

Rent versus Owning



Cost of renting over a 5 year period. (3% inflation)

Year 1	1500 X 12 Month	= \$18,000
Year 2	1545 X 12 Month	= \$18,540
Year 3	1591 X 12 Month	= \$19,092
Year 4	1639 X 12 Month	= \$19,668
Year 5	1688 X 12 Month	= \$20,256

Total = \$95,556

Sample Conventional Mortgage 30 Year Fixed

Purchase Price	\$300,000
Down Payment	\$15,000
Base Loan	\$285,000

Total Mortgage \$285,000

Principal and interest 5.25% APR 5.577%	\$1,574
Monthly Mortgage Insurance	\$78
Home Owner's Insurance	\$150
Property taxes	\$325

Total P.I.T.I. \$2,127

Sample Mortgage based on Rates as of 11/5/2018 assuming a mid credit score of 760



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Funds for Closing

Down Payment	\$15,000
Closing Costs	\$5,045
Prepaid Items	\$3,960
Total Cost	\$24,005

Seller Contributions (up to 3%)	-\$9,000
Your Out-of-Pocket Cost	\$15,005

Estimated Monthly Income Required \$5,000
Estimated Annual Income Required \$60,000

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Renting?



Property Appreciation 3%

Year 1	\$300,000
Year 2	\$309,000
Year 3	\$318,270
Year 4	\$327,818
Year 5	\$337,652

Equity After Five Years

Value after five years	\$337,652
Mortgage Balance	\$262,626
Equity	\$75,026

Initial Investment	-\$15,005
Maintenance (est. \$300/month)	-\$18,000

Owning Net Equity	\$42,021
Value of Renting	\$0



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Advantages of Home Ownership

- More Space
- Privacy
- Freedom/Flexibility
- Security and Stability
- Tax deductions *(Consult your tax professional)*
- Pride of ownership
- Building equity
- You will eventually be mortgage free and only have to pay taxes, insurance and association dues, if you are in an association.



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