



UNIT 1 – Overview

Advantages of Home Ownership

Home ownership is a major part of the American dream. About two-thirds of Americans own their own homes, and many more want to join them. Even those who already have a home often aspire to newer, bigger, and better ones.

Owning a home is also the most expensive thing most Americans ever do, so why is home ownership so popular? It turns out that there are a number of advantages that range from pride of ownership to tax breaks, and the advantages far outweigh the disadvantages. There are more reasons, of course, and we explore them in the next unit, but they are both numerous and substantial.

There are a lot of things to know, and there are even more things to think about, so as we explore the world of home ownership, we'll do the best we possibly can to give you the tools to join the millions of other Americans who have fulfilled their dreams.

Unit Objectives

- Identify the advantages of home ownership
- Recognize the disadvantages of home ownership to the first-time buyer
- Demonstrate the PACED decision-making model that is used to evaluate alternatives
- Help the reader determine if home ownership is right for them

Key Concepts

- **Capital gain:** the difference between what you initially pay for a property and what you eventually sell it for



- **Collateral:** the asset used as backing for a loan
- **Equity:** the difference between what a home is worth and what is owed to the lender
- **Freddie Mac:** the Federal Home Loan Mortgage Corporation, a federally chartered, stockholder-owned corporation set up by the U.S. Congress to increase the supply of funds to lenders of mortgage funds
- **PACED model:** acronym for decision making model that requires you to state the **P**roblem, list the **A**lternatives, list the **C**riteria, **E**valuate the criteria, and then make your **D**ecision

