those that have never owned before, stand to gain a lot from owning. Here are some of the biggest advantages:

- **Tax Benefits**

The health of the housing market is a great indicator of the health of the economy and the Government likes to see people making an investment in homeownership. This is why they give homeowners several opportunities for significant tax deductions. For example, the interest you pay on your mortgage is tax deductible up to a limit of \$1 million. Homeowners can also deduct any money spent on points to reduce the interest rate on a mortgage. There are several stipulations surrounding points bought when refinancing, taking out a home equity loan or a loan secured by a second home. The Government also lets you claim property taxes you pay as income tax as deductible and allows you to write off many moving costs if your move is at least 50 miles closer to your job than your old home.

- **Appreciation**

A home is an investment and shows up on your balance sheet as an asset. As a general rule of thumb, a home will appreciate 5 percent each year. Keep in mind that percentage may fluctuate from year to year and depending on the area of the country you live in. Take for example, Sandra, who just bought a home with a mortgage for \$200,000. She put down an initial \$40,000 at the time of the purchase. Using the 5 percent rule, Sandra's home would increase in value by \$10,000. That's a 25 percent return on investment within just one year ... what stock does that?

- **Equity**

Equity is the portion of the home's value that you actually own. It's the money in your pocket once you've paid off your mortgage, or the appreciated value. The U.S. Federal Reserve Board's Survey of Consumer Finances showed home owners had an average financial net worth of \$184,400 while a renter's net worth was just \$4,000. Building equity through homeownership is simply a matter of paying down your mortgage and watching your home's appreciation grow. Having that kind of financial freedom can come in handy down the road when big ticket purchases or sudden medical costs come up.

- **Borrowing Power**

And speaking of big ticket purchases, owning a home allows you to tap into a whole new realm of borrowing power. By continually paying your interest and principal on your current mortgage you can borrow against it through a home equity loan or tap into a whole new line of credit for say, a second home, an investment property or home improvements.

Add value to your home with improvements that pay off.



The past four years haven't been ideal for the housing market. But 2010 has been a time of reflection and renewal and all signs say we're on a steady path toward recovery. If you're thinking about selling your home in the near future and want to be sure you get the most bang for your buck take a look at this list for ideas on home improvements that could get you more money in the long-run.

Update your kitchen. This is definitely one of the bigger projects on this list, yet renovating a kitchen in an older home can have huge benefits. In fact according to Remodeling Magazine's Cost vs. Value 2009-10 Report, a mid-range renovation of a kitchen is estimated to recoup about 72% of the homeowner's initial investment. Not only that, an updated kitchen can lure in buyers who may have reservations about another aspect of the house.

Paint. For a fairly small investment, painting rooms or specific walls in your home provides dramatic results. If you're planning to sell soon, be strategic about the colors you choose to paint. For example, hot pink and neon blue might not attract a high offer on your home. Instead choose neutral or warm and inviting colors such as yellow. Buyers want to

picture themselves in your home, creating that environment for them from the get-go sets you up for seller success!

- **Build a deck.** Can you smell the burgers from here? A deck is an excellent addition to your home, even if you're not planning on selling any time soon. When you do decide to sell a deck is an excellent selling point because buyers see it as an extension of their home. Decks are also a great return on investment. Homeowners who invested an initial \$10,634 recouped a little more than 80 percent or \$8,573.
- **Add Siding.** Siding is becoming a more popular project for homeowners since the explosion of green initiatives. The U.S. Department of Energy says that qualified siding (dual-or-triple-paned) windows can save as much as 15% to 20% on energy bills. With more buyers are looking for homes with Energy Efficient upgrades that will save them money in the long run, this is an excellent addition that recoups an outstanding 80% on the initial investment.
- **Landscape.** Curb appeal is king. Not only is landscaping an excellent hobby for some, it pays off big for buyers and at little cost to the seller. Landscaping is generally cheaper than many indoor projects and since it's the first thing they see when they drive up, may determine whether or not a buyer will even look at your home.
- **Replace the Windows.** Do you feel a breeze? It might be time to replace windows. Not only will this project reduce your energy bill, you could reap potential tax benefits if you install energy efficient windows qualified by The U.S. Department of Energy.
- **Modify the Bathroom.** Bathroom updates are always a solid investment that can recoup as much as 78 percent of your initial investment. Just be sure to stay away from anything too trendy. For one, it may not match the rest of your house and it could turn more traditional buyers off.
- **Put in a Swimming Pool.** Before you put in a pool it's important to consider which part of the country you live in. If you live in an area where the amount of time spent cleaning the pool outweighs the amount of time spent enjoying the pool, you may want to reconsider. If you live in an area of the country that experiences great weather, nearly year round, a pool can significantly boost your homes' value.
- **Fix up the Basement.** Be honest. Is your basement the damp, smelly area of your home? Does it leak regularly or worse flood? If the latter sentence describes your basement in any way, it's time for an update. Consider calling in the pros if it's bad enough, or think about adding drywall, insulation, laminate flooring or even a bathroom.
- **Install Central Air Conditioning.** Here's another opportunity to go green. Installing a central air conditioning unit can be costly, but it could boost you're homes' value by up to 10 to 20 percent. Not to mention, you'll be able to see through your window!



Sources: <http://www.remodeling.hw.net/2009/costvsvalue/national.aspx>



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