



Mr. Bill
SAYS...

On the Road to Home Ownership - Part 1 Rent vs Buy vs Build

It's everyone's dream to have a roof over their head. For many, owning their own home translates to stability and security. Your home is likely to be the most important and valuable asset in which you would have invested. The process can be an overwhelming one, with the variety of available options from which to choose. How do you decide if you should Rent or Buy or Build?

As you contemplate home-ownership, you may choose to buy your own home. The advantage of this is less of a hassle in the purchase of a completed structure compared with construction of the home from scratch. Building a home also has advantages, the primary one being your ability to customize the home to your specifications.

As you assume the status of home owner, you will most likely take out a mortgage loan to pay for your home. There are many different types of mortgages – all of which will be covered in a subsequent issue.

When acquiring a home, you should be aware of all the issues involved in the transaction. Apart from determining the market value of the property, you have a number of fees and costs that you will incur in addition to mortgage installments. Firstly you need to have the downpayment for the property. You will also need to pay legal fees, valuation fees, quantity surveyors' fees, bank fees and insurance premiums just to name a few.

For those who decide to rent instead of acquiring a home, you may have advantages such as:

- mobility should you decide to relocate;
- relief of certain expenses such as land tax, maintenance costs, home improvements, and in some instances, utility bills; and
- some monthly rentals are cheaper than a mortgage installment.

However, if you rent, your money is not invested in an asset that belongs to you and you have no equity in the property for which you are paying. If there are circumstances which don't allow you to buy or build and you decide to rent, it should ideally be for a short period of time so as to enable you to save sufficient money to make a downpayment on a home.

**Next in the series: The A to Z
of Buying A Home**



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