ATTN: RENTERS

HOW DO YOU KNOW WHEN IT'S TIME TO BUY A HOUSE?

RENT VS OWN

CHURCHILL MORTGAGE®

ChurchillMortgage.com

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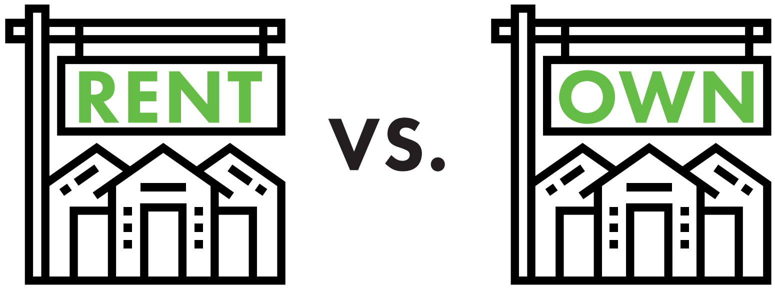

Should I Stop Renting and Buy a Home Now?

You may be thinking about buying a home, possibly your very first one. But how do you know if it makes sense for you, or if you're just better off renting? The rent versus buy decision can be confusing, sometimes complicated, and even intimidating. If you're being priced out of your current rental property, you probably have some big decisions to make very soon.

Here's a simple guide to help you figure out if you should buy a home or just keep renting. Let's dive right in to help you figure out which option works best for you.

Your Mortgage Mashup

The Pros and Cons of Renting vs. Buying

RENT

- When you move, you walk away with nothing other than your security deposit (best case scenario).
- **Could be forced to move** if the landlord decides to sell or increase rent in today's housing shortage.
- **Rental restrictions can limit your creativity and lifestyle choices.** However, renting *does* provide flexibility and ability to move easily in a shorter amount of time.
- Could be **stuck in a lease with rising rent.**
- Always make sure you know how long your rent amounts are 'locked in' and set that date on your calendar so you don't have any surprises.
- **No relief in retirement**—rent payments never stop...ever.
- **Waiting to buy could end up costing you thousands** over the life of your mortgage if mortgage rates trend upwards and 'normalize' to their historical average.
- **It may be hard to build up your community** if you're moving around trying to find the best rent in your area (not to mention, moving can get expensive).

VS.

BUY

- **Home equity accrues and helps you build wealth**—bonus points for being able to live in your investment!
- **Cheaper in the long run** and there's something to be said for stability.
- **Enjoy life with a place of your own:** pets, a house with a fresh coat of paint, a new fence– the possibilities are endless because you make the rules.
- A percentage of your monthly home payment goes toward the principal. Therefore, **you're saving money as you also pay for the interest** on the money you've borrowed. Home values typically increase over the long-term.
- You'll be able to **pay off your mortgage.**
- **Mortgage rates are still very low with real estate values improving.** If you review mortgage rates over the past 40 years, rates are still *well* below the historical average.
- Community ties—you'll have the option to have an impact on your community with your **taxes benefiting local schools, parks, and legislature.**

Let's Get Real...

**When renting, you're purchasing a home—
just for someone else!**

Unless you're living with your parents rent-free, you are paying a mortgage—either yours or your landlord's. We'll let that sink in for a minute.

EXAMPLE:

Let's take the example of a 3-bedroom, 2-bathroom home that costs $200,000 and you put 5% down. Breaking down a conventional 30-year mortgage to the monthly payments, you would probably be paying around $984 per month (note: this is just for example—your Home Loan Specialist will give you an exact amount based upon interest rates, loan terms, etc.).

Historically, home values typically increase over time. So, after 15 years, you would have about $144,927 of equity built up, plus or minus any property value change of the home. Keep in mind, there are maintenance costs associated with homeownership, but you're investing in your own asset.

If you rent the same size apartment, you might have to pay more in rent over time (and as property values increase, your rent will too) and you won't have any equity built up—ever. Granted, you don't have to pay for maintenance which is nice, but with over $144,000 of built up equity, the maintenance cost doesn't seem unreasonable.

