

Is It Better to Rent or Buy? Find the Best Housing Bargain for Your Buck

Considering taking the plunge into homeownership, but not sold on buying as the best option? These tips will help you decide if you're ready to invest in your first home.

How Do Buying and Renting Compare?

Percent of median household income required to buy a three-bedroom property in 2015¹

Percent of median household income required to rent a three-bedroom property in 2015¹



25%
27%



Average monthly mortgage payment for homeowners aged 25-34²

\$950
\$1,124

Average monthly rent nationwide⁴

Percent by which asking prices for homes rose from January 2014 to January 2015³

Percent by which monthly rents rose from January 2014 to January 2015³



7.5%
6.5%

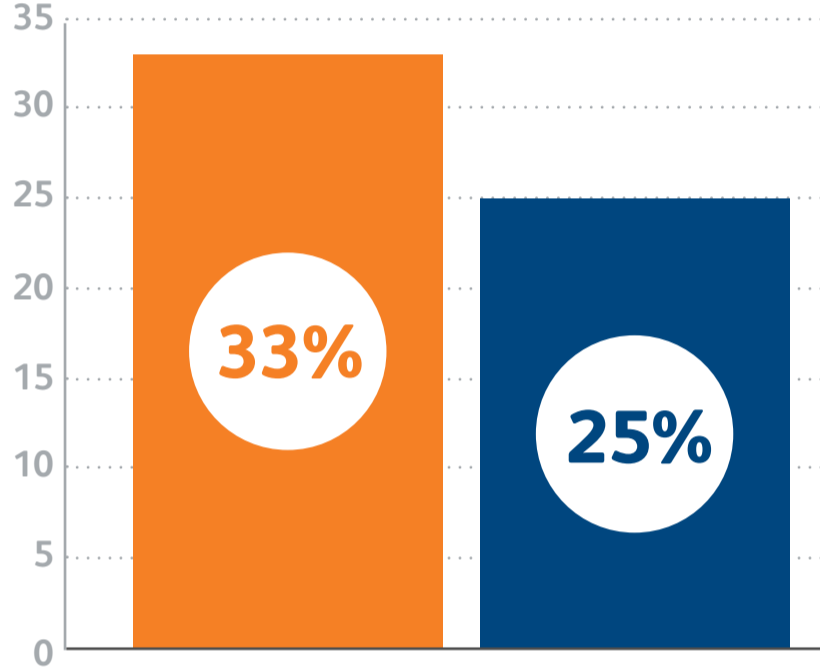


How Do Your Financials and Lifestyle Add Up?

Figure out if you're financially ready to buy a home by asking yourself these questions:

Do you have a reliable income?

- \$ The portion of yearly income the average American spends on housing⁶
- \$ The maximum amount experts recommend spending on housing⁷



Do you have an emergency fund for unforeseen home maintenance, job loss or other setbacks?

1 to 4 percent per year:

The portion of a home's purchase value experts recommend homeowners budget for maintenance and repairs⁹

Are you planning to stay put?

5 years:

The recommended length of time to stay in your home to increase your odds of profiting from a sale⁹



Can you afford a down payment of 20 percent?

\$68,660: A 20 percent down payment based on the average new home price of \$343,300⁸

If your budget doesn't allow for a 20 percent down payment, talk to your lender to learn about other down payment options.

How Do I Compare Mortgage Options?

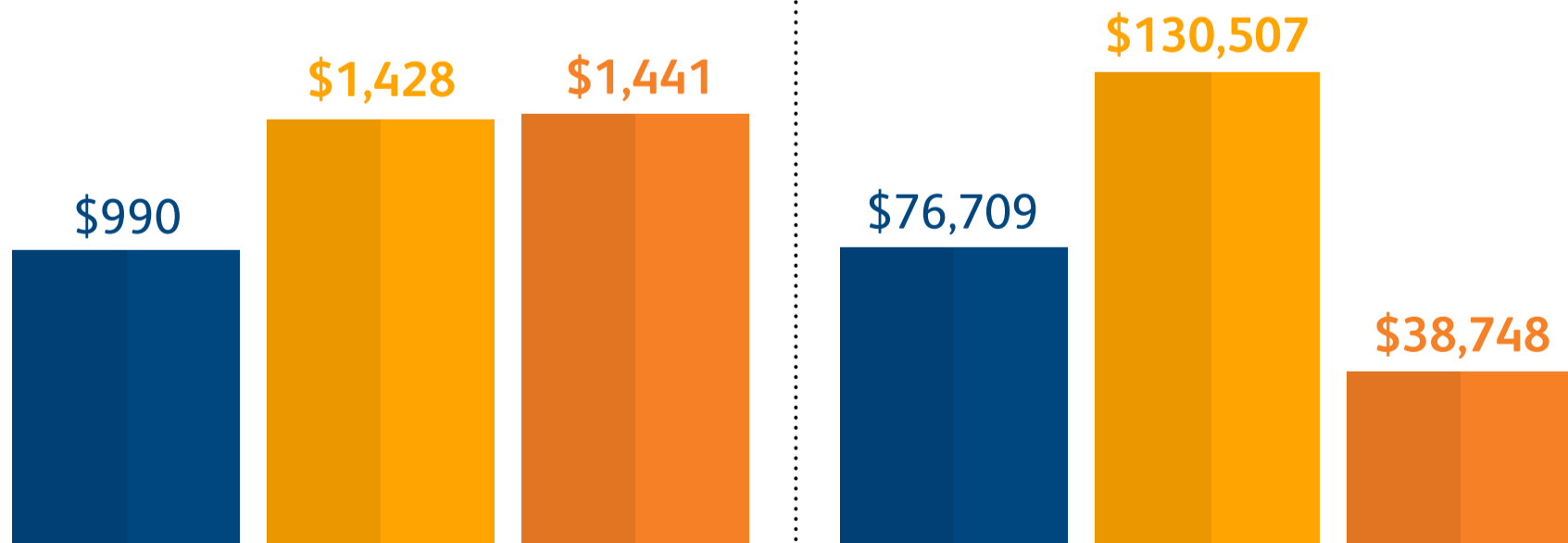
If you decide buying is right for you, run the numbers to find your best financing option and calculate your potential return on investment.

If you bought a home for \$250,000 and sold it after seven years, here's how your monthly payments and equity might look:⁵

- With a 20 percent down payment and a 30-year fixed-rate loan at 4.3 percent
- With a 20 percent down payment and a 15-year fixed-rate loan at 3.48 percent
- With a Federal Housing Administration (FHA) loan with a 3.5 percent down payment*

Monthly mortgage payment

Equity after seven years



*Down payment is only \$8,750, but there are upfront and ongoing mortgage insurance premiums

If you've crunched the numbers, built a budget and socked away enough savings, making the move to homeownership can be a solid investment in your financial future.



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