

Buying Verses Renting A Home

When it comes to a home, you have two options: buy or rent. What is right for one person may not be right for another, which is why it's important to know which the best option for your individual situation is.

Why People Rent

There are a number of reasons why someone may either choose or be forced to rent, including sporadic or unpredictable income, a high debt-to-income ratio, a bankruptcy or foreclosure within the last six months, unpaid collection accounts or judgments, frequent relocating for employment or the inability to save enough money for a required down payment on the purchase of a home.

Maintenance Matters

As a homeowner, you will be responsible for any maintenance or repair issues that arise. This is a big consideration when choosing whether to rent or buy. When you rent, the property owner is responsible for repairs and it may not always be obvious that these issues can be very costly.

How To Know When It's Time To Buy

If you have steady income with a good employment history, can provide a down payment of at least 5-10 percent of the purchase price and are current with all debts, it may be time to consider buying a home instead of renting. In some cases, the cost of rent may even exceed that of a typical mortgage payment.

When deciding to buy, job stability is a big factor. If your job does not require frequent relocation and you plan to live in the home for at least 5-10 years, you may want to consider making the purchase. If you need to relocate after that, you may have enough equity from the sale to use as a down payment on another home.

Home Buyer's Checklist

If you can answer yes to the following questions, you may be ready for home ownership. Your REALTOR® can help you to find the perfect home based on your individual needs.

- Have you been steadily employed for at least one year, but preferably two years?
- Do you plan to live in the home long enough to build equity?
- Can you provide a down payment and still have enough money left to pay for closing costs, utilities and home furnishings?

- Are you current on all debts, including auto loans, credit cards, etc.?
- In addition to any current debts that you may have, can you afford a monthly mortgage payment which will likely include property taxes and insurance?
- Do you have the time to devote to shopping for a home and comparing interest rates from various lenders?
- Have you checked your credit reports for inaccuracies and disputed anything that needs correction with each of the three major credit reporting agencies?

The decision to buy or rent is a very personal one that can only be determined after a careful evaluation of your situation. A REALTOR® can show you the perfect home and a lender can tell you whether or not you can afford it, but it's up to you to make the choice as to whether or not you are ready to make the move.