

RENT OR BUY WORKSHEET

A. Annual Comparison of Owning or Renting

Item 1	Estimated annual outlays associated with owning		1 \$ _____
Item 2	Rent of \$ _____ per month × 12	2 \$ _____	
Item 3	Utilities:		
	Electricity	3a \$ _____	
	_____	3b \$ _____	
	_____	3c \$ _____	
	Total utilities (add lines 3a through 3c)	3 \$ _____	
Item 4	Household insurance	4 \$ _____	
Item 5	Annual outlays as tenant (add lines 2 through 4)		5 \$ _____
Item 6	Annual difference in outlays (line 1 minus line 5)		6 \$ _____
Item 7	Cost of funds invested in house		
	Actual or possible cash	7a \$ _____	
	Percent annual after-tax return on alternative uses	7b \$ _____	
	Opportunity cost of homeownership (line 7a × line 7b)		7 \$ _____
Item 8	Total annual difference between owning and renting (add lines 6 and 7)		8 \$ _____

B. Comparison of Owning or Renting after a Number of Years

Item 9	Current price of house		9 \$ _____
Item 10	Value of \$1 increased by 10a _____ percent for 10b _____ <i>n</i> years	10 \$ _____	
Item 11	Price of house after <i>n</i> years (line 9 × line 10)		11 \$ _____
Item 12	Transaction costs (12a _____ percent × line 11)		12 \$ _____
Item 13	Cash proceeds after <i>n</i> years (line 11 minus line 12)		13 \$ _____
Item 14	Deductions from cash proceeds		
	"Basis" of house	14a \$ _____	
	Taxable gain (line 13 minus line 14a)	14b \$ _____	
	Taxes at 14c _____ percent × line 14b	14d \$ _____	
	Amount of mortgage outstanding after <i>n</i> years	14e \$ _____	
	Total deductions from cash proceeds (add lines 14d and 14e)		14 \$ _____
Item 15	Possible net cash available if a homeowner for <i>n</i> years (line 13 minus line 14)		15 \$ _____
Item 16	Annual advantage of renting over owning (from line 8)	16 \$ _____	
Item 17	Value of an annuity of \$1 accumulated at 17a _____ percent for <i>n</i> years	17 \$ _____	
Item 18	Accumulated savings if a tenant for <i>n</i> years (line 16 × line 17)	18 \$ _____	
Item 19	Actual or possible cash invested in house (from line 7a)	19 \$ _____	
Item 20	Possible net cash available if tenant for <i>n</i> years (add lines 18 and 19)		20 \$ _____