
Renting versus buying:

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A guide to help you decide

(ARA) - Buying a home is one of the most important decisions a person can make. After years of living with parents, with college classmates in dorms, or alone in an apartment, the time may come that buying a house or condominium will improve one's financial stability and sense of personal security.

"There are advantages and disadvantages to both purchasing a home for a primary residence and renting temporary living quarters," says Peter Palko, adjunct instructor at Brown Mackie College -- Findlay. "I recommend that buyers take a broader, more flexible approach to buying property by maintaining alignment with their short and long term personal and financial goals. Spend as much time and effort shopping for a mortgage as you do shopping for a house."

While renting does have its benefits -- for example, fixed costs for the lease term, generally less work in property maintenance, and smaller upfront investment -- Palko believes that the advantages for buying outweigh the disadvantages.

"The bottom line is, a person will own something with equity growth potential, tax advantages and opportunity to build a respectable credit history," says Palko. For the first-time buyer, Palko advises the following: "Educate yourself on the types of homes, market conditions and tax implications. Is it a 'buyers' or 'sellers' market? And finally, secure the help of a professional real estate agent -- a realtor who is a buyer's agent who represents the interest of you, the buyer."

Once you decide it is indeed time to buy a home, the next step is to decide where to live, and start saving. "Before deciding to buy a home, you need to take time to reflect and plan," says Dan McClish, Director of the Business and Accounting Technology programs at Brown Mackie College -- Akron. "Make a list of the things in a house that are important to you." These items can include the quality of school districts, proximity to stores, hospitals and access to public transportation.

Taking a detailed look at the overall market in the area is important. "If the market area is developing and showing signs of becoming a major commerce area in the near future, then it may be the best time to invest in a home," says McClish. "However, if the real estate market has remained stable over time, or has decreased, then you may want to consider renting for now."

Regarding finance, a first-time home buyer should start saving today by setting aside at least 10 percent of his or her income towards the down payment on a future home, according to McClish. "This will give you a purpose and a goal toward home ownership. Even if you are currently renting, chances are, you will eventually want to buy a home. As you aim toward saving for the down payment, start looking at areas in which you would like to live."

One final piece of advice: "Do not make purchasing a home a last-minute decision," says McClish. "Do some investigation, and it will pay off in the future."

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