

# Buying vs. Renting

## HOME OWNERSHIP

Should you buy or should you rent? This has become a complicated question for thousands of consumers. Not only is this question loaded with personal and lifestyle considerations but financial issues as well. For some, buying is the only sensible thing to do and for others, renting is much more convenient. Most homeowners enjoy the pride of owning such a large investment, and others enjoy having a place to call "home". There are several advantages that go along with homeownership. Here are a few:

### Tax Breaks

Federal tax laws strongly favor homeowners. Mortgage interest and property taxes are generally tax deductible on your federal return. This can in turn provide you with an enormous tax benefit. Capital gains benefits allow the homeowner to profit without paying taxes when selling their main residence. Please consult your legal or tax expert for restrictions and application of this popular tax benefit.

### Ability to Borrow Against Equity

As a homeowner, you can borrow against the equity in your home using either a second mortgage or a home equity line of credit. The interest of such loans may be tax deductible, regardless of how you use the money. Many homeowners use home equity loans to consolidate other high-interest loans, to make repairs and improvements, and even to fund a child's education.

### Renovations

As a homeowner, you have almost unlimited ability to adapt your living space to suit your individual tastes and needs. You can paint, wallpaper, decorate, landscape, and even have the potential to add more rooms. The possibilities are virtually endless.

### Leverage

When buying a home, you will probably use some of your own money (your down payment) and a large amount of someone else's (borrowed funds from your bank or other mortgage lender). If you are buying your second home, you can leverage the appreciated equity or profit into the purchase of your next home. Buying a house is a huge decision for a large investment. Your neighborhood real estate professional is a good place to start when considering a purchase of a home.

| Owning a Home   | Renting  |
|---|--|
| Mortgage interest is taxdeductible.                             | Renting is not taxdeductible.  |
| Every payment goes into building a nest egg for your family.    | Every payment disappears forever.  |
| Equity in your home can be used for your kids to go to college. | Rent check pays for your landlord's kids to go to college.                   |
| Your Payments stay the same with a fixed rate loan              | Your rent increases each year.   |
| Your children get to play in your yard.                         | Your children get to play in a parking lot.                                  |
| You do laundry whenever you feel like it.                       | You have to pay to do laundry each week.                                     |
| You enjoy greater privacy.                                      | You know your neighbor's musical tastes better than you know your neighbors. |
| Pride of Ownership  | Possibly pay less monthly for housing  |



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