

Differences Between Renting and Buying a Home

If you've been a renter all of your life or you're embarking on buying a home for the first time, it's helpful to familiarize yourself with some of the changes you'll have to make as a responsible homeowner. From the way you treat a home to the upkeep and repairs that must be made, there are some key factors to keep in mind when comparing renting vs. buying.

Here are the main differences between renting and buying a home:

Cost. Obviously, cost is a factor, but according to a recent MSNBC article, [the gap between the cost of renting vs. buying has narrowed](#). When the difference in price is only a few hundred dollars and you can afford a down payment and the monthly payment, owning is the ticket. However, many potential homeowners forget to count on paying additional taxes and fees, such as potential closing costs, maintenance fees, homeowner association fees, property taxes, and homeowners insurance. In addition, there all utilities must be paid, yard maintenance, repairs, decorating, etc. Make sure you have enough savings and monthly income to cover any hidden costs.

Investment. Being a homeowner is an investment, just like owning a car or a piece of furniture, only the investment is bigger. Ideally, you want a home that will rise in value over the years, although as we've seen, there is no guarantee. As a renter, you're more likely in a short-term situation, but as a homeowner, expect to stay in your home own for at least a couple years. Renters do have the freedom to move more often and don't have to do repairs or worry about wear and tear, but with renting there is no investment. With no equity being built, the rental check is money you'll never see again.

Responsibility. Even though it is a bigger responsibility to be a homeowner than a renter, it is a great choice for most people. In your own home, you can make it exactly the way you want it without having to ask for permission. Any improvements you make will likely increase the value and the chance of a sale down the road. This gives homeowners the chance to build a nest egg and hopefully get their money's worth when it comes to selling.

When considering differences between renting vs. buying a home, make sure you're able to afford, invest, and keep up a great property.

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