



# live to rent or to own

In addition to financial considerations, lifestyle plays an important role in the decision to purchase or rent a home. For some, the desire to lay down roots and become part of a community fulfills their “American Dream.” Others feel caged without the freedom to roam around the country.

A recent article in the *Jacksonville Business Journal* suggests the First Coast’s economy is poised for a comeback. In a November 2011 article, noted economist Sean Snaith predicted the Jacksonville area will “fare better in its economic recovery than most of the rest of the state over the next three years.” The positive predictions are based on Jacksonville’s solid employment base, largely due to a strong military presence and growth in the financial services sector.

Such an optimistic forecast prompted *Builder* magazine to rank Jacksonville No. 4 in the “Top 20 Healthiest Housing Markets” in 2011. According to the magazine, home prices have stabilized and are expected to rise 5 percent in the next year.

All indications suggest Jacksonville’s economy is on the mend, making it a good time to consider buying a home. But, clearly there is no right or wrong decision when it comes to owning versus renting. Each has its advantages and disadvantages, and often the decision is based on personal values.

One of the main reasons people choose buying over renting is the opportunity to reap financial rewards. According to *Money Allocator*, making a monthly mortgage payment is like putting money in a savings account rather than giving it to a landlord. Each time a payment is made, a percentage goes to equity. In addition, interest paid on a home loan can be deducted on your income taxes.

Other reasons for residents to purchase include a sense of pride and accomplishment in owning a little corner of the world, and the benefits of belonging to a community where people know and look out for one another.

There are some downsides to owning, however. Maintaining a home and yard can be time-consuming and costly. And, in addition, maintenance costs, attorney’s fees, closing costs and annual property taxes can put a dent in the wallet.

Just like relatives, you can’t pick your neighbors, nor can you really pick your neighborhood. Regardless of the amount of research you’ve put in before you make a purchase decision, neighborhoods can change over time and neighbors can change frequently. Unlike living in an apartment, buying a house is a long-term commitment. You can’t just pack up and move when things are less than pleasant. So that growling dog, the rock star wannabe’s practicing in the garage next door and the colony of flamingos living on the neighbor’s lawn must be either tolerated or negotiated.

## QUICK STATS FOR THE FIRST COAST

Real estate trends:

[http://www.trulia.com/real\\_estate/Jacksonville-Florida](http://www.trulia.com/real_estate/Jacksonville-Florida)

The Northeast Florida Association of Realtors reported in November 2011 that the area's real estate market saw a 9.1 percent decrease from last year.

According to AptIndex.com the percentage of vacancies in Jacksonville was 10.3; the average rent was \$765 and the market rank was 88 as of July 2011. According to RentJungle.com, the average apartment rent in Jacksonville was \$826; one bedrooms were \$676 and two bedrooms were \$813. This data was recorded in October 2011.

The average cost of house and home, including maintenance, mortgage, phone and utilities, in Jacksonville is \$493 per month, \$42 less than the nation as a whole.



By the same token, renting has its pros and cons.

Financially, the initial investment is miniscule compared to buying a home. Most rental properties require only a deposit and the first month's rent prior to moving in. And, there are no property taxes involved in renting a house, condominium or apartment.

As a renter, the cost and hassle of repairing a leaky roof, ensuring the air conditioner and heating system is maintained and up to code, and even replacing large appliances such as the refrigerator, dishwasher, stove, and washer and dryer are the responsibility of the landlord. In most cases, yard maintenance is handled by the property manager as well.

Mobility is another advantage. When work calls for you to relocate, or you find you don't like the neighborhood, it is easier to move when you don't have to wait for your property to sell.

Conversely, there are no tax credits for renters, and there is no savings or equity involved. When you pay rent, the landlord keeps it all. In some cases, the rent increases each year when the lease is renewed.

Additionally, there are limitations in decorating your home. Flooring, wall color and even picture placement can all come with limitations, which are determined by the property owner.

Whether you decide to rent or own, there are obviously advantages and disadvantages. The key is to make the decision with forethought and to make the decision that best fits your lifestyle, the needs of your family and the dreams you have for your life in Northeast Florida.

## LOAN APPLICATION CHECKLIST

You will need to provide the following information for a loan application:

### Essential Information:

- Purchase contract for the house
- Legal description or survey of property
- A check to cover appraisal fee and cost of credit report
- Complete names, addresses and Social Security numbers of borrowers
- Previous addresses from the last two years
- Names and addresses of employer(s) from the last two years

### Photocopies of:

- Driver's licenses
- Latest bank statements and previous month's pay stubs
- Last two years' W-2 forms or 1099s

### Name, Address and Account Numbers of:

- Checking and savings accounts
- All credit cards with outstanding balances
- All other creditors

### Additional Information:

- Other income information, such as rentals, alimony, child support, interest, dividends, trusts, etc.
- List of all assets: stocks, bonds, automobiles, household and personal property, cash value of life insurance, and other assets (campers, boats, valuable art, etc.)
- Photocopy of divorce decree (if applicable)
- Information and papers on prior foreclosures and/or bankruptcies (if applicable)
- A schedule of other real estate owned (if applicable)
- Evidence of mortgage/rental payments