

RENT VS. BUY ECONOMICS

Purchase				
Interest Rate	4.88%	5.25%	4.88%	5.25%
Purchase price	\$ 300,000	\$ 300,000	\$ 400,000	\$ 400,000
% Down Payment	10%	20%	10%	20%
Down Payment Amount	\$ 30,000	\$ 60,000	\$ 40,000	\$ 80,000
Mortgage Amount	\$ 270,000	\$ 240,000	\$ 360,000	\$ 320,000
Monthly interest Expense	\$ 1,097	\$ 1,050	\$ 1,463	\$ 1,400
<i>Monthly Principal & Interest based on 30 YR Fixed Mortgage</i>	\$ 1,429	\$ 1,270	\$ 1,905	\$ 1,693
Monthly				
Monthly Principal & Interest Payment	\$ 1,429	\$ 1,270	\$ 1,905	\$ 1,693
Taxes - Estimated	\$ 418	\$ 418	\$ 557	\$ 557
Common Charges - Estimated	\$ 241	\$ 241	\$ 321	\$ 321
PMI - Estimated (Private Mortgage Insurance required when putting less than 20% down)	\$ 176	\$ -	\$ 235	\$ -
Insurance - Estimated	\$ 50	\$ 50	\$ 67	\$ 67
<i>Total Monthly Payment</i>	\$ 2,313	\$ 1,979	\$ 3,084	\$ 2,638
Annual After-Tax Costs of Ownership				
Deductible Interest Expense	\$ 13,164	\$ 12,600	\$ 17,556	\$ 16,800
Deductible PMI Expense	\$ 2,112	\$ -	\$ 2,816	\$ -
Deductible Real Estate Taxes	\$ 5,010	\$ 5,010	\$ 6,680	\$ 6,680
Total Deductibles	\$ 20,286	\$ 17,610	\$ 27,052	\$ 23,480
Possible Tax Savings @ 25% Tax Bracket (Total Deductibles X 25%)	\$ 5,072	\$ 4,403	\$ 6,763	\$ 5,870
Total Annual Payments = Total Monthly Payment from above X 12	\$ 27,760	\$ 23,743	\$ 37,014	\$ 31,658
Minus Possible Tax Savings @ 25% Tax Bracket from above	\$ 5,072	\$ 4,403	\$ 6,763	\$ 5,870
<i>Annual After-Tax costs of Ownership</i>	\$ 22,689	\$ 19,341	\$ 30,251	\$ 25,788
Actual Cost of Ownership				
<i>After-Tax Monthly Cost of Ownership:</i>	\$ 1,891	\$ 1,612	\$ 2,521	\$ 2,149

Please note: Above figures are for example only. Actual figures are dependent upon a variety of factors. Above figures exclude possible appreciation/depreciation resulting from ownership. It is recommended that all financial and tax questions be directed to your mortgage broker and financial advisor.