



Regions Next Step Podcast

Home Ownership 101: Renting vs. Buying

In this podcast, Donna Medina, a Financial Wellness Relationship Manager for Regions Bank in Nashville, Tenn., discusses the factors to weigh when deciding whether to buy or rent a home.

Tune in through the link below to hear Donna's thoughts on the following:

- Calculating the costs of buying a home
- The monthly expenses associated with renting or buying a home
- Other factors that can help you decide which option is best for you

Episode Transcript

Narrator:

You're listening to the Next Step Podcast "Renting vs. Buying" – part of our Home Ownership 101 series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals. Today I'm joined by Donna Medina, a Financial Wellness Relationship Manager from Regions Bank in Nashville, Tennessee.

In this episode, we're going to discuss renting vs. buying a home. Donna, thank you for joining us today. So, when it comes to renting vs. buying, where does one start?

Donna Medina:

Thank you – happy to be a part of this discussion! Now, when it comes to renting vs. buying, both options have potential benefits and drawbacks, so it's important to determine what's best for you. To start off, you have to ask yourself "can I afford the down payment and closing costs associated with buying a home?"

Narrator:

Definitely. Is there a way to calculate what those costs could be?



Donna:

Of course. Although not all mortgage loans require a down payment, potential homebuyers would be wise to save up for a down payment between 5-20 percent of the purchase price. Homebuyers should also remember closing costs, which can run from 3-6 percent or more of the purchase price.

The second question I recommend you ask yourself is “how will my credit impact this decision?” Your credit plays an important role in your ability to qualify for a mortgage, so you should be familiar with your history before you house hunt.

Narrator:

What’s the best way to check a credit history?

Donna:

You can receive a free copy of your credit report once a year from Equifax, Experian and TransUnion.

Narrator:

Good to know. So, what comes next?

Donna:

You should definitely ask yourself how long you plan on staying in the home. Buying and selling a house requires money, time and energy, so you might consider buying if you expect you’ll be living there for a good amount of time. If you don’t know exactly where you want to live, anticipate a job transfer or foresee life changes that would require another move, renting may be a better option for you.

Narrator:

That makes sense. About how many years would make buying a better option instead of renting?

Donna:

Each person’s needs are unique, but it is generally accepted that if you’re planning on staying in the home for at least five years, you should look into whether buying a home makes sense for you.



Also, it is important to ask yourself if you're willing to do routine maintenance and repairs, or can afford to pay someone else to do them for you. If you rent, your landlord may be responsible for a lot of these, but when you're a homeowner those tasks will fall on you.

Narrator:

And if I'm not that handy around the house, I anticipate paying for maintenance & repair services could really add up?

Donna:

They sure can. That would become an added expense. With that said, ask yourself if you have considered other monthly expenses associated with renting or buying a home? Those can easily add up.

Narrator:

What are some of the standard expenses we should be thinking about?

Donna:

The mortgage payment is the largest expense in homeownership. But, there are other costs to factor into your budget too, like homeowners insurance, utilities and taxes. If you rent, you may pay extra fees for parking, pets and utilities in addition to your monthly rent payment.

Narrator:

There's certainly a lot to consider before hitting the open house circuit. Is there anything else we should know?

Donna:

The good news is that for most consumers, home buying comes with tax benefits, which may help offset other costs. Homeowners may also have an advantage of building up equity each month — particularly if the value of the home increases over time.



Narrator:

Donna, thank you for guiding us through the basics of renting vs. buying. When you break it down into five questions, it doesn't seem as daunting. You can find additional information about home ownership and more online at www.regions.com/nextstep. No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

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