



13355 10th Avenue N Plymouth, MN 55441  
 Tel (612) 701-6816 pboyle@summit-mortgage.com  
 Fax (952) 314-4763 www.peterboylehomeloans.com

# RENT VS OWN

Prepared by Peter Boyle  
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Prepared For: **Frank First Time Buyer**  
 123 Low Down Payment Ave Central, MN 00000

## MONTHLY HOME OWNERSHIP ANALYSIS

MONTHLY ANALYSIS	Rent	Ownership	
	Payment	\$1,200	\$931
	Taxes, Insurance & Other	\$30	\$391
	Total Payment	\$1,230	\$1,323
	Tax Benefit	\$0	\$255
	Principal Paid	\$0	\$225
	<b>Net Monthly Payment</b>	<b>\$1,230</b>	<b>\$843</b>

  

Rent Assumptions	Ownership Assumptions
Rental Increase/yr: 2.000 %	Appreciation: 2.000 %
	Tax Bracket: 25.000 %
	Purchase Price: \$185,000
	Interest Rate: 4.750 %
	APR: 4.750 %
	Down Payment: \$6,475
	Closing Costs: \$0
	Total Cash to Close: \$6,475

This analysis was designed to display the benefit opportunity of homeownership. The rent column shows the amount of rent you are currently paying and the homeownership column reflects the proposed purchase of a new home.

**Net Cost of Home Ownership is \$843/mo.** The net monthly cost number reflects the actual cost of owning after considering the tax deduction and backing out the principal portion of your payment.

## OWNERSHIP ANALYSIS

60 MONTHS ANALYSIS	Rent	Ownership	
	Total Payment	\$76,738	\$79,365
	Principal Paid	\$0	\$15,178
	Tax Benefit	\$0	\$14,871
	<b>Net Cost</b>	<b>\$76,738</b>	<b>\$49,316</b>
	Real Estate Value	\$0	\$204,255
	Loan Balance	\$0	\$163,347
<b>Total Equity</b>	<b>\$0</b>	<b>\$40,908</b>	

  

120 MONTHS ANALYSIS	Rent	Ownership	
	Total Payment	\$161,276	\$158,730
	Principal Paid	\$0	\$34,415
	Tax Benefit	\$0	\$28,481
	<b>Net Cost</b>	<b>\$161,276</b>	<b>\$95,833</b>
	Real Estate Value	\$0	\$225,514
	Loan Balance	\$0	\$144,110
<b>Total Equity</b>	<b>\$0</b>	<b>\$81,404</b>	

  

OVERALL	Rent	Ownership	
	Total Investment in 60 Months	\$17,595	\$0
	Total Investment in 120 Months	\$32,593	\$0
	<b>Total NetWorth in 120 Months</b>	<b>\$32,593</b>	<b>\$81,404</b>

  

BENEFITS	BENEFITS
By 10 yrs, Your asset account is \$32,593.	By 10 yrs, your home's equity is \$81,404. Your asset account is \$0. Your TOTAL NET WORTH will reach \$81,404.

The benefits of homeownership can be seen over time. The tables in this analysis reflect the cost savings as well as the equity you will build based on principal reduction and appreciation rates of your property.

Rent Investment Assumptions	
Opening Balance:	\$6,475
Monthly Amount:	\$127
Return Average:	6.000 %

Ownership Investment Assumptions	
Opening Balance:	\$0
Monthly Amount:	\$0
Return Average:	4.000 %

**After 120 months, you will be \$48,811 wealthier as a homeowner.**

