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To Rent Out or Sell Your Home in a Declining Economy?

With the declining housing market, many homeowner's have been faced with a not so easy decision. While most people have decided not to sell their homes until the market comes back, for some owners that have to relocate for work or family reasons, waiting to sell their house is not an option. For homeowners that have to relocate, the decision of whether to sell for below market value or hold onto the property and rent it out, now becomes a decision they have to face.

So how do you decide what is best for you? For most homeowners, carrying two mortgages is not an option. Every homeowner will have to make a decision based on their own situation, but here are some key factors that will help guide you through the decision process.

1. Value of your home- Some parts of the country haven't been hit as bad as others, so the value of your home will play heavily on your decision. If the market has dropped significantly in your area, than holding on to the property may be the best option. With time, property values will go back up so holding on to it will only increase the chances of getting money back.

2. Monthly mortgage payment- If you decide that renting it out is an option to consider, than you the next step would be based on how much you still owe on your house. By doing a little research or talking to a real estate agent you can figure out what comparable houses are renting for in your area. If you find out that the average rental rate is lower than your currently monthly payment the decision to rental would not have to include how much you could afford to cover each month above the rental income.

3. Location, location- This is a big factor when selling your house and it is also a big factor when trying to rent your house. While a house in the suburbs may be appealing for someone buying the house, someone renting a house will most likely want to be closer to conveniences.

4. Rent or Rent to Own?- with the amount of foreclosures in the past two years, mortgage companies have tightened their requirements for a loan. With that in mind, many potential buyers are looking for some seller financing. Renting to own might be an option for covering the mortgage while the potential buyer builds up enough credit to purchase your home. This is a way to avoid turnover in tenants and get steady income to cover your mortgage.

So if you are faced with the decision of whether to sell your home or start renting it out, take these factors into consideration. Renting out your home may be the ideal solution to your relocating dilemma.

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