

Some folks reason that it is foolish to throw away money on rent when they could purchase a home. Recently, I talked a young man out of buying a home when he mentioned his job may force him to move in a few years. If you are not sure you will stay in your new home for at least five years, there are some facts you should know.

After five years with a mortgage of \$100,000.00 at 5% interest you will have paid \$32,209.20 in monthly payments and only 8,017.71 in principal. BUT you will have paid \$6,750.00 in Taxes, \$1,500.00 for homeowners insurance, about \$1,500.00 for closing costs you paid for your mortgage, and that doesn't include the expenses for all repairs and updates to the property.

One could argue that you will acquire equity by the increase in property value over the years, but that is no certainty in future markets. Also, consider the fact that things like your roof, furnace, paint and all other mechanicals will be five years older.

Then comes the burden of selling your home and the possibility of having to pay for two homes until your home sells. That means paying non-homestead taxes on one of your homes, which are considerably higher. You will be required to pay \$860.00 for transfer tax, \$655.00 for title insurance and as much as \$7,000.00 for commission. I don't need to do the math for you to realize you could lose money when buying and selling a home in less than five years.

Have I talked you out of buying a home?