

Home Ownership

Buying Vs. Renting

With every rent check you write, you're helping to build equity in your landlord's property. That money could be going toward building equity in a home of your own. Today's rates are low enough that your house payment could be lower than your rent payment! There are many advantages to owning a home, including:

Security - A feeling of security that comes from owning a home and the knowledge that your home is a safeguard against inflation.

Investment - Payments on your mortgage loan mean you are acquiring a major possession; instead of rent, you own more and more. The garden you plant, the permanent improvements you make - all enhance your way of living as well as the value of your home.

Tax Advantage - Your real estate taxes and the interest on your mortgage are deductible from your income tax.

Financial Independence - Most people start on the road to financial independence through home ownership. Your principal and interest payments remain the same for the full term of your mortgage while your rent usually goes up as the cost of living increases.

Environment - Your children grow up in the neighborhood of your choice.

Cash Equity - Better than a savings account, your home can appreciate to keep pace with inflation.

Satisfaction - Home ownership offers special advantages that make life more enjoyable - backyard barbecues, large family gatherings during holidays, a home workshop, a chance to enjoy your family's companionship in the privacy of your own home.

| Myth | Fact |
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| A down payment of 20% or more is required | A home today may be purchased with little or no money down |
| Perfect credit is required for a mortgage | Very few borrowers have perfect credit |
| PMI (private mortgage insurance) is required with less than 20% down payment | Today, there are many options available that eliminate the need for PMI |
| You must have the same job for two years to qualify for a mortgage | Steady income is more important than how long you've been on the job. Income from second and third jobs can also be used in certain circumstances |
| You have to prove your actual income | There are many loan products that allow you to simply state your income to qualify |

Is home ownership the right path for you? Should you rent instead? If you rent will you be jeopardizing the possibility of home ownership in the future due to rising real estate values? How fast will your family grow and how much space is needed for your family and their activities?

The disadvantages of renting:

- No special tax deductions.
- There are no equity gains in the rising value of property.
- Space and storage is usually less than a home.
- Changes to accommodate your life or growing family cannot be made or are limited in scope.
- Rents can rise with inflation and or supply and demand in the rental market.
- Restrictions on noise level, pet ownership, or children.

The advantages of buying a home:

- Statistically over the years homes have shown an increase in value or equity faster than most people can save money
- Homeowner's tend to have better credit ratings.
- The longer you live in a home, the more equity you build that can be leveraged using an emergency loan.
- Mortgage payments contribute to an investment
- If you have a fixed loan, your payment will remain relatively constant for the life of the loan.
- The interest paid on your loan and taxes are legitimate income tax deductions.
- Ownership may contribute to security, especially in retirement years when income normally decreases.
- A homeowner can borrow against his/her equity, as the value of the home increases.
- More space may be available for family members and their activities.
- As a homeowner you have the freedom to make improvements and changes to the home and surroundings as desired (although a development or association may have restrictions and prohibitions).
- Home ownership can contribute to the general well-being and sense of "roots" of the family, especially for children.
- Homeowners generally are concerned about community affairs and how they may affect their property.