

# rent vs. buy

WHY PAY RENT WHEN YOU COULD BUILD EQUITY IN A HOME.

Have you ever considered how much you pay in rent over an extended period of time? It is probably a lot more than you realize. The amount you spend for rent each month could be applied to a mortgage, not only building equity in your own property, but—in most cases—substantially reducing the Federal and State income taxes you pay each year. And what happens to your rent money? It's gone! There's no interest, no equity, no return.

Interest rates are still low, and you may be surprised at what you can afford. To determine your home-buying ability, call your real estate agent or lender. The consultation is free—no strings attached—so make the call today!

## rent : YOUR "INVESTMENT" AND RETURN

MONTHLY PAYMENT	AFTER 1 YEAR	AFTER 3 YEARS	AFTER 5 YEARS	AFTER 10 YEARS	AFTER 15 YEARS	YOUR RETURN
\$ 400	4,800	14,400	24,000	48,000	72,000	\$ 0
\$ 500	6,000	18,000	30,000	60,000	90,000	\$ 0
\$ 600	7,200	21,600	36,000	72,000	108,000	\$ 0
\$ 700	8,400	25,200	42,000	84,000	126,000	\$ 0
\$ 800	9,600	28,800	48,000	96,000	144,000	\$ 0
\$ 900	10,800	32,400	54,000	108,000	162,000	\$ 0
\$ 1,000	12,000	36,000	60,000	120,000	180,000	\$ 0
\$ 1,100	13,200	39,600	66,000	132,000	198,000	\$ 0
\$ 1,200	14,400	43,200	72,000	144,000	216,000	\$ 0
\$ 1,300	15,600	46,800	78,000	156,000	234,000	\$ 0
\$ 1,400	16,800	50,400	84,000	168,000	252,000	\$ 0
\$ 1,500	18,000	54,000	90,000	180,000	270,000	\$ 0
\$ 1,750	21,000	63,000	105,000	210,000	315,000	\$ 0
\$ 2,000	24,000	72,000	120,000	240,000	360,000	\$ 0
\$ 2,500	30,000	90,000	150,000	300,000	450,000	\$ 0

**MORTGAGE PAYMENT**

**PRINCIPAL & INTEREST**

**30-YEAR LOAN**

**INTEREST RATE**

<b>LOAN AMOUNT</b>	<b>5%</b>	<b>5.5%</b>	<b>6%</b>	<b>6.5%</b>	<b>7%</b>	<b>7.5%</b>	<b>8%</b>	<b>8.5%</b>	<b>9%</b>
<b>\$80,000</b>	429	454	480	506	532	559	587	615	644
<b>\$90,000</b>	483	511	540	569	599	629	660	692	724
<b>\$100,000</b>	537	568	600	632	665	699	734	769	805
<b>\$120,000</b>	644	681	729	758	798	839	881	923	966
<b>\$140,000</b>	752	795	839	885	931	978	1027	1076	1126
<b>\$160,000</b>	859	908	959	1011	1064	1118	1174	1230	1287
<b>\$180,000</b>	966	1022	1079	1138	1198	1258	1321	1384	1448
<b>\$200,000</b>	1074	1136	1199	1264	1331	1398	1468	1538	1609
<b>\$220,000</b>	1181	1249	1319	1391	1464	1538	1614	1692	1770
<b>\$240,000</b>	1288	1363	1439	1517	1597	1678	1761	1845	1931
<b>\$260,000</b>	1396	1476	1559	1643	1730	1818	1908	1999	2092
<b>\$280,000</b>	1503	1590	1679	1770	1863	1958	2055	2153	2253
<b>\$300,000</b>	1610	1703	1799	1896	1996	2098	2201	2307	2414
<b>\$400,000</b>	2147	2271	2398	2528	2661	2797	2935	3076	3218
<b>\$500,000</b>	2684	2839	2998	3160	3327	3496	3669	3845	4023
<b>\$600,000</b>	3221	3407	3597	3792	3992	4195	4403	4613	4828
<b>\$700,000</b>	3758	3975	4197	4424	4657	4895	5136	5382	5632

**HOW MUCH HOME YOU CAN AFFORD?**

**THIS FORMULA IS ONLY A GUIDE AND NOT TO BE CONSTRUED AS ACTUAL LENDING CALCULATIONS.** Contact your loan officer to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

MONTHLY PAYMENTS ON ACCOUNTS, AUTO, CREDIT CARD, LOANS

+ \_\_\_\_\_

+ \_\_\_\_\_

+ \_\_\_\_\_

+ \_\_\_\_\_

+ \_\_\_\_\_

= TOTAL MONTHLY DEBT (A)

GROSS MONTHLY INCOME BEFORE TAXES (B): \_\_\_\_\_

\_\_\_\_\_ x .36

= ALLOWABLE TOTAL MONTHLY DEBT (C)

MONTHLY ALLOWABLE TOTAL DEBT (C) \_\_\_\_\_

MINUS MONTHLY DEBT - (A) \_\_\_\_\_

= MONTHLY ALLOWABLE PITI (D) \_\_\_\_\_

LESS 20% FOR TAXES & INSURANCE) \_\_\_\_\_ x .80

= ALLOWABLE PRINCIPAL/INTEREST ONLY (E) \_\_\_\_\_

GROSS MONTHLY INCOME (B) \_\_\_\_\_

\_\_\_\_\_ x .28

= MONTHLY ALLOWABLE PITI (F) \_\_\_\_\_

(LESS 20% FOR TAXES & INSURANCE) \_\_\_\_\_ x .80

= ALLOWABLE PRINCIPAL/INTEREST ONLY (G) \_\_\_\_\_

PAYMENT: ENTER LESSER OF (E) OR (G) (H) \_\_\_\_\_

USING CHART ABOVE, FIND CURRENT INTEREST RATE. LOCATE PAYMENT AMOUNT IN THAT COLUMN CLOSE TO YOUR PRINCIPAL AND INTEREST (H). FIND LOAN AMOUNT TO THE LEFT AND ENTER HERE.

LOAN AMOUNT FOR 20% DOWN \_\_\_\_\_ ÷ .80

= HOME PRICE \_\_\_\_\_

LOAN AMOUNT FOR 10% DOWN \_\_\_\_\_ ÷ .90

= HOME PRICE \_\_\_\_\_