

Buying vs Renting Activity

Items: 4 Tabs (Including Introduction)

Introduction

Buying vs Renting Activity

Scenario 1


Scenario 2

Scenario 3

Introduction

Read the scenario on each tab. Using the website's Buying vs Renting calculator (link provided below) and each scenario's data, determine whether it would be better to rent or buy. In a paragraph for each scenario, explain which choice you would advise. Be sure to give a detailed explanation of why you selected renting or buying for each scenario. Use figures from the calculator as your supporting details.

[Buying vs Renting Calculator](http://www.ginniemaegov/rent_vs_buy/rent_vs_buy_calc.asp?section=YPTH)
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Tab Text

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Scenario 1

Buying vs Renting Activity

Scenario 1

Your friend is currently renting a home. He has heard that it is better to buy than rent and is thinking about buying a house. He only plans on keeping the house for 1 year. After that he will be moving out of state.

- *Current Rent - \$700*
- *Purchase Price of Home - \$150,000*
- *Percentage of Down Payment - 5%*
- *Length of Loan Term (years) - 30*
- *Interest Rate - 8.5%*
- *Years You Plan to Stay in This Home - 1*
- *Yearly Property Tax Rate - 1%*
- *Yearly Home Value Increase Rate - 1%*



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Scenario 2

Buying vs Renting Activity


Scenario 1

Scenario 2

Scenario 3

Scenario 2

Your brother has taken a new job in Maryland. The company he works for has told him that they will be transferring him to California in two years. He is currently paying \$900 a month in rent. He believes that he could increase his payments to a maximum of \$1,000 a month.



- **Current Rent - \$900**
- **Purchase Price of Home - \$200,000**
- **Percentage of Down Payment - 10%**
- **Length of Loan Term (years) - 30**
- **Interest Rate - 7.5%**
- **Years You Plan to Stay in This Home - 2**
- **Yearly Property Tax Rate - 1%**
- **Yearly Home Value Increase Rate - 2%**

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- **Yearly Property Tax Rate - 1%**
- **Yearly Home Value Increase Rate - 2%**

Scenario 3


Buying vs Renting Activity

Scenario 1

Scenario 2

Scenario 3

Scenario 3



Your sister and her husband are looking for a home. They want to settle in and plan on staying in the home for at least ten years.

- **Current Rent - \$1,000**
- **Purchase Price of Home - \$250,000**
- **Percentage of Down Payment - 10%**
- **Length of Loan Term (years) - 30**
- **Interest Rate - 7.5%**
- **Years You Plan to Stay in This Home - 10**
- **Yearly Property Tax Rate - 1%**
- **Yearly Home Value Increase Rate - 2%**

Tab Text

Your sister and her husband are looking for a home. They want to settle in and plan on staying in the home for at least ten years.

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- **Length of Loan Term (years) - 30**
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- **Years You Plan to Stay in This Home - 10**
- **Yearly Property Tax Rate - 1%**
- **Yearly Home Value Increase Rate - 2%**