

Renting vs. Owning a Home

Directions: Answer the following questions based upon the renting vs. owning information.

1. Housing is approximately $\frac{1}{3}$ of a person's income.

2. What is renting?
 - paying for staying in someone else's property
3. Who is the landlord?
 - owner of the rental property, may perform management duties
4. When moving into a rental, what two things are people usually required to do?
 - sign a lease, write down any damages, and put down a security deposit
5. What are three costs of renting?
 1. monthly rent
 2. security deposit
 3. utilities - electricity, water, garbage
6. List three advantages and disadvantages of renting. (6 points)

Advantages of Renting

1. low move-in costs
2. easy to move
3. fewer responsibilities

Disadvantages of Renting

1. subject to terms of lease

2. rent may change with little notice
 3. no tax deductions
7. How much is usually paid at the time of a home purchase?
- 2 ½ times the gross income
8. What are three costs of ownership?
1. monthly mortgage payments
 2. down payments
 3. closing costs
9. List three advantages and disadvantages of ownership. (6 points)

Advantages of Ownership

1. pride of ownership
2. more room and storage
3. feel more comfortable and have more privacy

Disadvantages of Ownership

1. large down payment
2. insurance costs
3. money is tied up in house