

## **Mortgage Provides Leverage and Long-Term Value Appreciation**

Buying a home is one of the most significant financial decisions you can make. It's not just a place to live, but also an investment. One of the best ways to buy a home is with a mortgage. With a mortgage, you can take advantage of the leverage and long-term value appreciation that comes with homeownership.

### **What is Leverage?**

Leverage is the ability to control a large asset with a small investment. With a mortgage, you only need to put down a percentage of the home's value (usually 20-30%) and borrow the rest from a lender. This means that you can own a home worth much more than you could afford to buy outright. And because you are building equity in the property with each payment, you can use that equity to leverage even more financial opportunities down the road.

In addition to the immediate leverage, a mortgage also provides long-term value appreciation. Over time, homes generally increase in value, which means that your investment grows with it. For example, if you buy a home for N20million and its value increases by 20% over time, your investment is now worth N24million. This appreciation can continue over the long term, which means that your equity in the property grows even more.

### **Mortgage versus Renting:**

Renting can be a great short-term option for those who are just starting out or are in a transitional phase. However, in the long run, it is not a wise financial decision. Renting does not provide the same financial benefits as leveraging a mortgage for homeownership, which can lead to missed opportunities for building wealth and establishing long-term financial stability.

A key reason why renting is not a good long-term option is that you are not building equity in the property. When you rent, you are paying someone else's investment, and you have no stake in the property. In contrast, when you leverage a mortgage for homeownership, you are building equity in your home, which can increase your net worth and provide you with a tangible asset that you can sell or pass down to future generations.

Another reason is that rent payments are not tax-deductible. Interest payments on a mortgage loan, on the other hand, are tax-deductible, reducing your tax burden and increasing your net income.

Thirdly, renting does not provide stability or predictability when it comes to monthly housing costs. Rent prices can fluctuate, making it difficult to budget for the future. In contrast, a mortgage loan offers a stable payment schedule that can help you plan your finances and budget for the future.

Furthermore, renting does not provide the same sense of security and permanence as homeownership. When you rent, you are subject to the landlord's rules and regulations, and you may have to move if the landlord decides to sell the property or terminate your lease.

### **How NMRC can help**

At NMRC, we understand the value of homeownership and the importance of having access to affordable mortgage loans. That's why we support mortgage lenders such as PMBs, Commercial Banks with long term liquidity that enables them provide mortgage loans with longer tenors of 15–20-year at competitive interest rates.

Contact us today via 0908 762 8273 or email us at [info@nmrc.com.ng](mailto:info@nmrc.com.ng) to learn more about how you can own a home via a mortgage loan.