



# Buying vs. Renting

If you are one of the many families who now rent because they believe home ownership is beyond their budget, you may be in for a surprise. Owning a home is not as expensive as many people think.

### INCOME TAX BENEFITS

Under current law, all interest paid on a mortgage incurred in buying a home is deductible for tax purposes.

### EQUITY BUILD-UP

Once you have made rental payments they are gone. However, with each mortgage payment, you are buying something tangible, building up your equity.

### PAYBACK ON IMPROVEMENTS

Property improvements made by the renter are benefited by the landlord. But as a homeowner, you can realize some or all of the costs.

### TRADE-UP VALUE

If you are not fortunate enough to buy your “dream home” first, owning a home will pave the way to get there. Depending on the market, you could realize an appreciation for the down payment on your next step up.

### KEEP UP WITH INFLATION

Although not all homes appreciate at the same rate, real estate has historically kept pace with and usually appreciates faster than the rate of inflation.

RENT FOR	EXAMPLE OF SAVINGS	BUY FOR
NONE	5% Int. / 30 Year Loan	\$350,000
NONE	Loan (P&I) Payment	\$1,879
NONE	Taxes & Insurance	\$325
+ \$1,500	Rent	+ NONE
\$1,500	Monthly Payments	\$2,204
NONE	Monthly Interest	\$1,458
NONE	Property Tax	\$275
NONE	Monthly Deductible	\$1,733
x .32%	Tax Rate	x .32%
NONE	Monthly Tax Savings	\$ 485
\$1,500	Monthly Payments	\$2,204
NONE	Less Tax Savings	\$485
NONE	Less Principal Reduction	\$421
\$1,500	<b>NOW COMPARE!</b>	<b>\$ 1,298</b>

*\*Based on a loan of \$350,000 at a 5% interest rate over a 30 year fixed loan.*

### IT IS YOURS... and YOURS ALONE

You know the restrictions when you rent. Home ownership allows you to paint the walls the color you like, improve the floor and window coverings; all without a hassle from the landlord.



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