

YOUR PATH TO HOMEOWNERSHIP

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Buying versus Renting

There are many advantages to buying a home versus renting one. View these advantages in the [Buy vs. Rent Comparison Chart](#), or view a financial comparison of buying versus renting in the [Buy vs. Rent Calculator](#).

Your income, savings, and monthly expenses play an important role in determining how large a mortgage you can afford. To figure out the amount you can afford, please click [Affordability](#).

Savings: Buying

In many cases, the amount of money a renter spends on rent can be about the same as or less than the amount a homeowner spends on a mortgage. With the tax benefit for homeowners, the savings can be significant.

Buy vs. Rent Comparison

The chart below shows a cost comparison for a renter and a homeowner over a seven year period.

- The renter starts out paying \$800 per month with annual increases of 5%
- The homeowner purchases a home for \$110,000 and pays a monthly mortgage of \$1,000
- After **6** years, the **homeowner's payment** is **lower** than the renter's monthly payment
- With the tax savings of homeownership, the **homeowner's payment** is **less** than the rental payment after **3** years

| Years | Rent Payment | Mortgage Payment | Monthly Difference | After Tax Savings | Yearly Difference | After Tax Savings |
|-------|--------------|------------------|--------------------|-------------------|-------------------|-------------------|
| 1 | 800 | 1000 | -200 | -50 | -2400 | -600 |
| 2 | 840 | 1000 | -160 | -10 | -1920 | -120 |
| 3 | 882 | 1000 | -118 | +32 | -1416 | +384 |
| 4 | 926 | 1000 | -74 | +76 | -888 | +912 |
| 5 | 972 | 1000 | -28 | +122 | -336 | +1464 |
| 6 | 1021 | 1000 | +21 | +171 | +252 | +2052 |
| 7 | 1072 | 1000 | +72 | +222 | +864 | +2664 |

Monthly Expenses: Buying

Your rental company takes part of your rent payment to cover certain housing expenses. When you decide to purchase a home, you accept responsibility for paying for these expenses (listed below). They are additional costs to your monthly mortgage payment and should be included in your budget estimates:

- **Property Taxes and Special Assessments**
- **Home/Hazard Insurance**
- **Utilities**
- **Maintenance**
- **Home Owner Association (HOA) Fee:** Doesn't apply to all purchases. It pays for trash and snow removal and maintenance of common grounds if applicable.
- **Membership Fee:** It may pay for recreational facilities and other services (cable TV).

Additional Information on Buy vs. Rent

[Buy vs. Rent Comparison Chart](#)

[Buy vs. Rent Calculator](#)

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