



# TO BUY OR NOT TO BUY, THAT IS THE QUESTION

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CUSO of Hawaii Services LLC is a wholly owned subsidiary of the Aloha Pacific Federal Credit Union.

**O**wning a home is a dream come true for many people, especially in Hawaii where land is at a premium. But, is renting really so bad? The age-old question of buying versus renting continues to get more and more complicated as the market evolves. Here are some things to consider before you decide whether to buy or not to buy.\*

### IS IT THE RIGHT TIME?

First, consider whether you are financially ready to purchase a home now. Are you able to pay your bills in a timely manner with some extra change to put away for a rainy day? Or are you just scraping by to make the minimum payments and living paycheck to paycheck? Evaluate your monthly routine and see if you'll be able to commit to a monthly mortgage payment on a home.

### ZERO DOWN ANYONE?

Many lenders are offering loans with little or no down payment. This may be a good option for some people, but be very careful. Just because you qualify for the loan, doesn't mean you should jump on the fast track to buying a home. Try saving between 5 and 10 percent down payment before looking for a home. If you're able to save this money, you're probably serious enough to make the monthly mortgage payments. If you do choose a lender that requires no down payment, make sure you're able to pay the mortgage payments each and every month before going through with the deal. With little or no down payment, the payments will probably be higher than normal. Remember, the goal is to not only own your own home but to keep it as well.

### MORTGAGE INTEREST TAX DEDUCTION

One of the biggest arguments for buying instead of renting is that renters miss out on the mortgage interest tax deduction that homeowners receive. The

IRS allows homeowners to deduct the interest paid on their mortgages from their annual income when those payments exceed their standard deductions. This is usually highest during the first several years of owning a home because most of your payment will go toward paying off the interest rather than principle. This can potentially save you thousands of dollars. But, on the other hand, renters don't have interest to pay off in the first place.

### MOBILITY VERSUS STABILITY

Another thing to consider is mobility versus stability. Is it likely that you'll be transferred to another location because of your job or family? If the answer is yes, renting will give you the freedom to pick up and move fairly quickly. If you aren't going anywhere and like the area you live in, then buying a home makes sense and may be a good investment for you. If you're unsure, renting allows you to check out different neighborhoods so you can get a feel of the location, people and near-by conveniences.

### PERSONAL REWARDS

Besides the financial advantages and disadvantages, you should think about the personal rewards that come with owning a home. When you own a home, you are free to decorate everything in and around it. You don't have to worry about rent increases and are able to keep pets if you desire. If this is important to you, you may find renting difficult as it can be limiting. Many landlords don't allow you to personalize the space with new wallpaper or paint and shelving. Many apartment buildings don't allow pets, and there is also no guarantee that your rent won't increase or that you're not forced to move if the owner decides not to renew your lease.

### RENTING TO OWN IN THE FUTURE

If you find that you aren't prepared to buy a home right now, don't worry.

Although people think renting is throwing money away because the payments don't help you build equity, it could be your best strategy to save toward future home ownership. When you rent, you only pay for the use of the home. You don't need to worry about property taxes, homeowner's insurance, maintenance fees, property upkeep or any other expenses that may come up along the way. The money you save by not making these payments can be invested elsewhere. When you are ready to buy a place of your own, the money you saved could go toward your down payment.

As you can see, there are many things to consider when deciding to buy or not to buy a home. For more information, please call Vince at 539-0195.

*\* We do not offer specific tax advice so consult with your tax advisor, but we can offer information that will help to better inform your decisions.*

## HOLIDAY SCHEDULE

*The credit union will be observing the following holidays:*

**Christmas Day**  
Tuesday, December 25, 2007

**New Year's Day**  
Tuesday, January 1, 2008

**Dr. Martin Luther King, Jr. Day**  
Monday, January 21, 2008

**President's Day**  
Monday, February 18, 2008

**ALL BRANCHES WILL BE CLOSED**