

Title:

3 Ways Tenants Lose Money

Word Count:

568

Summary:

Are you still renting a home or apartment for yourself or your family?

If so, you're losing money. Think about these three ways you lose money by renting:

1. You're paying for someone else's mortgage payment. You're missing out on the appreciation that the property gives to the landlord. Appreciation is a term used in accounting relating to the increase in value of an asset, which means in real estate terms, added value to the property. Over the past five years, houses...

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Article Body:

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If so, you're losing money. Think about these three ways you lose money by renting:

1. You're paying for someone else's mortgage payment. You're missing out on the appreciation that the property gives to the landlord. Appreciation is a term used in accounting relating to the increase in value of an asset, which means in real estate terms, added value to the property. Over the past five years, houses appreciated significantly, making many new real estate investor multimillionaires.

2. Tenants don't get to freeze their monthly housing expenses like home buyers can. Of course, many home buyers get mortgage payments with adjustable interest rates and their payments go up over time. However, these payments will not go up over the long term like rising rents. Just think about how much an apartment costs today compared to ten years ago. A two bedroom apartment in Lake Elsinore, California leases for \$1,000 today. The exact same apartment rented for \$325 in 1996, when it was brand new. Home buyers who had low monthly payments in 1996,

who did not refinance their mortgage, enjoy low payments and don't have to worry about rising rents.

3. Renters don't benefit from tax advantages. Home owners get income tax deductions. Tax deductions for interest costs, for instance, save tax payers thousands of dollars.

Emotional Satisfaction of Home Ownership

Besides losing out on making money with real estate, renters don't get the same satisfaction of home enjoyment that benefits home buyers. Many landlords won't allow you to paint your walls in colors that you desire. Also, you won't feel like fixing up the property with custom window coverings and you get little say in flooring materials. Because you can't make your personal statement, you won't feel like you're HOME as much as home owners who feel emotionally connected to their property.

How to Buy Your First Home

The biggest barrier to home ownership is often accumulating funds for a down payment. People think they have to have thousands of dollars for a down payment. However, if you have good credit and a decent job, you can get a mortgage for a home with zero down. And you can finance some of your closing costs as well as ask the seller to help you pay a good portion of your purchase costs. With today's mortgage finance plans, you may be surprised to find out how much of a home you can afford with payments similar to what you currently pay in rent.

You may have to go out of the major metropolitan areas to buy a home. That's why so many people commute in Southern California. Affordable housing costs much less in outlying areas. But so do the rents. If you're renting an apartment for \$2,300 in Los Angeles, you could buy a \$500,000 home in Wildomar. Our daughter just purchased a home in December 2005 and her mortgage payment, for a 3,000 square foot new home, costs less than \$2,300. With her tax savings, she will pay even less than renting a small apartment closer to downtown L A.

If these amounts sound high to you, check your local area. Perhaps your monthly rent is only \$1,000 and houses cost less than \$200,000. Talk to a mortgage loan officer and see how much of a home you can afford.

If you're renting, make one of your priorities to buy your own home.

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