Renting vs Owning – Which is Right for You?

If you're thinking about moving this year, you may wonder if renting or owning is the best choice? While there isn't a one-size-fits-all approach to the matter, there are certain questions you should ask yourself to decide.

Do you Have Long-Term Plans?

When you buy a home, you can't move as easily as you can when you rent. If you are ready to settle down in an area and commit, there's no question that buying is better. But, if you aren't sure where you want to settle down yet or you enjoy moving every year, renting may be the better choice until you are ready to set up roots.

Do you Have Money for a Down Payment?

Most loan programs require at least a small down payment. When you put money down on a home, you build equity in the home right away and you make your loan more affordable. Lenders require some 'skin in the game' to ensure you'll make your payments on time and not risk losing the home.

Can you Take Care of a Home?

When you rent, the landlord oversees all renovations and repairs. When you own a home, the responsibility falls on you. If you're able to handle the financial and physical responsibilities of owning a home, it is much better than renting. On average, it costs 1% of a home's value to keep up with maintenance and repairs.

Can you Qualify for a Mortgage?

Unless you have the cash to buy a house (most people don't), you'll need to qualify for mortgage financing.

The good news is you don't need to be rich or have perfect credit, but you should meet some or all of the following:

- Have at least a 620-credit score
- Have 3% - 5% of the sales price for a down payment
- Have a steady job and steady employment
- Don't have any recent bankruptcies or foreclosures
- Don't have excessive credit card debt outstanding

Do you Want the Freedom to do What you want with your Home?

When you rent, you don't have the freedom to do what you want with it. You must get your landlord's permission to make any changes, or even to have pets. When you own a home, you make the decisions and can do what you want with the property within the city or homeowner's association's guidelines.

Final Thoughts – Should you Rent or Buy?

Renting a home doesn't build equity or give you a return on your investment. Buying is the best way to go when you are ready.

If you have the money saved, have a stable job, and are already to settle down, then buying a home can be the best way to invest your money and give you and your family a great place to live. Knowing where to buy and what to buy to stick within your budget but get a great return on your investment is key. If you'd like help buying your dream home in 2022 – contact me today!