

Building **Wealth**

In the Classroom

Interactive Lessons

Lesson 4

Owning versus Renting



Instructional Objectives

Students will:

- Identify the responsibilities and risks of being a homeowner.
- Identify the responsibilities and risks of being a renter.
- Compare the costs and benefits of buying a home.
- Compare the costs and benefits of renting a home.
- Analyze the impact of buying and renting on a monthly budget.
- Analyze the impact of buying a home on an individual's net worth.

Need a Place to Live

Owning a Home



Equity



Risks of Owning a Home



Responsibilities of Owning a Home



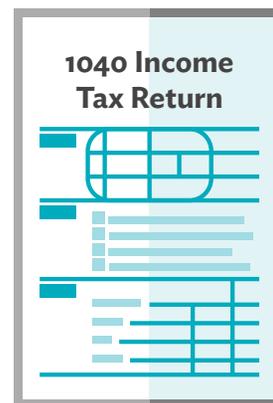
Mortgage



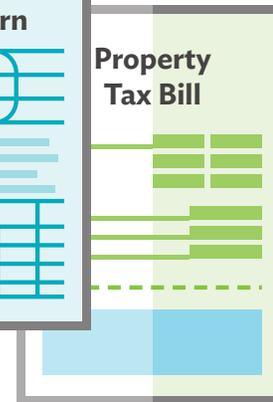
Property Value



Homeowner's Insurance



Taxes



Property Value

