YOUR HOME SOLD GUARANTEED OR I'll BUY IT!

(conditions apply)

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Should You Buy or Rent A Home?

Pros and Cons

"Buying real estate is not only the best way, the quickest way, the safest way, but the only way to become wealthy."

--- Marshal Field

Are you looking for a place to live, but can't decide whether to buy or rent? Buying real estate is a big decision that requires a lot of thought. You need to carefully evaluate which is the best option, to rent your home or to buy a new one. Both these options have their own pros and cons. In order to make a wise decision, you need a thorough understanding of the facts related to the purchase of real estate as well as rental units. Below lists opinions of local experts with many years of experience in real estate that can effectively help you to make an informed choice for you and your family.

Why should you own your own home?

Homeownership can be a dream come true situation. It gives a sense of pride and worthiness to the everyone who lives there. In addition, it makes your significant life events such as wedding, a new child, extending family, or a relocation to a nearby job very smooth. It helps you and your family to adjust better which ultimately strengthens the relationships and makes life more enjoyable.

Another significant benefit of owning your home is that it frees you from the distress of escalating house rent for life. Paying rent can be a bad investment that brings no long-term benefit. It can hinder many of your financial goals in life.

Secondly, the amount of freedom you enjoy in a home you possess can never be compared with the one in a rented house. It is really comforting to have no landlord to answer to.

Thirdly, you can always design your home according to your own taste. The interior décor, the baths, kitchen, living room, bedrooms, you can adorn all of the areas of your home as per your style. This is one of the main factors that encourages prospective buyers to consider owning a home. The pleasure of choosing arrangements and ornamentations of your home also gives you a sense of belonging and happiness.

Financing a home

Considering the benefits, you might be highly inclined to buy a home for yourself but at the same time you may wonder how you can finance your new homeownership. Based on your credit score, you can qualify for home loan or mortgage. Credit score requirements may be lower than you think. Some mortgages and loans require very little down payment.

Lenders usually evaluate mortgage applications based on their debt-to-income ratio which is estimated by the ratio of your total monthly debts to your gross income per month. Usually less then 43% is the easist way to qualify for a mortgage, but there are cases where this ratio can be much higher. There are various programs and grant schemes that can be considered for initial funding for a home purchase. There are literally thousands of low down payment programs across the US that are governed by federal, state, county or local government organizations, nonprofits and others.

There are hundreds of different combinations of loans and down payment options that fit many different financial circumstances. As experts in real state, we can offer you tailored suggestions that would be work for your unique situation.

Cons of buying a home

While considering owning your own home, you should also think about the limitations of that decision. Apart from the cost of the home and mortgage payments, the main expenses in homeownership are property taxes, homeowners insurance, and day to day maintenance costs.

The last-mentioned option is often overlooked when considering purchasing a home, but there are ways you can decrease that cost. You may decide to purchase a new home from a builder where your systems are all brand new and not as likely to fail. If you purchase an existing home, careful maintenance can also defray the cost of large repair bills. In addition, you can also postpone a decision to upgrade your home based on your current budget. In matter of property taxes, buying a home is often a profitable option (Tax considerations discussed ahead).

One worrisome factor that can make a home purchase out of reach for some people is the closing costs on the property's sale price. The good news is, these closing costs are totally negotiable. Often, a good agent can negotiate to have sellers pay some of the closing costs. Since closing costs can vary a lot, it's a good idea to get a proper estimate to see what your home would cost including approximate closing costs. To get an estimate of what amount you might need to purchase a home, call Hoekstra Real Estate at (916) 201-0841.

How buying is more profitable than renting?

Renting or buying a home is a decision that is largely dictated by your financial position and stability.

Something to note is that your personal property is always your asset, and typically over the long term your home value will increase with time. Approxiamtely, 88% homeowners who made the decision in a well-prepared fashion say that buying home has offered them great benefit, comfort-wise as well as in monetary terms. Financial wellness and stability that you can get due to owning your place is not available to renters.

Tax considerations

Homeownership usually has some possible tax benefits. The buyer experiences tax advantages which renters don't. Did you know you can deduct some or all of the amount you pay toward property taxes? You can also usually deduct interest that you paid on your home loan. These can be itemized for tax deductions, bringing you a bigger tax refund at the end of the year.

Buying Vs. Renting

One of the major reason that prompts people to consider homeownership is the exceedingly rising rent prices. Increase in home rent can blow your whole budget with the extra expense, and that can make everything in life uncomfortable.

So with all that to consider toward buying a house, why would you ever want to rent? If you buy a home and have to move often for your job, that may be a reason to continue to rent. The cost of selling a home can be very expensive, often up to 10% of the value of the home. That's a great amount of money that's lost if you end up selling your home every year or two. If the price of your home goes down instead of up, you may be stuck owing more money than you can sell the house for. Of course, you can ride out waves by renting out the house after you move to either gain extra income or give you the opportunity to move back to the area and already have a home there.

Buying your home brings the extra benefit of picking the area and neighborhood of your choice which is not always present in case of a rented house. Sometimes, renters are afraid of relocating and owning a home where there are unfriendly or unsociable neighbors. But in the same way, the lack of control in a rented place can also be a motivating factor for looking at homeownership options.

If purchasing a home seems difficult from the budgetary point of view, you can get preapproved for a mortgage. Preapproval answers all your questions about loan suitability, how much you can afford, or which homes are in your budget. It buys you time to arrange financial resources for your purchase contract. Similarly, if you have more than one earner in your household, getting preapproved can help open up conversation about how to spend that money and manage the decision of buying your own residence.

When renting, you are free from the worries of repairs because that is your landlord's responsibility. However, that's not always a big factor to consider. If you are careful and take the time to learn about your home's systems, you can maintain your home quite well. Also, many people learn to handle small home repairs on their own. Still it is advisable that you have some cash reserves for when large, difficult repairs come up.

Your Final Decision

To sum up, buying a home is demanding yet can be a highly rewarding decision if you go in well-planned. The ultimate decision whether to buy or rent a house lies with you. At Hoekstra Real Estate we strive to help you make profitable decisions while also make your purchasing process smooth.

We welcome all your questions. In addition, we would love to offer our expert advice for ease in making your big life decisions about homeownership. Contact ***Trudy*** at (916) 201-0841 for a custom appointment.

For more information on any of our innovative homeowner programs, call Trudy Hoekstra at (916) 201-0841.