

RENTING VS. BUYING





Welcome!

There are strong arguments on both sides when it comes to whether it's better to rent a home or to buy one. Buying a home, putting roots down, and building equity might be one person's dream but another's burden. Both are valid positions, and which one you may agree with depends on a variety of factors. If you're thinking about whether to buy or rent a home, it's important to consider how long you're planning to live in it, whether your credit is ready for a mortgage, what your goals are, and more.

Every member of my team is committed to ensuring that ALL of your real estate needs are not just met, but exceeded! I've created this book for your convenience and we hope that it will be a valuable resource. Please know that I will be staying in constant contact with you throughout the process. Your experience will be unique and I will adjust our service according to your wants and needs. My focus is on your complete satisfaction.

Teresa Butler
REALTOR©

WORTHINGTON
REALTY

WHEN TO *rent*

While homeownership is a dream for many, it may sometimes make more sense to rent. You may think renting is not a good choice because you'd be better off investing your money in a home purchase, but depending on your plans and where you are in life, renting might work better for you.

BENEFITS OF RENTING A HOME

Renting a home might not help you build wealth and doesn't sound as exciting as owning a home; however, it comes with the benefits homeownership doesn't offer.

01

FLEXIBILITY:

The main benefit of renting is the freedom it gives you. Whether you've got a great job opportunity in another state or simply want to try living in a different area, your home isn't going to tie you down if you're renting. Most of the time, breaking a lease is easier than selling a home and getting out of a mortgage.

02

MINIMAL MAINTENANCE EXPENSES:

So your kitchen sink is leaking, your A/C isn't working and there's something that looks like mold in your bathroom. As a renter, you typically don't need to worry about repair costs—your landlord is generally required to take care of them for you. If you're a homeowner, all repair costs are likely to come out of your pocket.

03

OPPORTUNITY TO SAVE OR PAY OFF DEBT:

Short-term costs of renting are often lower, which frees up money for you to invest in your savings or pay off debt. If you'd like to shore up your emergency fund, pay down your student loans or get rid of credit card debt, renting may be a smarter decision, at least in the short term. Plus, if you plan on buying a house at some point, it can be a good time to start saving for a down payment as well.

WHEN TO *rent*

DOWNSIDERS OF RENTING A HOME

While renting a home can be a wise choice for some, it does have its drawbacks—let's take a closer look.

01 LACK OF FINANCIAL INCENTIVES:

One of the main arguments against renting is that it doesn't build equity and isn't considered an investment. While it's not guaranteed that a home you buy will gain value, you almost certainly will not get back any money you pay in rent. Additionally, you won't be able to take advantage of tax deductions associated with homeownership.

02 LESS FREEDOM TO UPDATE YOUR SPACE:

It's nice to have a landlord taking care of repairs and maintenance for you, but it also means less freedom to renovate your home. Whether you want new floors in your bedroom or different tile in the kitchen, such projects might have to wait until you're a homeowner. It may be possible to do light redecorating, such as repainting walls, as long as you clear it with your landlord first.

03 UNLIKELY TO IMPROVE CREDIT:

Many landlords don't report rent to credit bureaus, meaning your positive rent payment history isn't likely to improve your credit. On the other hand, breaking your lease can hurt your credit. For instance, if there's any unpaid debt and your landlord can't reach you, they may sell your account to a collection agency. Collection accounts on your credit report can have a detrimental effect on your scores.



RENTING

pros

- Mobility/freedom to move around
- Landlord pays for maintenance
- Doesn't require expensive closing costs
- No fluctuation in monthly housing expenses
- Allows you to test-drive different living spaces

RENTING

cons

- You don't build any equity
- Limited ability to customize your living space
- Rent could go up over time
- Landlord might sell or decide to stop renting
- Limited sense of home stability/permanence



WHEN TO *buy*

Owning a home doesn't only bring feelings of security and accomplishment. It can also be an excellent investment.

01

BUILDING WEALTH:

When you have a mortgage, every payment builds your equity and brings you closer to full ownership. If your home increases in value, you can sell it for more than you've bought it for. Depending on the market and how well you've maintained or improved your home, it can mean significant financial gains.

02

TAX BREAKS:

Building equity is not the only financial benefit of a mortgage. You can also take advantage of property tax deductions and claim mortgage interest deductions on your taxes if you qualify. Since initially most of your monthly payment goes towards interest, a mortgage interest deduction could considerably cut your tax bill.

03

FREEDOM TO CUSTOMIZE YOUR HOME:

Your home is your own, and you're free to renovate it any way you like as long as it abides by local building codes. Those improvements can also bump up the appraisal value of your home, which can really pay off if you decide to sell. Also, there's no landlord looking over your shoulder, deciding whether to withhold a portion of your deposit for the holes your TV mount has left in the drywall.

04

POTENTIAL POSITIVE EFFECT ON CREDIT:

Unlike rent, mortgage payments are typically added to your credit report. Having a mortgage can help your credit score if you make payments as agreed. A typical mortgage has a term of 15 to 30 years, which means it will contribute a lot to your payment history. Having a mortgage on your credit report can also have an impact on your credit mix.

WHEN TO *buy*

Downsides of Buying a Home

Buying a home might be a good investment—or it might not. It's important to consider the disadvantages and costs of homeownership that sometimes get overlooked.

01

COSTS BEYOND THE MORTGAGE

Repairs and maintenance can also get expensive fast, especially if there's a major natural disaster. Without a landlord to take care of them, you'll be the one doing the work (or paying someone to do it for you).

02

POTENTIAL DECLINE IN VALUE

Several factors can harm your investment. For example, your neighborhood could become less desirable, or there could be foreclosures dragging down home values. Years down the road, you might find that your home appraises for as much as you originally paid, meaning you've actually lost money due to inflation's effect. If you plan to live in your home forever, that may not matter. But if you hope to profit on your investment and sell someday, you could be out of luck.

03

DIFFICULTY RELOCATING:

If one day you realize that you need to move and sell your home, it might not be easy. A house is a non-liquid asset, which means selling it can be hard and might take a long time. On top of that, you may find yourself responsible for paying closing costs, transfer tax, real estate agent commissions, and other fees. Relocation can become expensive when you're a homeowner.

BUYING

pros

- You build equity over time
- The home value may increase over time
- You may reap tax benefits
- Unlimited freedom to customize your living space
- Sense of home stability/permanence



BUYING

cons

- Closing costs can be prohibitive
- Responsibility for maintenance and repairs which requires time and effort
- Less flexibility to move (at greater difficulty/expense)
- The home value may decrease
- Recent tax laws could hamper tax benefits



The Road to *Home*



Teresa Butler

REALTOR®



[HTTP://TERESABUTLER.COM](http://teresabutler.com)



TERESA@TERESABUTLER.COM



614-565-8161

*Find your Dream
Home today*

LET'S WORK TOGETHER!

Buying or selling a home can be a stressful process if you don't have the right real estate agent. With over 40 years of experience, you can rely on me to get you the best possible result.

**WORTHINGTON
REALTY**



"Seeking the best for our clients"