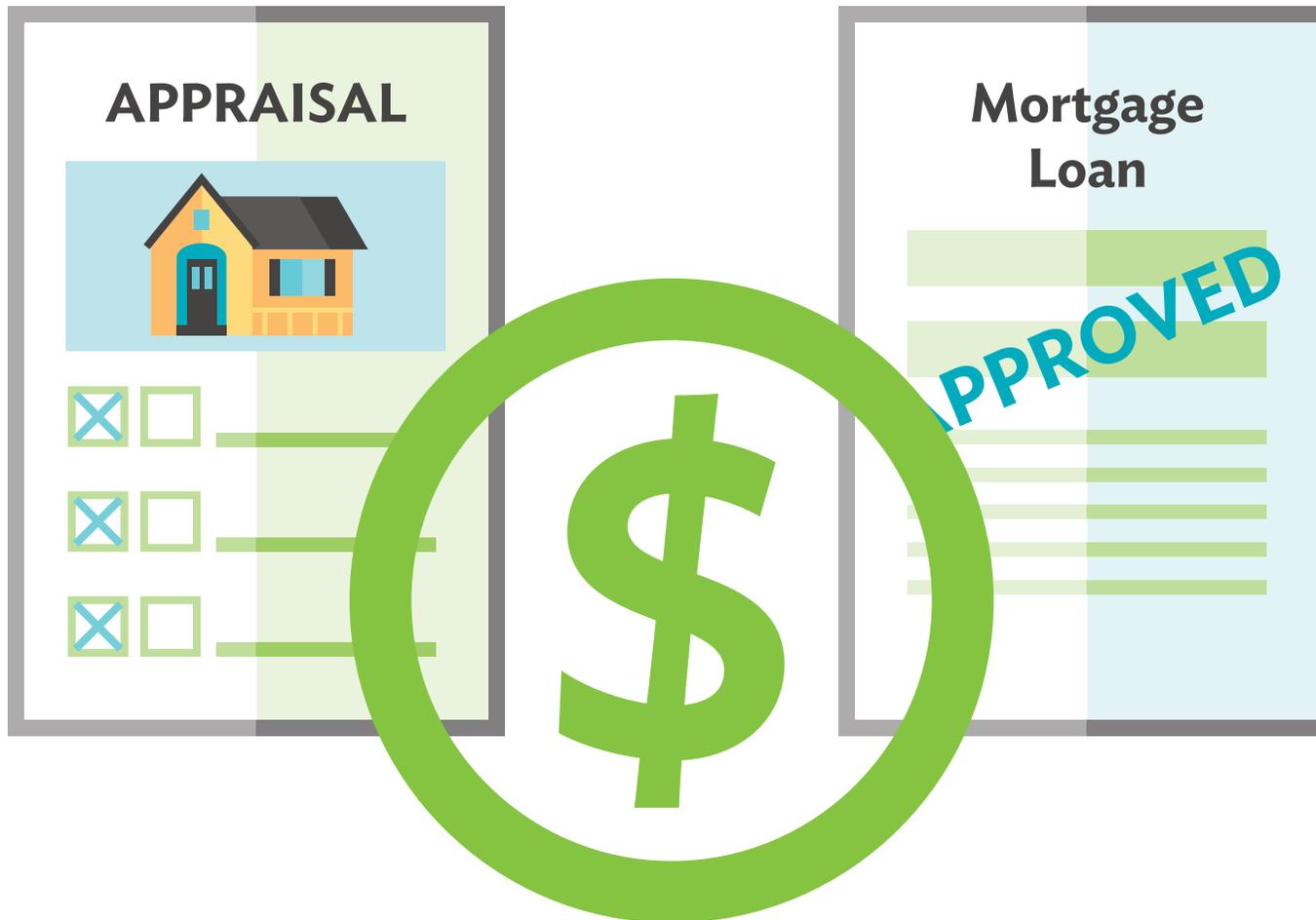
APPRAISAL



Mortgages



Equity



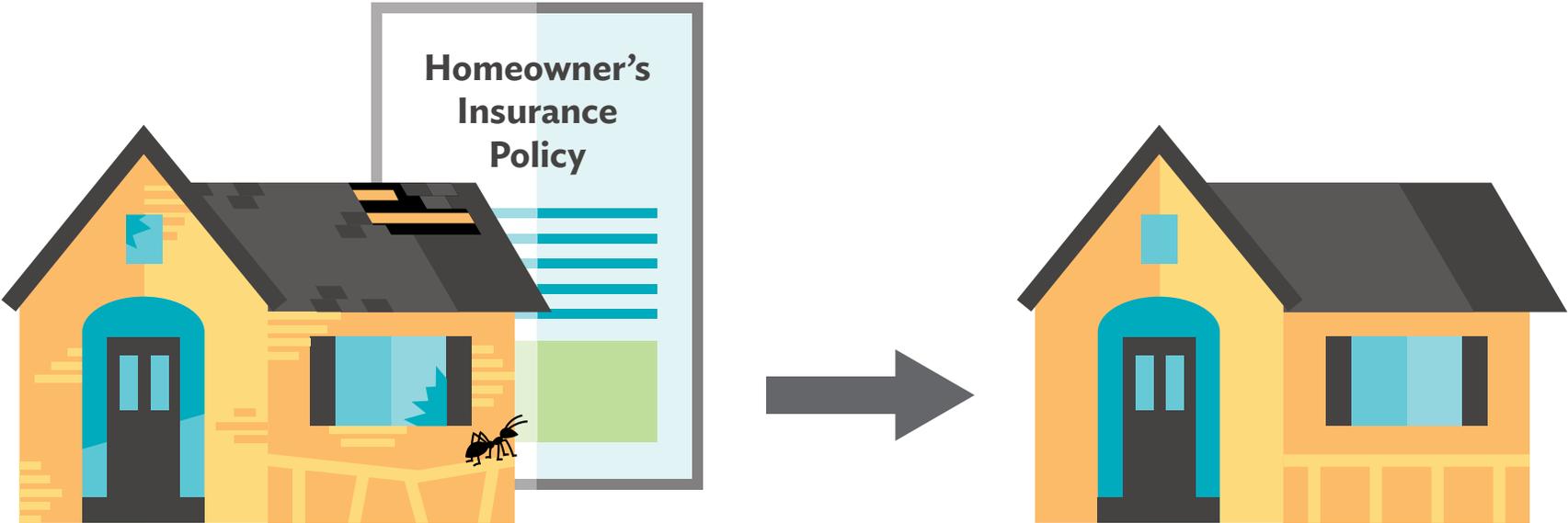
Responsibilities of Homeowners



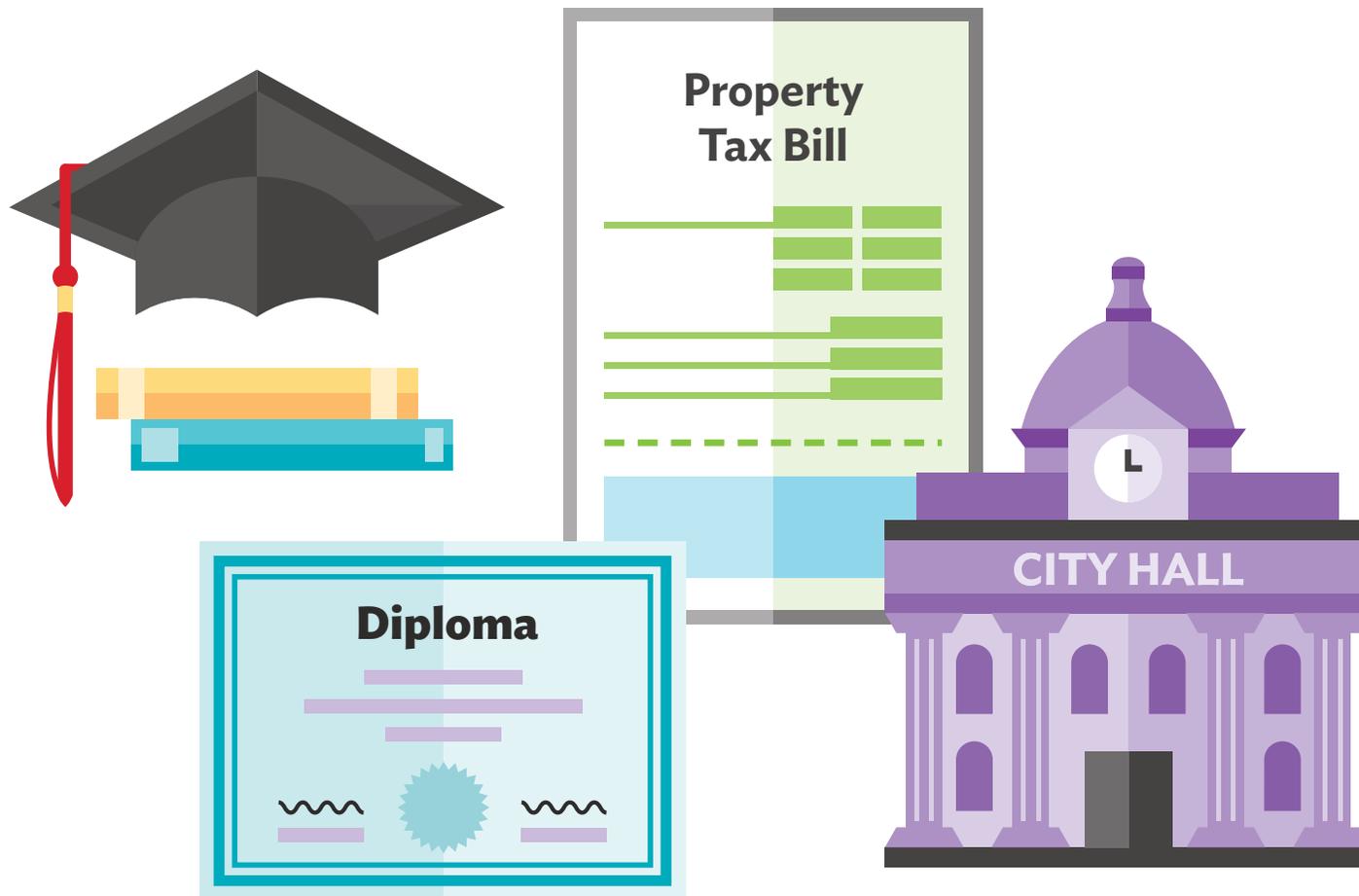
Risks of Homeownership



Homeowner's Insurance

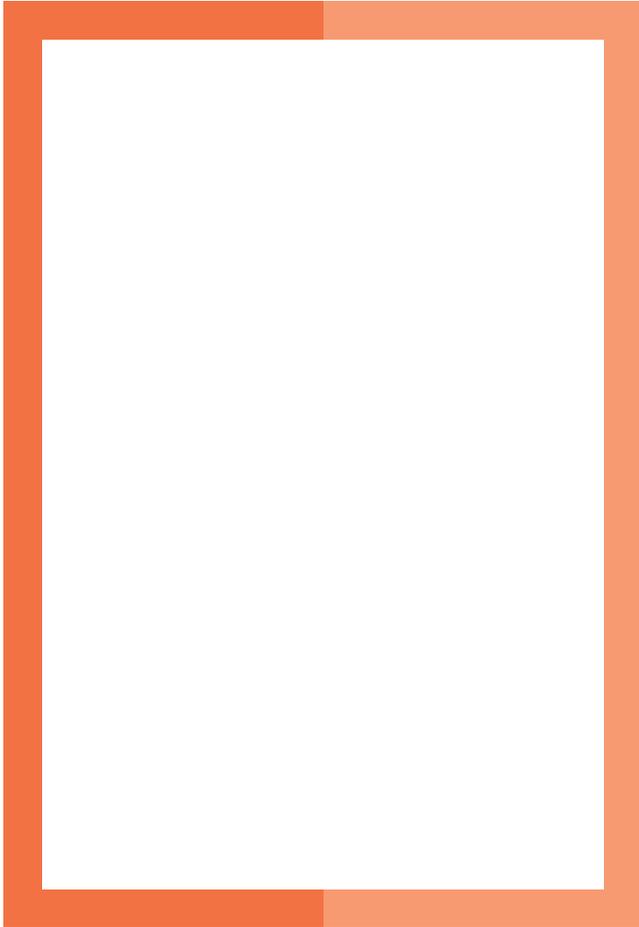


