

RENTING *vs* BUYING

There's more to it than just comparing the dollar cost of payments.

\$200,000 RENTAL

\$1,250.00 ←

Top Line Cost
of a Roof Over
Your Head

BENEFITS

\$1,250.00 ←

Bottom Line
Cost

\$200,000 PURCHASE

→ \$1,231.00

\$255.00	\$213.00
Principal	Tax
Reduction	Benefit

\$531.00

Appreciation at 3% per year

→ \$232.00

EVEN WITH NUMBERS LIKE THESE, SOME STILL SAY RENTING IS BETTER:

MYTH

“Investing in a home is riskier than renting.”

No risk, no reward. Besides, even studies conducted by the Federal Reserve show that owning can provide a net worth that is from several hundreds of times higher than that of renters.

MYTH

“Home values have dropped in recent years.”

Which is one reason why ownership may now be less expensive than renting. As well, recent price trends in many areas have reversed, and values are once again on the rise.

Factors used: \$200,000 purchase price, 20% down, \$160,000 30 yr. fixed loan at 4%/4.25% APR. Principal & Interest payment = \$763.86, taxes = \$250/Mo. (1.5% of value), insurance = \$50/mo. and maintenance = \$168/Mo. (1% value). Tax deductibility at 28% Tax savings, principal paid and appreciation averaged over a 5-year period. Always

MYTH

“The tax deductions aren't worth it”

Some people benefit from claiming deductions for mortgage interest and real estate taxes. Others find a standard deduction more valuable. Even if you exclude the tax benefit, the real cost of owning can still be less than renting.

MYTH

Equity for you or your landlord?

With more or less equal payments, owning will always have an advantage in that you're paying down principal and accumulating equity in your own home rather than the landlord's.

consult with your tax advisor for tax advice specific to your situation. This is not a Good Faith Estimate nor an offer to lend. Rates, prices, taxes, insurance, etc., are subject to change at any time. APR calculations are based on closing costs of 3% of loan amount. Actual fees can be less.



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