

Buying Your Charlottesville House in a Hurry? Not So Fast!

The goal of owning your Charlottesville home free and clear is usually thought of as the sunniest eventual outcome of the process that begins with buying your Charlottesville house today. The vision of the day when you make that last mortgage payment is an attractive one: whether in retirement or sooner, a “free rent” future has great appeal.

So when financial planners argue against the wisdom of paying off your mortgage, it makes for interesting reading. One such planner is Ric Edelman, whose article “*11 Great Reasons to Carry a Big, Long Mortgage*” presents a laundry list of the possible financial benefits. As one of the nations’ foremost financial advisers, Edelman also has a well-earned reputation for brash presentations (his PBS series made the most of that). And he really *does* list eleven reasons why “you should have as big a mortgage as you can get and never pay it off.”

Some of the reasons are fact-based—but not really pertinent. For instance, Reason #1 is that *your mortgage doesn’t affect your home’s value*. True: whether its value rises or falls depends largely on the current Charlottesville market...but that isn’t a reason for or against carrying home loan debt.

The same is true for Reason #2, which is that a mortgage “*won’t stop you from building equity...*” The logic here is the same: even if you never paid down your home loan’s principal at all, if the expected market value rises (it’s “almost certain to grow in value over the next 20 years”), your equity would grow independently.

More convincing are the remaining nine reasons, leading off with Reason #3, “*A mortgage is cheap money.*” This will earn head nods from every financial analyst, and it’s doubly true with today’s incredibly low interest rates. It may only be useful to those who have ideas for places where the “cheap money” can produce juicy profits—but what financial planner can’t suggest a few, right?

The other reasons deal with:

- tax benefits
- the dwindling real cost of mortgage payments over time due to inflation
- the liquidity provided by refinancing (“*selling without selling*”)
- the wealth creation possibilities of money invested sooner rather than later
- etc.

Each of these can be illustrated by graphs and charts (and believe me, they are).

Whether you are more of the *less-owed-the-better* mindset or Edelman’s *big long mortgage* school, one thing holds true in both cases: buying your Charlottesville house is the necessary first step and building equity (whether a mortgage exists or not) leads to a sustainable future. I can be of immediate value in that department—call me and let’s talk about how we can build a sustainable real estate portfolio for the years to come!



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SETH BATTON

REALTOR, ABR®, e-PRO®, GREEN®

Born and raised in the Shenandoah Valley of Central Virginia, I love everything outdoors. Most of my free time is spent hiking, rock climbing, playing water sports, or cooking out on the back deck with friends. As a child, my parents built me with the core values of a southern gentleman. Trust starts with honesty and honesty builds integrity. I'm a technology guru! One of my favorite hobbies is restoring old homes in depressed neighborhoods to meet the needs of our generation today. My mission is to build a career worth having, a business worth owning, and a life worth living. Being GREEN® is more than just the resource efficiency of your home. It's a lifestyle choice! Let's discuss how to minimize your carbon footprint in everyday life by simplifying your daily commute, decreasing your household energy costs, and boosting the efficiency and sustainability of your daily routine!

I'm an Accredited Buyer's Representative (ABR®) with the National Association of Realtors. Which means I have extensive training to help walk you through the home buying process from start to finish. From lenders and home inspectors to mortgage agents and closing companies, together we will find the best home for your family's needs!

As an e-PRO®, I can show your home to over 500 million visitors today. And you don't even need to vacuum! Curb appeal isn't just about looking good from the street. It's about looking good from the digital highway!

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