I. Attention

Imagine for a moment where you all might be, or what you will be doing a couple of years from now. You’re probably finishing up at community college, or maybe at a university. But in either case, imagine where you might be living. Many of you will decide to go out and rent an apartment with your best friend, or even get a few more friends together and rent an entire house. Moving out for the first time is very exciting and brings a great sense of personal accomplishment. However, it is important for all of you to know and understand where that rent money goes every month: Right out the window, never to be seen again. Actually, it goes toward paying somebody else’s mortgage while they reap all of the benefits of home ownership. Need: Today I will be speaking about the important differences between renting and owning, and how everybody who rents can and should buy. First I will discuss how the actual living situation is better in a home that you actually own, then I will talk about some of the financial advantages of becoming a homeowner. Finally I will discuss the satisfaction one gets from taking that jump and actually making the big purchase.

II. Satisfaction

A. Now I know what you’re thinking. “Danny, what makes you think I have enough money laying around to make a down payment on something big like a house?” And you would be right, buying a home can be a huge financial obligation. However, with some of the loan programs out there today, you can get into a home with just 3% down, or in some cases nothing at all! Through Ameridream’s low income assistance and Bank of America’s Acorn programs I was able to get into my first home with only $1,000 out of my pocket.

B. When you pay rent you are throwing your money away because you are basically paying someone else’s mortgage for them. And I know what you might be thinking: “How can making a mortgage payment be any different when you are just making a payment every month to the bank instead of the landlord?” Well, there’s a huge difference. Many of you I’m sure have at least heard the term equity. Simply put, equity is how much your home is worth; subtract what you still owe on your mortgage. If your home is worth $200,000, and you owe $150,000, then you have $50,000 equity in your home. So what does that have to do with paying the bank? Every month when you make your mortgage payment you are building equity by paying down your loan.

C. In an article called “What Are the Pros and Cons of Owning a Home?” on militarymoney.com, which is a website published by InCharge Institute of America, Inc., hired by the US Department of Defense, a major advantage of owning a home are the tax advantages. You can deduct from your federal income tax the total amount of interest you’ve paid as well as the entire amount of property tax bill! In the first few years of your mortgage, most of your payments go toward the interest of your loan, so this deduction can be very substantial saving you money in the long term.
Transition: Now that you know some of the financial advantages you gain from purchasing a home, I will discuss what life can be like living in your own home.

A. According to Janet Wickell of About.com (owned by the New York Times), who is a co-owner and full time broker of a real estate agency in the Blue Ridge Mountains of Western North Carolina, one of the most important parts of being a homeowner is the fact that “you’re in control.” Think about it. When you are a renter, there is always somebody that you have to answer to. In a house, it is your landlord. In an apartment, it is the property manager. But in your own home, it’s you! You can make any change you want whether it be big or small. Is it too cold in the winter? Add a fireplace. Don’t like how that room looks? Paint it any color you want.

B. For many renters, pets are simply not an option. I know in one apartment I was renting, the pet deposit was $400! And on top of that it was nonrefundable! As a homeowner, it is your call whether or not to have pets in your house.

C. Most of all, you can really make something that you bought your own. Don’t worry about putting that nail in the wall for your family picture because it’s your house. You never have to worry about when your “lease” might be up and you have to face that cleaning inspection from the property manager. When you are the owner, only you can let someone into your home for an inspection.

Transition: With a strong understanding of what owning a home has to offer, it’s easy to picture how you might feel when you decide to buy.

III. Visualization

You meet with the escrow representative and sign all of the papers. Your real estate agent contacts you on your cell phone to set a time to meet. He hands you the key, such a small thing, and you know at that point your very first home is all yours. There are really no words to describe that first time you turn the key and step into what is your house. You may have had some improvement ideas before, but now you start planning where your furniture will go in your living room, and what meal you will cook first in your new kitchen.

Studies have even been done on this very subject. “The effects of homeownership on self-esteem” is an article published in the Journal of the American Planning Association regarding a study of 171 home buyers. Responses to the questions that asked directly about the effects of homeownership indicate that a large proportion of the homeowners surveyed did credit homeownership with increasing their self-esteem, perceived control and life satisfaction. Over 85% said that owning a home has made them feel better about themselves, and 89% said that it has had a positive impact on their lives as a whole.
VI. Action

One of the best things about being a homeowner is this: Once a homeowner, always a homeowner. Once you have outgrown your first home, or simply want to try something new, you will have enough equity to sell for a profit and put a down payment on something nicer. Or better yet you could buy something new and have someone rent from you, and have them pay your mortgage! It sounds like quite a commitment, but the sooner you can save enough for the down payment the better. It may seem like a far-off decision, but it is closer than you think. So go ahead and rent that apartment with your friends for that first year or two. I certainly did, and hey, it’s a good way to build up your credit. But always remember where that rent money is going, and may that motivate you to someday own a home for yourself.

Works Cited

