

Rent vs Buy Estimate* after 5 Years

BUY HOME	
Purchase Price	\$600,000
Down Payment 20%	\$120,000
Closing Costs	7%
Interest Rate	7%
HOA Fee	\$400 per Month
Home Appreciation/Year	3%
Payment Per Month	\$4,302

RENT HOME	
Monthly Rent	\$3,200
Yearly Increase	3%
HOA Fee	0
Maintenance Costs	0
Property Tax	0
Renters Insurance/Year	\$240
Payment Per Month	\$3,220

LEASING IS \$1,082 LESS THAN BUYING PER MONTH

BUY HOME									
Year	Down Payment	Closing Costs	Property Tax	Insurance	HOA	Interest	Principal	Maintenance	Total Cash Spent
1	120,000	24,000	5,500	1,200	4,800	30,672	4,456	5,000	195,628
2			5,610	1,260	4,848	33,123	5,198	5,000	55,039
3			5,722	1,323	4,896	32,748	5,574	5,000	55,263
4			5,837	1,389	4,945	32,345	5,977	5,000	55,493
5			5,953	1,459	4,995	31,913	6,409	5,000	55,728
Grand Total	120,000	24,000	28,622	6,631	24,485	160,800	27,614	25,000	417,151

HOME SALE AFTER YEAR 5	
Sale Price of Home	675,305
Less: Mortgage	(452,386)
Less: Closing Costs	(47,271)
Less: Get Ready to Sell	(20,000)
Cash after Home Sale	155,648

RENT HOME				
Year	Rent	Rental Insurance	Total Monthly Payment	Rent + Insurance
1	38,400	240	3,220	38,640
2	39,552	247	3,317	39,799
3	40,739	255	3,416	40,993
4	41,961	262	3,519	42,223
5	43,220	270	3,624	43,490
Grand Total	203,871	1,274	17,095	205,145

Year	Excess Cash Investment Balance
1	169,806
2	200,117
3	231,813
4	264,973
5	299,680

SUMMARY: OWN VS LEASE									
BUY/OWN						LEASE ADVANTAGE			
Effective Monthly Payment	Cash Spent	Get Ready Cost	Net Spent to Own for 5 Years	Cash after Home Sale	Net Cost of Ownership after 5 Years	Net Cost of Leasing	Difference to Lease than to Buy	Incl. Investment Return*	
Payment 2,927	417,151	20,000	437,151	155,648	281,504	203,871	77,633	109,179	
Escrow 558									
HOA 400									
Maintenance 417									
4,302									

*This analysis includes assumptions and opinions and should not be considered factual or likely outcomes. Actual outcomes will be different. Please consult your own professional for advice, analysis and recommendations.