



for Grades 9-12



Teacher Presentation Slides

for use with Educator Guide



**for Grades 9-12
and Ages 18-20**

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LEVEL 4 LESSON 16



PROS & CONS OF RENTING



- **Not responsible for property maintenance**
- **Generally under a rental contract, or lease, for one year or less, creating greater flexibility to move**
- **You don't have costs associated with homeownership, like property taxes and homeowner's insurance. You may, however, have renter's insurance.**



- **You are not the owner of the home**
- **Your rent might increase over time**
- **You might not always be able to renew your lease**
- **You will not receive a federal tax deduction for rent payments, but when you own a home, mortgage interest is tax-deductible**

PROS & CONS OF BUYING

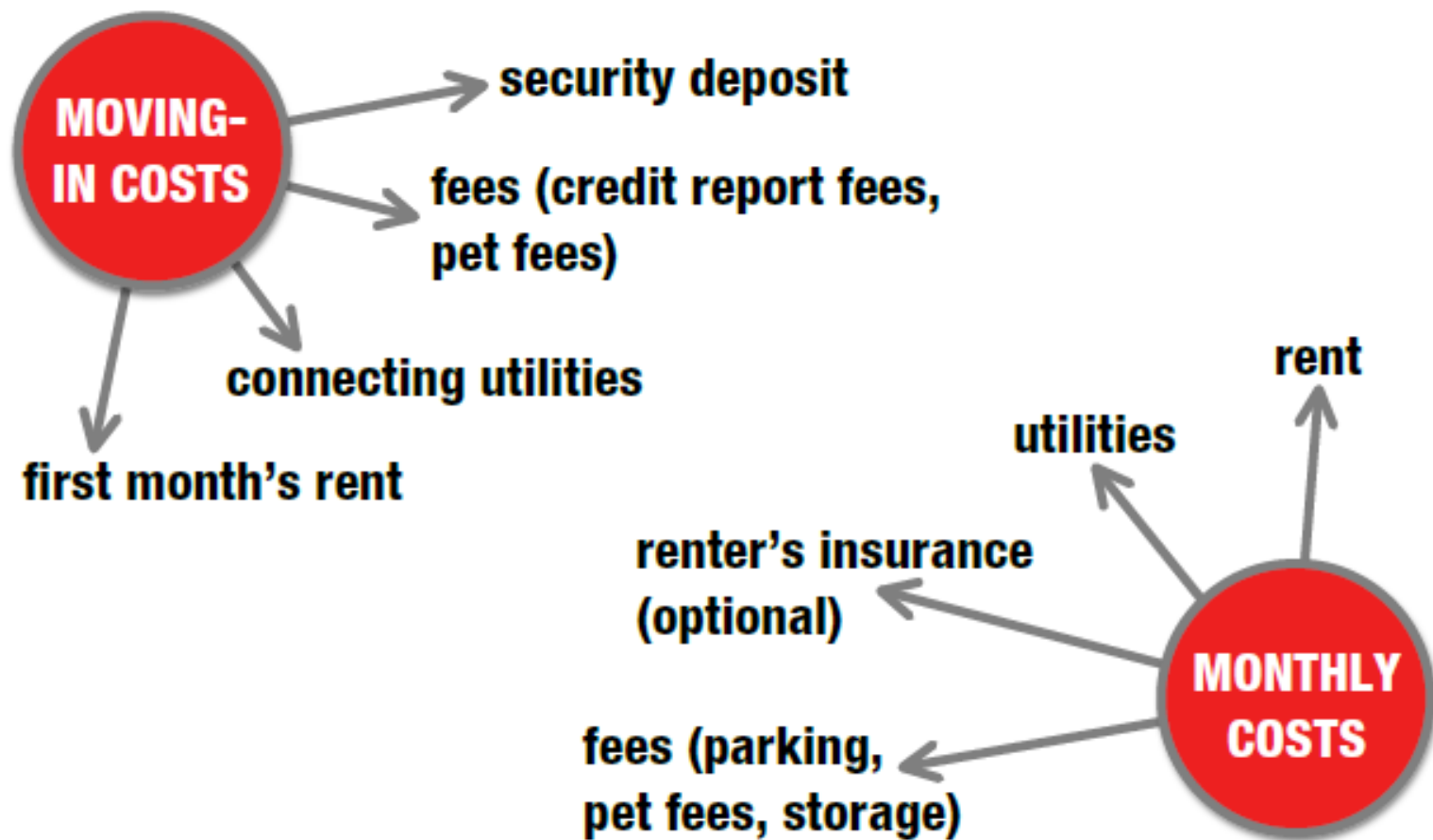


- **You may build equity, which is the value of your home minus the debt you owe on it**
- **Once you pay the mortgage in full, you own the home!**
- **Your income tax may be reduced, because mortgage interest and property taxes are generally tax deductible**



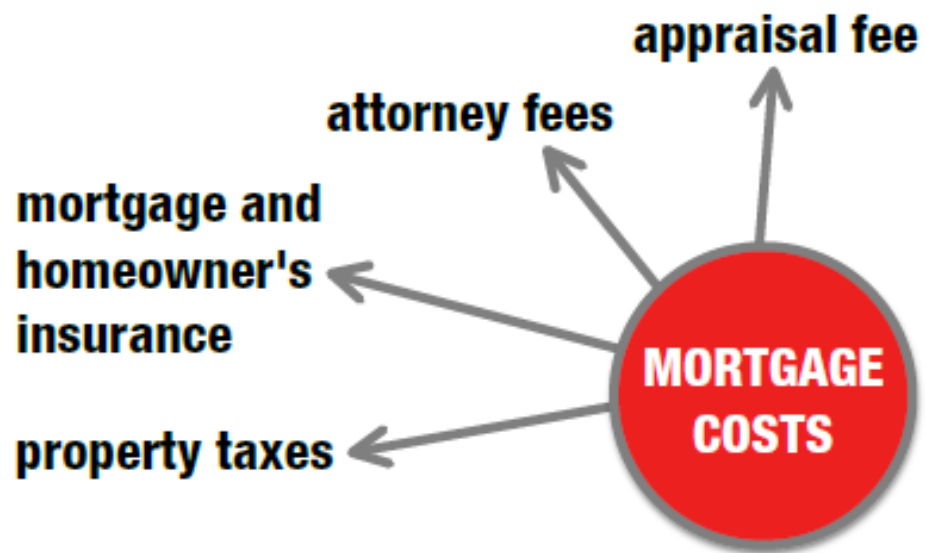
- **You will have to purchase homeowner's insurance and possibly other insurance such as flood insurance**
- **Buying a home requires more cash up front for a down payment**
- **You may need to purchase additional insurance, such as that covering earthquakes or floods**
- **It is not as easy to move when you own a home**
- **You may have to pay monthly condominium or homeowner association fees. These vary considerably, but generally cover expenses such as the maintenance of common areas in your community.**

