



# Renting Vs. **Buying**

Whether renting is better than buying depends on many factors, particularly how fast prices and rents rise and how long you stay in your home. With prices still well below the historic highs of just a few years ago and attractive mortgage rates, qualified buyers have a unique opportunity to own their own home.

Mortgage rate based on a 20% downpayment and financing with a 30-year fixed rate mortgage at 4.62%  
 Rent Based on median rent on a three-bedroom two-bath apartment with renter's insurance in California.

Mortgage	Monthly Rate	Rent Rate	Yearly Savings
\$301,430	\$1,590	\$1,810	\$2,600

## First Time Home Owners:

Congress has a soft spot for first-time home buyers. IRA owners can withdraw up to \$10,000 as a lifetime credit penalty-free (but not tax-free) for the purchase of a first home. This means you and your spouse together can withdraw up to \$20,000 (as long as each of you pulls \$10,000 from your individual accounts). It also means that your relatives can raid their own IRAs penalty-free to make a gift to you for a first-time home purchase.

### PROS

### CONS

#### BUY

- Tax-break: deduct mortgage interest and property taxes
- Potential tax-free capital gain
- Emotional satisfaction

- Property tax and upkeep
- Mortgage costs
- Less flexibility should you want to move

#### RENT

- Renting Flexibility
- Can invest money elsewhere
- No upkeep fees (drippy faucets, broken dishwashers, etc.)

- No equity
- Annual rent increase could outpace inflation



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