Property Taxes

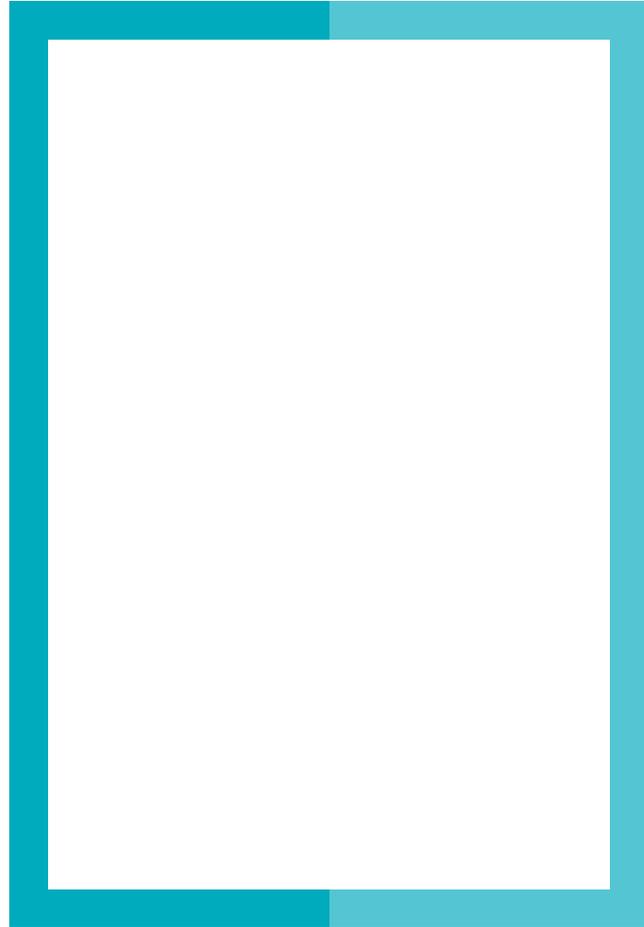


Owning a Home

Costs



Benefits



Renting a Home



Lease Agreement

Renter's Insurance



Upfront Costs

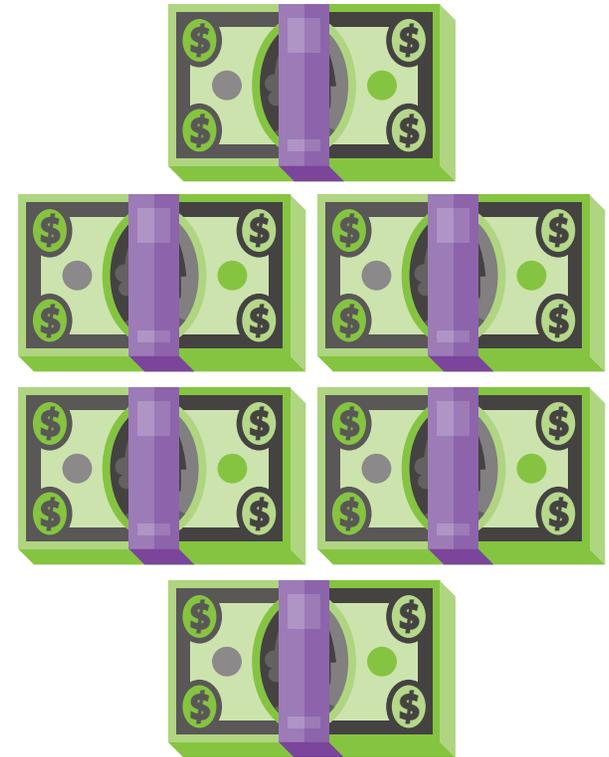
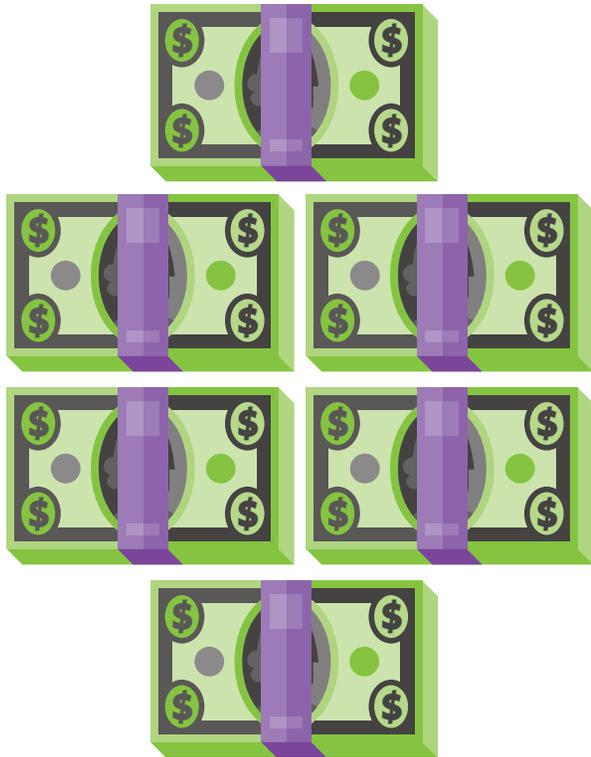


