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| --- | --- |
| **OWNING** | **RENTING** |
| ***Costs of Owning***   * Purchase of a home includes a cash down payment and a mortgage loan which is paid, with interest * Owners must pay property tax, a percentage of the estimated value of your home * Most owners buy home insurance to protect their home and its contents * Condo owners usually pay a monthly fee to cover operating, maintenance, administrative and improvement costs * Owners pay for all utilities, maintenance, repairs and services they use | ***Costs of Renting***   * A tenant uses a property owned by the landlord and pays rent for the use of the property * Utilities and services such as heat, water, electricity, and parking ***may or may not*** be included in the rent, depending on the rental agreement * The landlord will pay for repairs * The tenant usually pays for phone, cable, and Internet service * The tenant may wish to buy tenant insurance to protect his/her belongings |

***Example 1 Calculating Annual Expenses***

Determine how much each expense will cost for one year.

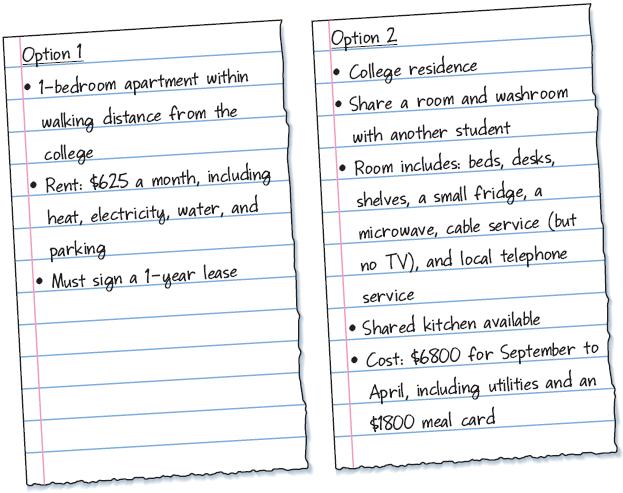
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| 1. Monthly rent of $1400 | 1. Bi-weekly mortgage  payments of $856.21 | 1. Semi-annual home insurance payments of $546.75 |

***Example 2 Total Monthly Housing Costs***

Determine the total ***MONTHLY*** housing cost for the following expenses:

* Bi-weekly mortgage payment of $771 • Monthly house insurance of $85
* Annual property taxes of $3588 • Monthly gas/hydro bill of $177 (equal billing)
* Quarterly Water/Sewer bill of $75 (equal billing) • Monthly Internet/Cable bill of $110

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| **Convert non-monthly to monthly**  Mortgage:  Property Tax:  Water/Sewer: | **Total Monthly**  Mortgage:  Property Tax:  Water/Sewer:  Insurance:  Gas/Hydro:  Internet/Cable:  TOTAL: |

***Example 3 Comparing Rental Properties***

Sarah will be moving to Sarnia to attend   
Lambton College.

1. What is the annual rent for the apartment?  
   Is it more or less expensive than residence?
2. What additional expenses might Sarah have  
   in setting up the apartment that she would  
   not have for the residence room?
3. What, if any, benefits might there be to living in the apartment? To living in residence?
4. Which option would you recommend? Justify your answer.

***Example 3 Additional Renter's Costs***

Renters will typically pay first and last month's rent before they can move in. Trevor is moving with his wife Sasha to a new home they are renting for $1950 per month. Before they can move in, they must pay first and last month's rent, a deposit of $200 for their electricity, and a deposit of $175 for the natural gas that heats their home. Before they can move into their home, how much will they have to pay?