



Tax Benefits of Homeownership

Homeownership has many benefits, including tax deductions for those who qualify. Here are five of the top tax advantages of owning a home:

- 1. Write off the interest you paid on a mortgage of up to \$1 million**, as long as the property is your main or secondary residence. This deduction really pays off during the first years of owning the home, when interest accounts for most of your payment, also known as home acquisition debt.
- 2. Deduct the interest you pay on home equity loans** of up to \$100,000, so long as you are not subject to the alternating minimum tax or AMT (unless you use the loan for home improvements).
- 3. Deduct your state and local property taxes** from your federal income taxes, where applicable.*
- 4. Deduct your home buying expenses**, including loan origination fees, prorated interest on a new loan or prorated property taxes.*
- 5. If you sold your home in 2011, you may not have to pay federal income taxes on the earnings from the sale**, up to \$250,000 for single filers or \$500,000 for joint filers, as long as you used the home as a primary residence for at least two of the five years prior to selling. Some states including California offer this as well.
- 6. Rent your home out for up to 15 days** and keep the income generated—it's not taxable.

* Not an eligible deduction if you are subject to the AMT.

Contact your real estate agent to find a tax expert in your area and see if you qualify for these and other tax deductions.