Demystifying MORTGAGES

IT'S A MONEY THING®

OWNING A HOME VS. RENTING

Home ownership typically comes with a mortgage (a home loan). Before you jump into debt, determine if buying a home or renting one is the right choice for you. Here are some factors to consider as you contemplate home ownership.



Taxes	Real estate property taxes and interest paid on the mortgage may be tax deductible	Rent is not deductible
Equity	Owning a home is a form of savings, as equity increases with each payment	Renters do not accumulate equity; once they pay their rent, the money is gone
Investment	A home is a valuable investment, particularly if home values are increasing	Renting is not an investment opportunity for tenants
Customization	Homeowners can decorate and make changes according to their personal preferences	Renters must consult with their landlord to make any small to moderate changes to the dwelling
Responsibilty	Owning a home involves a long-term financial commitment	Renting involves a financial commitment only for the duration of the lease
Affordability	Buying a home usually requires a significant outlay of cash to cover the down payment, closing costs and other expenses	Renting is usually much less expensive than buying a home, at least at the outset
Relocating	Relocating is much more difficult when a house must be sold	Relocating is usually much less complicated for renters
Maintenance	Maintenance and repairs are the homeowner's responsibility and can be expensive and time-consuming	Maintenance is the landlord's responsibility

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TOP REASONS PEOPLE BUY

The American dream of owning a home continues to be alive and well. According to a recent Gallup poll, eight out of 10 adults either own a home or plan to buy one in the future. Here are the top five reasons people buy:

FINANCIAL

1. See owning as an investment
2. Chance to build equity and credit
3. Smarter than paying rent
4. More cost-effective than paying rent
5. Financial security and stability

NON-FINANCIAL

1. Belief in home ownership
2. Don't want to live in a rental
3. Better place for the family
4. Ability to do what they want
5. Pride of ownership

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