

Buying versus Renting

We are excited to offer you the opportunity to make a real estate investment in a quality condominium development. If you have a child who attends or will attend the University of Alabama, or if you are an alumni of the University, a young professional living in Tuscaloosa, an empty nester, or an investor, then purchasing a condominium may be a wise investment. However, you may be questioning why you should buy a condominium instead of renting an apartment. Accordingly, we have provided some basic information on the advantages of buying your new condominium. ***This information is provided for informational purposes only, and you should consult your accountant and attorney to verify if these benefits apply to your situation.***

The advantages of buying a condominium versus paying rent have been a topic of much discussion in the national media. You can find articles about this topic from well respected publications such as *The Wall Street Journal*, *The New York Times*, *CNNMONEY*, *Realty Times*, and various press releases from the National Association of Realtors. The advantages pointed out by these publications include:

1. Tax Benefits – You can write off mortgage interest costs, property taxes, and depreciation. Depending on your situation there may be many other tax benefits that your accountant or attorney can explain.
2. Appreciation in Value – Condos have seen unprecedented appreciation. The National Association of Realtors economist issued a news release in 2003 showing that the median resale price of single family detached homes rose by 7.4% while the median resale price of condominiums rose by 15.1%. Almost double. The report specifically noted the South's condominium resale market was up 17.2%. The National Association of Realtors data on the sale of existing condos shows that the median price of a condo in the South has risen from \$97,100 in 2001 to \$169,900 in the third quarter of 2004.
3. Less Expensive - Purchasing a condo is likely to be less expensive than renting an apartment. The chart below provides a cost comparison of a comparable apartment in the Tuscaloosa area, assuming a 20% down payment. *(We understand that some of you may not want to put any money down on the purchase of your new condominium. Accordingly, we have made arrangements for 100% financing with no private mortgage insurance for qualified buyers. We will be happy to provide you with more information on this program at your request.)*

	2 BD/2 BA	3BD/3 BA
Comparable Market Rent	\$1,200.00	\$1,650.00
Principle & Interest Payment ¹	\$887.34	\$1,175.11

4. Low Interest Rates – The continuation of historically low interest rates make the decision to buy much easier.
5. Accrue Equity – Your monthly payment builds equity. Each payment goes towards the ownership of your asset instead of a landlord's. Further, if you have roommates, the rent they pay to you may cover your monthly payment. *Avoiding rent may be one of the greatest advantages.*
6. No Capital Gains – Under certain programs, such as FHA's Kiddie Condo Program, payment of the capital gains tax is not required upon the sale of the condominium.

As you can see, there are many advantages to purchasing your new condo today. Call us today at (205) 345-0116 to reserve your unit today.

¹ Assumes a 5/1 Adjustable Rate Mortgage with a 6.00% rate of interest, and a 20% down payment on a purchase price of \$185,000 for a 2 BD/2 BA, and \$245,000 for a 3 BD/3 BA. Interest rates can and will vary.