

# Demystifying MORTGAGES

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## OWNING A HOME VS. RENTING

Home ownership typically comes with a mortgage (a home loan). Before you jump into debt, determine if buying a home or renting one is the right choice for you. Here are some factors to consider as you contemplate home ownership.



<b>Equity</b>	Owning a home is a form of savings, as equity increases with each payment	Renters do not accumulate equity; once they pay their rent, the money is gone
<b>Investment</b>	A home is a valuable investment, particularly if home values are increasing	Renting is not an investment opportunity for tenants
<b>Customization</b>	Homeowners can decorate and make changes according to their personal preferences	Renters must consult with their landlord to make any small to moderate changes to the dwelling
<b>Responsibility</b>	Owning a home involves a long-term financial commitment	Renting involves a financial commitment only for the duration of the lease
<b>Affordability</b>	Buying a home usually requires a significant outlay of cash to cover the down payment, closing costs and other expenses	Renting is usually much less expensive than buying a home, at least at the outset
<b>Relocating</b>	Relocating is much more difficult when a house must be sold	Relocating is usually much less complicated for renters
<b>Maintenance</b>	Maintenance and repairs are the homeowner's responsibility and can be expensive and time-consuming	Maintenance is the landlord's responsibility

## TOP REASONS PEOPLE BUY

The Canadian dream of owning a home continues to be alive and well. According to a recent Gallup poll, eight out of 10 adults either own a home or plan to buy one in the future. Here are the top five reasons people buy:

### FINANCIAL

- 1 See owning as an investment
- 2 Chance to build equity and credit
- 3 Smarter than paying rent
- 4 More cost-effective than paying rent
- 5 Financial security and stability

### NON-FINANCIAL

- 1 Belief in home ownership
- 2 Don't want to live in a rental
- 3 Better place for the family
- 4 Ability to do what they want
- 5 Pride of ownership

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