



RENT VS BUY

WHAT IT MEANS TO OWN COMPARED TO RENT

	Renting	Homeownership
BENEFITS	<ul style="list-style-type: none"> • Defer most repair, maintenance, and yard work responsibilities and expenses to landlord • Avoid the hassle of paying bills for utilities (sometimes) and property taxes (always) • Maintain greater flexibility to move if circumstances change (e.g., uncertainty about a neighborhood, fluctuations in income, or other reasons) 	<ul style="list-style-type: none"> • Obtain greater control over decisions related to living environment • Settle into one community and school system • Avoid home inspections by landlords or other authorities • Adjust home to suit personal preferences • Qualify for tax benefits, such as deductions for mortgage interest, mortgage insurance premiums, loan discount points and/or origination fees, and state or local property taxes, among other potential benefits • Adjust home to suit personal preferences
RESPONSIBILITIES	<ul style="list-style-type: none"> • Pay rent on time • Comply with the rules and guidelines that govern the lease • Carry out reasonable care of the property such as changing light bulbs, testing fire alarms, and other tasks as outlined in the rental agreement 	<ul style="list-style-type: none"> • Make monthly mortgage payments to avoid the risk of default and foreclosure • Uphold standards and rules set forth by communities or homeowner associations • Carry out and/or fund home repair projects, maintenance tasks, and yard work
DRAWBACKS	<ul style="list-style-type: none"> • Cannot build equity • Have limited control over decorating and major changes to home systems • Forfeit the opportunity for tax benefits, such as deductions for mortgage interest, mortgage insurance premiums, loan discount points and/or origination fees, and state or local property taxes, among other potential benefits 	<ul style="list-style-type: none"> • Bear the risk of property value degradation due to market crashes and other causes • Limit flexibility of relocation, as selling a home is more complicated than terminating a lease • Accept the liability of accidents on your property
UP FRONT COSTS	<ul style="list-style-type: none"> • Application fee • Security deposit - returned to the tenant at the end of the rental period if all of the rental requirements are met • First and last month's rent • Pet deposit for pet owners 	<ul style="list-style-type: none"> • Down payment • Closing costs • Lender fees • Discount points • Title insurance • Home inspection fees • Escrow deposit • Property taxes (for multiple months) • Private mortgage insurance (for multiple months) • Attorney's fees
RECURRING COSTS	<ul style="list-style-type: none"> • Rental payment • Renters insurance • Monthly cable and utilities fees 	<ul style="list-style-type: none"> • Mortgage payment • Maintenance tasks • Home repairs • Home system replacements • Property taxes • Homeowners insurance • Monthly cable and utilities fees

PROS AND CONS OF OWNING A HOME

Read the following statements about renting vs. owning, and decide if they would be good or bad for you. Put a "+" in the box for what you think is a good thing and a "-" in the box for what you think is bad.

	Rent	Own
MONTHLY COSTS	<p>Monthly costs may be lower, especially if utilities (gas, water and electricity) are included, but there are no tax advantage.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>Monthly payments are generally higher, but interest and property taxes can be deducted when you file federal income taxes if you itemize your deductions.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
HOME MAINTENANCE &	<p>Repairs are the responsibility of the landlord. Repairs will be made when the landlord has time.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>Repairs are your responsibility. You have to make the repairs yourself or pay someone to make them. Broken things must be fixed or they will cause bigger problems and cost more later.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
EQUITY	<p>When you make your monthly payment, the money is gone. You cannot build equity.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>Your mortgage payment is like a saving account. Over time, you accumulate equity, ownership interest in the property that you may be able to borrow against or convert into cash by selling the home. You could also gain equity if your house increases in value and becomes worth more than you owe. However, there are no guarantees that your house will increase in value. If you sell a house that is worth less than you owe, you must pay the lender the difference.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
FREEDOM & RESPONSIBILITY	<p>You can move when your lease ends.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>You cannot move until you sell or rent your home. If you fail to make your mortgage payment, you could lose your home and all the money you put into it and could ruin your credit rating.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
	<p>You have limited control over decorating and major changes to the home's structure.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>You have greater control over decisions related to the living environment. You can adjust your home to suit personal preferences.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
PRIVACY/SECURITY	<p>You may not have privacy.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>Your home is all yours.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
	<p>The landlord may sell the property. You may be evicted. Your rent may be raised.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>	<p>With a fixed-rate mortgage, your principal and interest payments remain the same.</p> <div style="text-align: right; border: 1px solid black; width: 60px; height: 20px; margin-left: auto;"></div>
QUANTIFY	<p>Total + for renting: _____</p>	<p>Total + for owning: _____</p>
	<p>Total - for renting: _____</p>	<p>Total - for owning: _____</p>