

# UNDERSTANDING THE { MORTGAGE PROCESS }

**Rent vs. Buy** Are you ready to take the plunge into homeownership? Consider these pros and cons of renting a home (or apartment) vs. buying your own.

## Rent

### Financial

- Creates wealth – for your landlord.
- No financial value to you as a renter.
- No tax benefit of renting. Ouch.
- Monthly payment can increase when lease expires. Then what?
- Requires a deposit. Probably first and last month's rent. Yes, really.
- Requires fair/good credit.
- No long-term commitment beyond terms of lease. You're free to go.

### Social

- Residents are transient; usually live there just a few years.
- May have excellent community amenities like a pool or gym and social activities - or none.
- May be more targeted to singles/couples than families.
- Limited opportunities to decorate as you like. Basically, don't change anything.
- Usually restrictions on noise, guests, parking, etc.
- Keep that pet under 25 lbs. and prepare to pay \$\$ for Fido or Fluffy.

## Buy

- Creates savings as you build equity.
- Appreciates in value – especially when inventory is low.
- Reduces taxable income – a very good thing.
- Fixed monthly payment helps you budget.
- Increases your net worth.
- Usually requires a down payment. But not 20%.
- Requires good credit.
- Return on investment may take several years.
- Low interest rates make home buying affordable.

- Homeowners usually stay in their homes 5-8 years.
- May have excellent community amenities like a pool or playground and social activities - or none.
- Usually family-friendly.
- Decorate, socialize and entertain as you like. So paint and party.
- Go ahead ... get a dog or cat or miniature pig. Get two or three or more if you like. It's your home.

## Rent

### Independence

- Often more cost-effective (and annoying) to live with roommates.
- Must abide by rules and regulations of rental property management.
- Good option for those who may need or want to relocate - in case you meet your soulmate or get a better job.
- Allows you to move to a new/different community without much difficulty.

### Responsibility

- Landlord usually responsible for maintenance, repair, upkeep and lawn care.
- Rental insurance recommended but not required.
- Security deposit may be kept by the landlord if rental is not left in good condition.

## Buy

- Live on your own, no parents or roommates (unless you want).
- Make your own decisions. Yeah #adulting.
- Must stay in the same location for a few years to break even.
- Must sell or rent home if you need or want to relocate. (Call us, we've got your back.)

- You are responsible for maintenance, repair, upkeep and lawn care.
- Requires homeowners insurance.
- Requires annual property taxes.
- May require homeowner association dues.
- May have neighborhood rules and regulations.

# QUESTIONS?

Contact your Allen Tate Mortgage Consultant.