Risks of Renting



Responsibilities

Rent



Lease Agreements



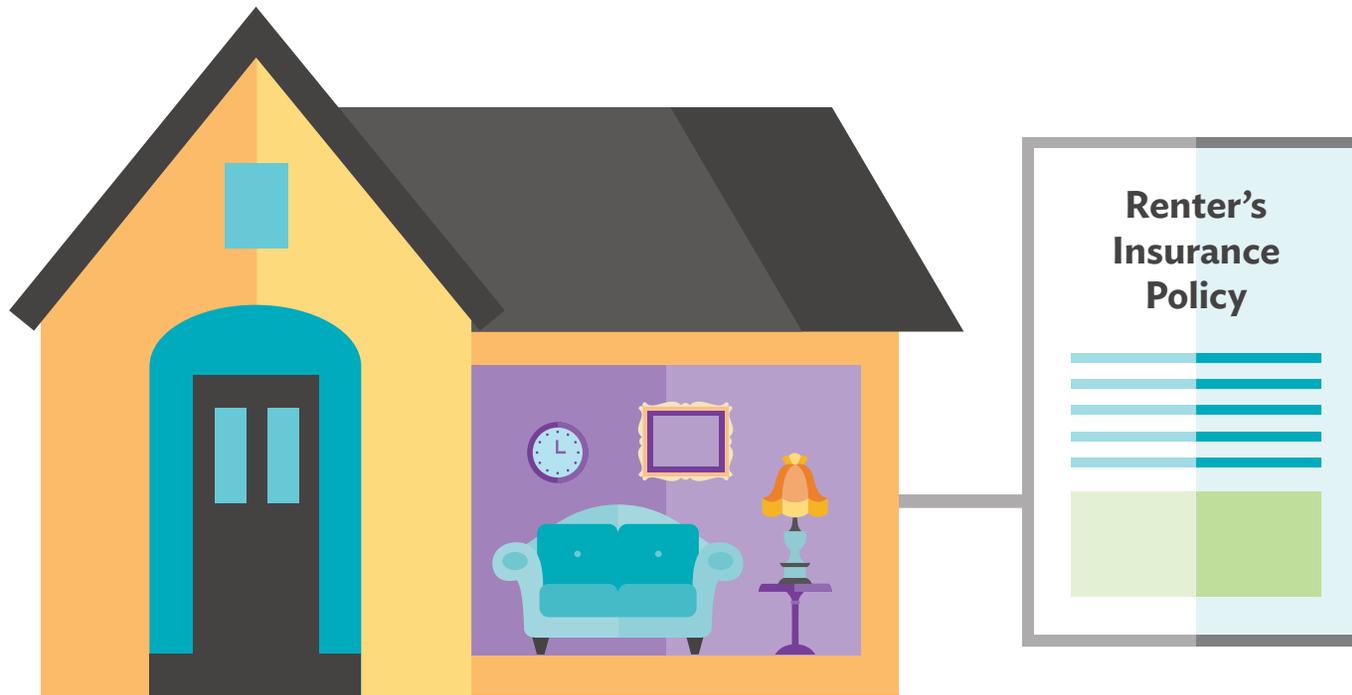
Responsibilities of Renting



Risks of Renting

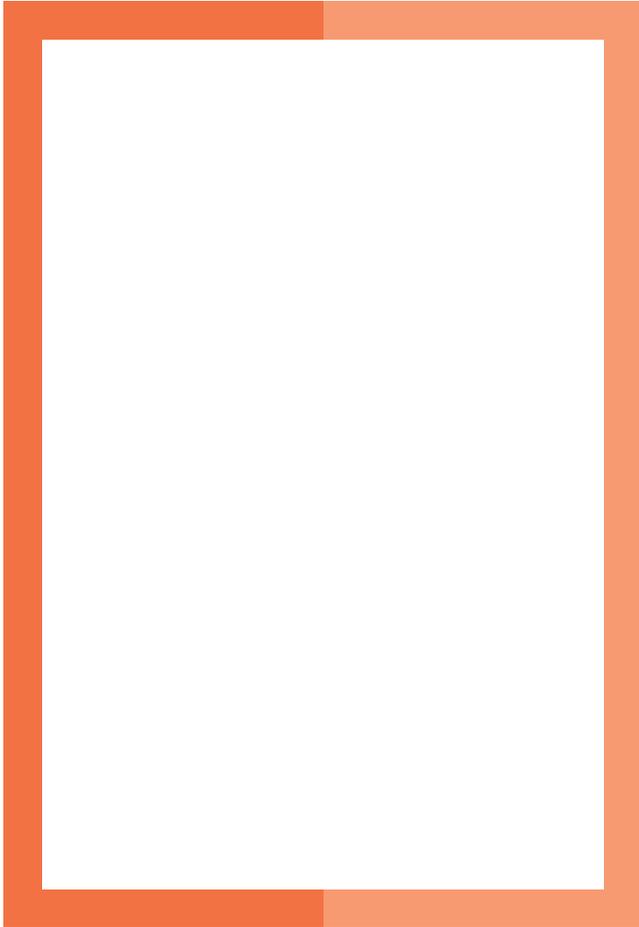


Renter's Insurance

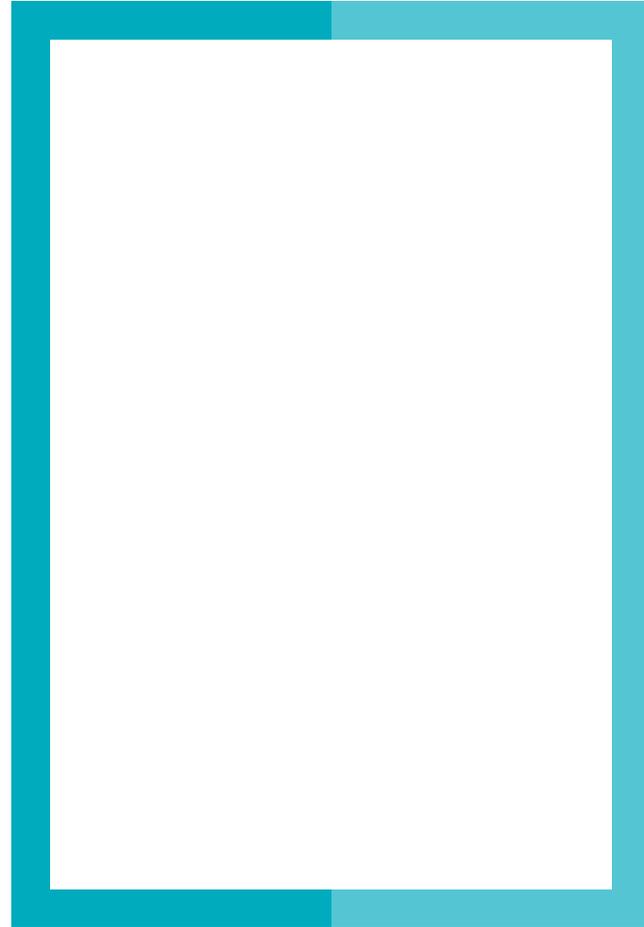


Renting a Home

Costs



Benefits



Budgeting for Buying

Sources of income	Current income
Job (net pay)	\$ 1,800
Total income	\$ 1,800

Spending categories	Current expenses
Food	\$ 250
Movie night with friends	40
Mortgage, Taxes and Insurance	700
Maintenance	50
Music purchases	20
New clothing	90
Gas	150
Utilities	250
Total expenses	\$ 1,550

	Current savings
Available to save (Income – Expenses)	\$ \$250

Budgeting for Renting

Sources of income	Current income
Job (net pay)	\$ 1,800
Total income	\$ 1,800
Spending categories	Current expenses
Food	\$ 250
Movie night with friends	40
Rent	600
Renters insurance	20
Music purchases	20
New clothing	90
Gas	150
Utilities	250
Total expenses	\$ 1,420
	Current savings
Available to save (Income – Expenses)	\$ \$380

Building Wealth Through Real Estate



Assessment