

This report will allow you to analyze the benefit of homeownership versus the cost of renting.



# Tim Storm

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# Rent Vs. Own }

This report will allow you to analyze the benefit of homeownership versus the cost of renting.

- 1 **Summary** – This section summarizes the numbers and the assumptions to determine the net monthly cost of home ownership vs. the cost of renting. The cost of ownership is determined by backing out the assumed tax benefits and the principle portion of the payment.
- 2 **Assumptions** – This section shows the assumptions; purchase price, down payment, interest rate and home appreciation rate used to build this analysis.
- 3 **Ownership Analysis** – This section illustrates the benefits of homeownership over time and its possible impact on net worth. With the assumptions made, this analysis will demonstrate the total net cost of homeownership over time, along with the assumed equity growth in the property.
- 4 **Asset Accumulation** – This section analyzes the opportunity for building net worth by investing large sums or contributing monthly to an investment account.
- 5 **Benefits** – This section summarizes the figures showing the big picture opportunity for growing net worth through homeownership. It shows an “apples to apples” comparison of renters “sitting on their nest egg” vs. owning a home. The estimated net worth gain realized is computed by combining the equity built up in the home with any monthly investment growth.

Prepared by  
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Date prepared  
4/29/2005

**FOLLOW THESE 3 SIMPLE STEPS:**

1. SUMMARY displays a comparison showing your total monthly rent vs a breakdown of a proposed mortgage plan
2. Review and compare the benefits of homeownership over time
3. ASSET ACCUMULATION shows how you can invest x amount of money for your future to increase your net worth

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**Rent Vs Own**

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Summary		Rent		Homeownership	
<i>This summary table displays the benefit opportunity of homeownership. The rent column displays the amount you are currently paying in rent. The buy column reflects the cost and benefits of homeownership.</i>		Rent	\$1,500	P&I	\$1,428
		Insurance/Other	\$26	Taxes/Insurance/HOA	\$315
		<b>Total Rent</b>	<b>\$1,526</b>	<b>Total PITI</b>	<b>\$1,742</b>
				Tax Benefits	\$484
				Principal Paid	\$280
		<b>Net Monthly Cost</b>	<b>\$1,526</b>	<b>Net Monthly Cost</b>	<b>\$997</b>
Assumptions		Assumptions		Assumptions	
Rental Increase/Yr		3%	Appreciation	3%	
			Tax Bracket	33%	
			Purchase Price	\$250,000	
			Interest Rate	6.125%	
			APR	6.338%	
			Down Payment	\$75,000	
			Closing Costs	\$5,100	
			Total Cash to Close	\$30,100	

  

Ownership Analysis		Rent		Homeownership	
<i>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 principle reduction and appreciation rates of your property.</i>		Total Payment	\$56,536	Total PITI	\$82,698
		Principal Paid	\$0	Principal Paid	\$11,042
		Tax Benefit	\$0	Tax Benefit	\$19,393
		<b>Net Cost</b>	<b>\$56,536</b>	<b>Net Cost</b>	<b>\$35,263</b>
		Real Estate Value	\$0	Real Estate Value	\$273,182
		Loan Balance	\$0	Loan Balance	\$213,958
		<b>Total Home Equity</b>	<b>\$0</b>	<b>Total Home Equity</b>	<b>\$59,224</b>

Months: 36

  

Ownership Analysis		Rent		Homeownership	
<i>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 principle reduction and appreciation rates of your property.</i>		Total Payment	\$97,064	Total PITI	\$104,496
		Principal Paid	\$0	Principal Paid	\$19,604
		Tax Benefit	\$0	Tax Benefit	\$28,625
		<b>Net Cost</b>	<b>\$97,064</b>	<b>Net Cost</b>	<b>\$57,967</b>
		Real Estate Value	\$0	Real Estate Value	\$289,819
		Loan Balance	\$0	Loan Balance	\$205,398
		<b>Total Home Equity</b>	<b>\$0</b>	<b>Total Home Equity</b>	<b>\$84,422</b>

Months: 60

  

Asset Accumulation		Investment		Investment	
<i>The benefits displayed in asset accumulation show how investing monthly can increase your net worth.</i>		Opening Balance	\$30,000	Opening Balance	\$464
		Monthly Amount	\$0	Monthly Amount	\$464
		Return Avg.	8.0000%	Return Avg.	8.0000%
		<b>Years</b>	<b>Amount</b>	<b>Years</b>	<b>Amount</b>
		3 yrs	\$38,107	3 yrs	\$19,398
		5 yrs	\$44,695	5 yrs	\$34,785
		<b>Benefits</b>		<b>Benefits</b>	
		By 5 yrs, your TOTAL NET WORTH will reach \$44,695.		By 5 yrs, your home's equity is \$84,422. Your asset account is \$34,785. Your TOTAL NET WORTH will reach \$119,207.	

NOTICE AND DISCLAIMER: The results above are based on (i) information provided by you, (ii) estimates of interest rates, your ability to save, your tax bracket, closing or other amounts, (iii) currently available loan programs and (iv) information and assumptions discussed with your loan officer/broker advisor, all of which might change over time. If the information or assumptions are not correct or change, then the results above will change. Your loan officer/broker will provide additional information about costs, and other information required by law.

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