



A TAX SHELTER YOU CAN LIVE IN

There is No Substitute for Owning a Home, Especially at Tax Time

The tax benefits of owning a home add up according to the professionals at Coldwell Banker Real Estate Corporation (Coldwell Banker®). Not only can owning a home bring security, privacy and a sense of community, but it also brings major financial advantages. In 2002 alone, it is estimated that American homeowners divvied up \$66.5 billion worth of deductions for mortgage interest payments and \$21.4 billion for local property tax write-offs. All told, homeowners will pocket nearly \$14 billion tax-free on home sale profits. Those are very persuasive numbers for homeownership.*

The professionals at Coldwell Banker Real Estate Corporation (Coldwell Banker®) explain that owning a home, rather than renting, can yield significant savings when tax time rolls around. The real estate company offers the following information, but also advises that taxpayers should always seek advice on such matters from a tax professional.

Benefits for taxpayers include:

- Most homeowners can deduct property taxes and interest paid on their mortgage every year of ownership.
- Homeowners can borrow against the equity they build. Equity from a home can be used to improve the property, buy a car or pay for an education, and homeowners may have the ability to deduct the interest from their federal taxes. Renters never have this opportunity.
- Single taxpayers owe no tax on the first \$250,000 of profit from the sale of a principal residence. The amount is \$500,000 of profit for married couples filing jointly.
- Interest paid on a second mortgage may also be deductible if the total of the first and second mortgages is no greater than \$1 million.
- Certain moving expenses may be deductible if the move is job-related and the relocation is 50 or more miles from the previous residence.
- Depending on where you live, certain real estate tax exemptions apply for people who meet specific criteria. Homeowners should check with local tax consultants to see if any exemptions apply to them.
- Is there a best time of year to buy a home? If a home is purchased within the first six months of a year there are more months of deductible mortgage interest. Though, in the long run owning a home will still save money on taxes regardless of when it is purchased.

Since 1906, the Coldwell Banker® organization has been the premier provider of full-service real estate. In 2002, *Franchise Times* magazine's prestigious Top 200 issue ranked the organization number one in real estate and number 10 overall. The Coldwell Banker system has more than 3,500 residential and commercial real estate offices with nearly 106,000 Sales Associates globally. Each office is independently owned and operated except for offices owned and operated by NRT Incorporated. The Coldwell Banker system is a leader in the industry in residential real estate, and in niche markets such as resort, new homes and luxury properties through its Coldwell Banker Previews International® division. It is a pioneer in consumer services with its Coldwell Banker Concierge® program and award-winning Web site, www.coldwellbanker.com. Coldwell Banker Mortgage is one of the largest telephone/web based lenders in the country and the Coldwell Banker Commercial® system is one of the largest commercial franchise operations with over 400 affiliates offering clients comprehensive buying, selling, leasing, acquisition, disposition and management services. Coldwell Banker Real Estate Corporation, is a subsidiary of Cendant Corporation (NYSE: CD)

* U.S. Government Joint Committee on Taxation



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