

# Should You Buy or Rent?

*By Carla Caldwell*

This year, 2009, will go down as a great one for homebuyers. It's a fact.

With historic low interest rates, lower housing prices and even a huge government incentive for first-time homebuyers, it's the perfect storm for anyone remotely interested in buying a home.

Still, some people prefer to rent. Some always will.

There are definite advantages to both, especially for military personnel.



## Reasons to Buy

Other than the obvious reasons above, housing officials are encouraging soldiers to buy a home if they are moving this year. A home is a huge asset whether you live there, or rent it out while the home builds equity. It's important for potential buyers to look at a house's neighborhood and its school district—even if the buyer does not have children. Good neighborhoods in good school districts have a better chance of holding or increasing their value, say experts.

And a buyer should always look at the future possibilities when selling the home. If the house is put up for sale down the road, a potential buyer with children could buy, or walk, based on schools.

The biggest reason many service members buy their homes is the tax breaks they receive for being a homeowner. And this year, if you're a first-time homebuyer, you can receive an \$8,000 tax credit just for buying in today's market. That's a pretty good incentive.

The number of homes on the market today also gives a potential buyer the advantage. Sellers will do almost anything to sell their homes, including paying for closing costs and giving allowances to replace things like carpet or appliances.

And today's record number of foreclosures gives buyers another option for purchase. Keep in mind that foreclosures often mean a lot of sweat equity will need to go into



the house—consider how long you will be in the house and honestly assess if you'll have enough time to make those improvements before it's your turn to sell. But then again, foreclosures can mean a really good deal on a house—and the potential for great profit.

There's something liberating about owning your own home. Change the paint. Add a deck. Install hardwood floors or tile. It's your house!

If you've rented all your life and were forced to painstakingly keep things pristine, you can hang something on a wall using a huge, hole-making nail. Why would you do such a thing? Because you can.

## To Rent

And now, for those of you who still are leery of taking the home buying plunge, we list the advantages to renting, according to nationally known financial advisors and members of the military.

Depending on where you live, your BAH might allow you to rent a much nicer place than you could buy. For example, home prices are particularly high in Hawaii and in many parts of California, while great rental condos and apartments are often available for much less.

Some service members have used their BAH to rent an inexpensive place and saved the dif-

ference to build a nice down payment for a home. And some people simply cannot afford to buy a home, because of their credit rating or other factors. Renting while you get your finances in order may be the best thing for you to do.

Some people are not cut out for the landlord business. If you buy a house, get those PCS orders and then can't sell your home right away, you'll likely either have to become a landlord or hire a property manager. If neither is something that you would want to do, save yourself some grief and rent your next home.

Renting allows for much greater flexibility. If you like to move around, it's usually easier, and a lot faster and cheaper, to break a rental agreement than to sell a house.

And let's say a great, reasonably priced rental condo on the beach suddenly becomes available in your budget. There's no grass



growing under your feet—you can jump on the deal right away, without having to worry about contingency clauses or other problems.

Whatever your decision, make sure you look into all of your options. What you once may have thought was impossible may be completely attainable these days. ●

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