RENTING COSTS



BUYING COSTS

A **mortgage** is a loan, provided by a financial institution, to buy a house or condo. Most first-time home buyers obtain a mortgage to help finance the home.



HOUSING CHALLENGE 1

Jay is moving out on his own next month. He found a great apartment for \$695 a month. His total net income is \$1,590 and his current expenses, between his car, food, entertainment, and cell phone are about \$950 each month, give or take \$100.

Jay is signing the lease on the dotted line today. Is his choice wise?



HOUSING CHALLENGE 2

Rionna graduated from college several years ago, and her career as a graphic designer is going well. She works for one of the largest design firms in her area. Since she has started working, she has always rented a studio apartment to save on costs but now she is ready for more space. She has been shopping for houses, but she decided to wait to buy until next year because by then she will have saved up enough money to put a 10% down payment on the home.

Rionna will buy a house next year with a 10% down payment. Is her choice wise?



HOUSING CHALLENGE 3

Mason has a steady job as a law clerk, but is living with his parents at home to save money while he prepares to buy a house. He has been approved for a \$200,000 mortgage. If he decides to borrow the full amount, his monthly mortgage payments would be \$1,300. Mason earns \$2,800 net pay each month and his expenses include credit card payments (\$500), groceries and eating out (\$300), entertainment (\$200), car payment (\$250), and cell phone (\$75).

Mason finds a home he likes for \$195,000 and decides to put in a full-price offer. Is his choice wise?

