

1: Are You Ready to Buy a Home?

Identify Your 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
<i>Monthly Costs</i>	
Monthly costs may be lower, especially if utilities (gas, water and electricity) are included, but there are no tax advantages.	Monthly payments are generally higher, but interest and property taxes can be deducted when you file federal income taxes if you itemize your deductions.
<i>Home Maintenance and Repairs</i>	
Repairs are the responsibility of the landlord. Repairs will be made when the landlord has time.	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.
<i>Equity</i>	
When you make your monthly payment, the money is gone. You cannot build equity.	Your mortgage payment is like a savings 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.
<i>Freedom vs. Responsibility</i>	
You can move when your lease ends.	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.
You have limited control over decorating and major changes to the home’s structure.	You have greater control over decisions related to the living environment. You can adjust your home to suit personal preferences.
<i>Privacy/Security</i>	
You may not have privacy.	Your home is all yours.
The landlord may sell the property. You may be evicted. Your rent may be raised.	With a fixed-rate mortgage, your principal and interest payments remain the same.
Total + for renting: _____	Total + for owning: _____
Total – for renting: _____	Total + for owning: _____