



Equity

Entry Fee

UP FRONT MONEY

Your money PURCHASES your home so you are able to build equity. May sell at any time OR leave to heirs.

Substantial investment that only has partial refund with no shared appreciation over time. May not be passed down.

PROPERTY TAXES

Resident Members have a 1098 for their real estate tax deduction.

No property tax advantage.

MEDICAL DEDUCTIONS

Pre-paid medical expense deductions are generally available for some health care contracts.

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POTENTIAL TO MORTGAGE

Residences may be conventionally mortgaged, including home equity lines and reverse mortgages, as well as used as other financial tools, such as Qualified Personal Residence Trusts, rental property owned by family members, etc.

Entrance fee models do not convey ownership and therefore may not be mortgaged.

LONG TERM FINANCIAL AND RESULTING IMPACT ON MONTHLY FEES

Monthly Fee increases are often capped at the CPI plus a discretionary 3%. Often the lack of debt service allows monthly fees to be lower than similar communities.

Monthly fees increase in order to cover operating cost.

LONG TERM MANAGEMENT OF THE COMMUNITY

Monthly Fees provide for services and the condo association which includes a contribution to an Asset Replacement Reserve.

Fees are impacted when renovations are required.