

## 10 Keys to Deciding Whether to Own a Home or Rent



The decision about whether to purchase a home is a big one, likely the largest financial investment of your life. It's important to get it right, both for your finances and your lifestyle.

Over the long term, buying a house is almost always a better financial investment than renting, largely because of the forced savings aspect of owning a home – i.e., part of a mortgage payment is equity in the house that the owner can eventually recover, whereas rent paid is money spent.

Mark O'Neill, senior vice president and chief lending officer at [Opportunity Bank of Montana](#) (Member FDIC/Equal Housing Lender), says every situation is different. These are his 10 key considerations if you are deciding whether to buy or rent:

**1. The upfront costs.** Down payments on houses vary depending on the situation, but generally cost \$5,000 and up. Add the transactional costs, like legal fees, home inspection and so on, and the average cash due at closing starts at \$12,000.

**2. Your commitment to living in the house.** The transactional costs make buying a house you won't live in for at least five years prohibitive. Moreover, moving is a lot easier if you're a renter than an owner because you don't have to

sell your house. If you're not committed to an area for a while, you should probably rent.

**3. Your time horizon.** People buy homes for the future as well as the present. "Homes appreciate in value and build equity, enriching home owners, not renters," says O'Neill. From a financial standpoint, home ownership is almost always superior over the long haul than renting.

**4. Your space requirements.** Most people rent apartments and buy houses. A growing family just might need a house.

**5. Your knowledge of the area.** People who move into a metro area and buy a home right away sometimes find they would have bought in a different part of town had they known the area better. If you're just moving to town, it might be a good idea to rent while learning about the community.

**6. Your desire for stability.** A family with young children may want to establish roots in a community and keep the kids in the same school district until they graduate. For them, home ownership guarantees that they don't have to move, while renters lack protection beyond the terms of each lease.

**7. Your financial situation and credit score.** In order to secure a mortgage and make the monumental investment in a home, buyers must have their financial house in order. That means demonstrating stable sources of income, paying off unsecured debt, and saving enough for the down payment. It also means developing a good credit score. Low credit scores raise the cost of borrowing or eliminate the availability of a mortgage in the first place.

**8. Your tax situation.** High earners are often encouraged to buy property for the tax deductions. Real estate taxes and mortgage interest are tax deductible, with some narrow exceptions. Consult your professional tax advisor for further details.

**9. Don't tie yourself down.** Some people simply don't like the idea of homeownership.

## 10. Your maintenance and repair skills

As a homeowner you can't call your landlord to fix a leaky faucet or broken appliance. Learning to properly maintain your home can save you thousands in repair bills.

Opportunity Bank of Montana has spent 95 years helping people of all ages save, invest and buy houses with a variety of loan types, from fixed rates to ARMs, FHA, VA and more.

To learn more, visit [OpportunityBank.com](http://OpportunityBank.com) or stop by one of the [nearby branches](#).

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