

THE ADVANTAGES OF HOME OWNERSHIP VS. RENTING

There are two main advantages to home ownership.

- 1.) FINANCIAL
- 2.) PERSONAL

The FINANCIAL ADVANTAGES of home ownership are derived from the fact that your home becomes an asset that can provide you with financial growth. This growth can increase your net worth and is derived from:

APPRECIATION (INCREASE) IN VALUE.
TAX SAVINGS.
REDUCTION IN PRINCIPAL

EXAMPLE OF THE FINANCIAL ADVANTAGES OF HOME OWNERSHIP-FIVE YEARS ASSUMPTIONS:

CURRENT RENT:	\$450
PURCHASE PRICE:	\$85,000
REAL ESTATE TAXES:	\$2,000
HOME INSURANCE:	\$200
ANNUAL MAINTENANCE:	\$1,200
INTEREST RATE:	10.50%
AMORTIZATION:	30 YEARS
TAX BRACKET:	20.00%
HOUSEHOLD INCOME:	\$30,000
AMOUNT FINANCED:	\$88,000
PRIN & INT MO.:	\$804.97
MONTHLY PAYMENT:	\$1,008.30
RENTAL INCOME:	\$450
ANNUAL APPRECIATION:	6.00%

THE RESULT OF RENTING FOR FIVE YEARS: YOU SPEND \$27,000

THE RESULT OF OWNING FOR FIVE YEARS: YOU SPEND \$38,298

HOWEVER, YOU DERIVE THE FOLLOWING BENEFITS:

TAX SAVINGS:	\$11,111
PRINCIPAL REDUCTION:	\$2,744
APPRECIATION IN VALUE:	\$28,749

SO WHAT YOU REALLY SPEND BY OWNING IS: (\$4,306)

SO YOU ARE AHEAD BY: \$31,306