

Persuasive speech – buy vs. rent



Project 4 Written Outline Even in this economy it is still better to buy a home than rent. I. Why pay rent and make the landlord richer when you can own your own home for basically the same monthly payment and reap the tax benefits yourself. II. In 2006 I was faced with having to make the decision to buy or rent. After researching found I could buy a 4 bedroom house in a good area for same price of renting a 2 bedroom apartment. Also working for the government I knew the tax advantages I would get so I don't have to tell you which decision I went with.

III. Today I am going to show you that buying a house is a better choice than renting even in this unstable economy. IV. There are many programs that help people purchase a home. First time homebuyers even with bad credit can qualify. Do you know where to look? I will provide you with some internet sights that can be of assistance. V. There are many reasons why home buying is better than renting; the few that I will talk about are 1. Long term buying costs less on a yearly basis than renting. 2. Good financial investment and low interest rates and 3.

Tax advantages Now that we are coming to a close on the semester some of you are going to be faced with the decision upon graduation as to whether you should buy or rent. I. If you have already decided that you will be staying in a certain area for at least 7 years it is shown that buying is cheaper than renting. a. On April 21st. 2010 the NY Times reported that if you remain in your home for 7 or more years you will save approximately \$759/year over renting. b. Did you know you could also use the rent ratio to help determine what areas are better to buy in?

To determine rent ratio you look at the average purchase price of a house and divide that by rent of a similar house. If the rate is under 20 it is a good indication to buy i. Some areas that are currently under 20 include Philadelphia, New York. Boston. Washington, Cleveland, Chicago, Dallas, Sacramento and Los Angeles ii. In the 4th quarter of 2005 the rent ratio for Philadelphia was 17. 2, since then it has dropped to 16. 7 (4th quarter of 2009) this shows that now is still a better time to buy then rent in our area.

In 2006 I had to evaluate my own circumstances and the Pros and Cons of buying vs. renting. II. I compared what I would pay for a 2 bedroom apt to what I would pay for a home. I found that I could buy a 4 bedroom house in a good area and get a mortgage with a 7. 5% interest rate. My monthly payment would have been the same as renting an apartment. a. Last year I refinanced with all the programs that were being given out because of the financial problems banks were having. I was able to get my interest rate down to 4. % and now my mortgage is only \$750/month (and that includes my taxes being escrowed) b. Now where can you rent a 4 bedroom house for \$750/month in a good stable area? c. Even though the housing market is on the mend you can still get in on a low interest rate today at about 5. 13%. d. Owning home helps to build equity that you can use later in life for other events like your child going to college; adding an addition to your home. It also lets you be in control of your interior decorating and your outdoor landscaping.

No need to sit around waiting on a landlord to come fix something that has broken, or losing a deposit if place isn't in condition the landlord wants it to be in. Buying a home has tax advantages that renting does not. III. When

buying a house certain costs can be deducted on your tax returns giving you benefits instead of a landlord. a. Closing costs and points paid are deductible on Schedule A as Itemized deductions. b. You can also deduct your interest payments on your mortgage as well as School Taxes, County Taxes, etc. c.

Also recently added was that you can now claim PMI payments. d. Even if your itemized deductions are lower than the standard deduction you can still reap the tax benefits of being a homeowner. i. If you can not itemize you can claim an additional \$500/1000 deduction (single/joint) added to the standard deduction line on the tax return. Today I have shown you that buying a home is better than renting. Conclusion Buying saves you money in the long run. You're investing in your future and providing yourself with stability and security in your community.

Your building up equity in your home as you pay off your mortgage and reaping the tax benefits instead of writing a check to a landlord and watching your money go out the window. You can find more information at the following sites: [www. Rentlaw. com](http://www.Rentlaw.com), www. smartmoney. com, www. hud. gov/buying. com, www. q. cfm, and to find out current mortgage rates you can visit www. bankrate. com. So let's stop making others rich and give yourself the financial security and stability you deserve by owning the American dream. Your own home...