



A University of Hawai'i Cooperative Extension Service Project

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Course Objectives



- Increase your knowledge about financial planning
- Improve your ability to make informed decisions



Should I Rent or Buy a Home?

Presenters



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Learning Objectives



- Learn about the advantages and disadvantages of renting versus buying a home
- Consider the different factors when deciding to buy or rent

FAQ



Most Frequently Asked Questions:

- Should I buy or rent?
- When should I buy?

Renting Lifestyle Advantages



- Maintenance of the house is landlord's responsibility
- Flexibility to relocate for career advancement or personal reasons
- Good way to determine what is important for you when you are ready to purchase

Renting Lifestyle Disadvantages



- Live within landlord's restrictions and terms
- No permanence or stability
- No sense of belonging to community or putting roots down

Renting Financial Advantages



- No unexpected costs for large repairs
- No monthly insurance, property tax costs, or interest
- Not affected by real estate market value fluctuations
- Change in financial circumstance will not result in financial loss

Renting Financial Disadvantages



- Does not build equity over time
- No control of rent increases
- No tax benefits
- Not leveraging your money

Buying Lifestyle Advantages



- Flexibility to create & design your “dream home”
- Sense of community, stability and security
- Pass the house on to the next generation

Buying Lifestyle Disadvantages



- Restricted lifestyle to make mortgage payment
- Homeowners Association (HOA) Issues if a condo
- No flexibility
- Inconsiderate neighbors

Buying Financial Advantages



- Builds equity
- Tax benefits
- Nest Egg
- Mortgage payment remains stable even if home prices increase

Buying Financial Disadvantages



- “Stuck” if house decreases in value or neighborhood declines
- Potential loss of home and damaged credit
- Interest amount paid over life of loan

When to Buy a Home



Three Determining factors in
decision to buy a house

1. Season of life
2. Lifestyle choice
3. Financial

#1 Season of Life



- Milestones in life
 - Getting married
 - Starting a family
 - Establishing a career
- Young vs Old
 - Younger generation want the flexibility & older generation need stability

#2 Lifestyle



- Individual choice of lifestyle
- Less restrictions & commitment
- Desire for security
- Individual goals and dreams

#3 Financial



- Long term commitment to pay mortgage
- Secure job with good prospect to make the mortgage payment
- Biggest asset for most people

What is the Best Option for You?



- Some questions to consider which will help you to determine what is the best option for you



Question #1



Can you afford a mortgage?

- If the payments are similar to renting, it could be beneficial to buy a property

Question #2



What are your long term goals?

- Traveling
- Starting a Family
- Going to School
- Pass the house on to the next generation
- Career

Question #3



What type of property do you want to live in?

- Condo
- Townhome
- Single family home

Question #4



Does the landlord have any restrictions on the rental?

- Pets
- Smoking
- Guests

Summary

- Economic decision
- Lifestyle decision
- Season of life decision



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