



Rent Versus Buy Analysis

Should I Buy or Should I Rent?

Prepared For:

Dan & Dana

Rent Information

Current/Projected Monthly Rent	\$1,500
Renter's Insurance (monthly)	\$15
Annual Rent Increase (estimate)	3%

Home Purchase Information

Value Of Home Being Considered:	\$208,000
Estimated Yearly Home Maintenance:	\$600
Estimated Annual Home Appreciation:	3%

Financial Information

Down Payment on Home:	\$10,400	Estimated Years Before You Sell:	10
Proposed Mortgage Loan Amount:	\$208,000	Estimated Future Costs To Sell Home:	7%
Proposed Mortgage Interest Rate:	5.625%	Current Rate on Your Savings Accounts:	3%
Loan Term In Years:	30	Your Current Income Tax Rate:	28%
Monthly Mortgage Payment (PITI):	\$1,783	Estimated Closing Costs on Home:	\$1,800

Analysis After 10 Years of Renting vs. Owning a Home

Rent Analysis

Total Rent & Insurance Paid	\$ 208,413
Less Lost Interest Earned On Savings	\$ (3,417)
Net Cost To Rent During Period	<u>\$ 204,996</u>

Home Ownership Analysis

Total Mortgage Payments Paid <small>(including principal & interest, taxes, & insurance)</small>	\$ 201,858
Total Maintenance	\$ 6,000
Less Tax Savings	\$ (13,866)
Total Investment In Home Ownership	<u>\$ 193,992</u>

Home Sale Analysis

Home Value After 10 Years	\$ 279,535
Subtract Remaining Mortgage Balance	\$ (163,677)
Less Selling Costs (Realtor Commission, e	\$ (19,567)
Net Profit From Sale	<u>\$ 96,291</u>

<small>(True Economics Of Home Ownership)</small>	
Total Investment In Home Ownership	\$ 193,992
Less Profit From Sale	\$ (96,291)
True Cost Of Owning This Home	<u>\$ 97,701</u>

The Results
(After 10 Years)

Total Cost To Rent	\$204,996
Total Cost To Own	<u>\$97,701</u>

Net Benefit of Purchasing a Home \$107,295

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A positive/negative Home Purchase Benefit indicates the financial advantage/disadvantage of owning your own home. Various intangible factors can be analyzed in this decision such as pride of ownership, improved lifestyle, etc... Not all calculated values are displayed. Home appreciation and rent increase values are estimates, and will vary by area and by market conditions.