

rent vs. buy

WHY PAY RENT WHEN YOU COULD BUILD EQUITY IN A HOME.



Have you ever considered how much you pay in rent over an extended period of time? It is probably a lot more than you realize. The amount you spend for rent each month could be applied to a mortgage, not only building equity in your own property, but-in most cases-substantially reducing the Federal and State income taxes you pay each year. And what happens to your rent money? It's gone! There's no interest, no equity, no return.

Interest rates are still low, and you may be surprised at what you can afford. To determine your home-buying ability, call your real estate agent or lender. The consultation is free-no strings attached-so make the call today!

| MONTHLY PAYMENT | AFTER 1 YEAR | AFTER 3 YEARS | AFTER 5 YEARS | AFTER 10 YEARS | AFTER 15 YEARS | YOUR RETURN |
|-----------------|--------------|---------------|---------------|----------------|----------------|-------------|
| \$400 | \$4,800 | \$14,400 | \$24,000 | \$48,000 | \$72,000 | \$0 |
| \$500 | \$6,000 | \$18,000 | \$30,000 | \$60,000 | \$90,000 | \$0 |
| \$600 | \$7,200 | \$21,600 | \$36,000 | \$72,000 | \$108,000 | \$0 |
| \$700 | \$8,400 | \$25,200 | \$42,000 | \$84,000 | \$126,000 | \$0 |
| \$800 | \$9,600 | \$28,800 | \$48,000 | \$96,000 | \$144,000 | \$0 |
| \$900 | \$10,800 | \$32,400 | \$54,000 | \$108,000 | \$162,000 | \$0 |
| \$1,000 | \$12,000 | \$36,000 | \$60,000 | \$120,000 | \$180,000 | \$0 |
| \$1,100 | \$13,200 | \$39,600 | \$66,000 | \$132,000 | \$198,000 | \$0 |
| \$1,200 | \$14,400 | \$43,200 | \$72,000 | \$144,000 | \$216,000 | \$0 |
| \$1,300 | \$15,600 | \$46,800 | \$78,000 | \$156,000 | \$234,000 | \$0 |
| \$1,400 | \$16,800 | \$50,400 | \$84,000 | \$168,000 | \$252,000 | \$0 |
| \$1,500 | \$18,000 | \$54,000 | \$90,000 | \$180,000 | \$270,000 | \$0 |
| \$1,750 | \$21,000 | \$63,000 | \$105,000 | \$210,000 | \$315,000 | \$0 |
| \$2,000 | \$24,000 | \$72,000 | \$120,000 | \$240,000 | \$360,000 | \$0 |
| \$2,500 | \$30,000 | \$90,000 | \$150,000 | \$300,000 | \$450,000 | \$0 |

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**SAMPLE MORTGAGE PAYMENT
30-YEAR LOAN / PRINCIPAL & INTEREST ONLY**

| LOAN AMOUNT | INTEREST RATE | | | | | | | |
|-------------|---------------|-------|-------|-------|-------|-------|-------|-------|
| | 3.50% | 3.75% | 4% | 4.25% | 4.50% | 4.75% | 5% | 5.25% |
| \$80,000 | 359 | 370 | 382 | 394 | 405 | 417 | 429 | 442 |
| \$100,000 | 449 | 463 | 477 | 492 | 507 | 522 | 537 | 552 |
| \$120,000 | 539 | 556 | 573 | 590 | 608 | 626 | 644 | 663 |
| \$140,000 | 629 | 648 | 668 | 689 | 709 | 730 | 752 | 773 |
| \$160,000 | 718 | 741 | 764 | 787 | 811 | 835 | 859 | 884 |
| \$180,000 | 808 | 834 | 859 | 885 | 912 | 939 | 966 | 994 |
| \$200,000 | 898 | 926 | 955 | 984 | 1,013 | 1,043 | 1,074 | 1,104 |
| \$220,000 | 988 | 1,019 | 1,050 | 1,082 | 1,115 | 1,148 | 1,181 | 1,215 |
| \$240,000 | 1,078 | 1,111 | 1,146 | 1,181 | 1,216 | 1,252 | 1,288 | 1,325 |
| \$260,000 | 1,168 | 1,204 | 1,241 | 1,279 | 1,317 | 1,356 | 1,396 | 1,436 |
| \$280,000 | 1,257 | 1,297 | 1,337 | 1,377 | 1,419 | 1,461 | 1,503 | 1,546 |
| \$300,000 | 1,347 | 1,389 | 1,432 | 1,476 | 1,520 | 1,565 | 1,610 | 1,657 |

**HOW MUCH
HOME
CAN YOU
AFFORD?**

THIS FORMULA IS ONLY A GUIDE AND NOT TO BE CONSTRUED AS ACTUAL LENDING CALCULATIONS.

Contact your loan officer to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

| | |
|--|--|
| <p>MONTHLY PAYMENTS ON ACCOUNTS, AUTO, CREDIT CARD, LOANS</p> <p style="text-align: right;">+ _____</p> <p style="text-align: right;">+ _____</p> <p style="text-align: right;">+ _____</p> <p style="text-align: right;">+ _____</p> <p style="text-align: right;">+ _____</p> <p style="text-align: right;">= TOTAL MONTHLY DEBT (A) _____</p> | <p style="text-align: right;">MONTHLY ALLOWABLE TOTAL DEBT (C) _____</p> <p style="text-align: right;">MINUS MONTHLY DEBT (A) _____</p> <p style="text-align: right;">= MONTHLY ALLOWABLE PITI (D) _____</p> <p style="text-align: right;">(LESS 20% FOR TAXES & INSURANCE) _____ x .80</p> <p style="text-align: right;">= ALLOWABLE PRINCIPAL/INTEREST ONLY (E) _____</p> <hr/> <p style="text-align: right;">GROSS MONTHLY INCOME (B) _____</p> <p style="text-align: right;">_____ x .28</p> <p style="text-align: right;">= MONTHLY ALLOWABLE PITI (F) _____</p> <p style="text-align: right;">(LESS 20% FOR TAXES & INSURANCE) _____ x .80</p> <p style="text-align: right;">= ALLOWABLE PRINCIPAL/INTEREST ONLY (G) _____</p> <p style="text-align: right;">PAYMENT: ENTER LESSER OF (E) OR (G) (H) _____</p> |
| <p>GROSS MONTHLY INCOME BEFORE TAXES (B): _____</p> <p style="text-align: right;">_____ x .36</p> <p style="text-align: right;">= ALLOWABLE TOTAL MONTHLY DEBT (C) _____</p> | <p style="text-align: right;">LOAN AMOUNT _____</p> <p style="text-align: right;">FOR 20% DOWN _____ ÷ .80</p> <p style="text-align: right;">= HOME PRICE _____</p> <p style="text-align: right;">LOAN AMOUNT _____</p> <p style="text-align: right;">FOR 10% DOWN _____ ÷ .90</p> <p style="text-align: right;">= HOME PRICE _____</p> <p style="text-align: center; font-weight: bold; font-size: small;"> USING THE CHART ABOVE, FIND CURRENT INTEREST RATE. LOCATE PAYMENT AMOUNT IN THAT COLUMN CLOSE TO YOUR PRINCIPAL AND INTEREST (H). FIND LOAN AMOUNT TO THE LEFT AND ENTER HERE. </p> |