RENT	VS	BUY
Net Monthly Payments		Net Monthly Payments
$1,300		**$984**
Rent Payed at 15 Years		Principal Payed at 15 Years
$234,003		**$65,754**
Total Equity		Total Equity at 15 Years
$0		**$144,927**

If you're ready to take back control and have some say about where your hard-earned dollars go, the simple solution is to put that money back into your bank account. This won't happen overnight, but it will pay off in the long run. And if fluctuating rates freak you out, let's put things in perspective: **According to Freddie Mac, national interest rates would have to reach 9.1%, a 128% increase over today's average rates, for renting.** Rates haven't been that high since January of 1995. We're a long way off from 9.1% so take a deep breath and relax. You've got this!

So, now you're feeling good about interest rates and making a home buying decision — **should you buy now or wait until next year?**

DID YOU KNOW?

A homeowner's net worth is typically **45x greater** than a renter's.

There's a High Cost of Waiting to Buy

We all know that some markets are more "buyer-friendly" than others but with rent continuing to go up month-over-month in 81 of 100 largest U.S. cities, it's fair to say that rent is getting out of control nationwide.* These current market conditions give home buyers the opportunity to build wealth in the long-term compared to renters or those who wait to buy. **To put it simply, it doesn't pay to wait!**

Renting may be cheaper in the short-term but over the next few years you could really miss out on having a house as an investment. **There are many factors that can affect how much you pay for a house but the main two are: interest rates and home values. Let's look at what happens if you buy now versus if you buy later:**

Should I Buy Now or Wait Until Next Year?

NOW	NEXT YEAR
Interest Rate	**Interest Rate** Projected Increase
6.250%	6.750%
Home Price	**Home Price** CoreLogic Projection(+10%)
$500,000	$550,000
Loan Amount* Assuming 95% LTV	**Loan Amount** Assuming 95% LTV
$475,000	$522,500
Mortgage Payment Mortgage Payment-Principal & Interest **	**Mortgage Payment** Mortgage Payment-Principal & Interest
$2,925	$3,389

A difference of **$464 per month** equates to paying **$5,568 more per year** and **$167,040** over the life of a 30-year conventional fixed-rate loan.

You Deserve Full Transparency

As you are weighing your options of renting versus buying a home, you need to get a clear idea of what the total cost of a home will be. You deserve full transparency — **knowing the total cost of a loan overlooked by other average lenders is a valuable and often unique add-on to your average mortgage.**

Churchill Mortgage takes the time to provide you a better financial analysis. We have smart technology that makes comparing your mortgage options a breeze. **You'll get a customized mortgage report which includes financing options, the differences in monthly payments, the total cost of the loan over time, and even your out-of-pocket expenses.** It's important to *always* begin with the end in mind and to include your mortgage into your long-term financial plans and goals.

Know What Questions to Ask

Are you ready to become a homeowner?

If you're wondering if you're ready to become a homeowner, sit down and ask yourself these important questions:

1 **Am I financially prepared?**

Looking for a new home is the fun part, but you still must deal with reality and make sure you have an emergency fund. You should have at least 3-6 months of living expenses set aside in case a big change occurs in your life.

2 **Do I plan on sticking around for a while?**

As your home value increases, you'll be able to reap the rewards, so it might be helpful estimating how long you'll live in your home. You won't get rich overnight, but the financial outcome outweighs renting by a long shot.

Simply put, a home is an asset. Real estate typically grows in value over time, despite occasional dips that can occur in the local economy. A real estate agent can help you identify the strongest neighborhoods in your area and give you an overview of local home value changes over time.

3

Do I have a steady job?
A stable income is important for most stages of your life.

4

Am I committed to a specific location?
Location, location, location! This is often one of the first things potential homeowners think about when looking to buy. If you are planning to move to a new area soon, now is not the time to buy a new home. However, if you plan to stay in your area for awhile, then investing into property in that neighborhood may make more financial sense.

5

If I don't buy a home, am I prepared for rent to continue to rise?
Median rent has doubled over the last 20 years. According to the Census Bureau, ** the median asking rent for a vacant apartment or home in the U.S. was up nearly $100 a month in one year with monthly payments—the highest they've been in 30 years!

Once you've answered all these questions to help you weigh the options of buying a home versus renting, it's time to get a plan on how to prepare yourself for buying your very first home.

FUN FACT!

For the first time in over 60 years, we have more renters than ever in the U.S. **Almost half of those renters say their biggest regret is not buying a house.**

5 Steps to Get Yourself Ready to Buy a House

1. Don't open any new lines of credit. Opening a new credit card (even if you can save 15% on your purchase) is *not* a good idea. This could ultimately cost you when it's time to apply for a home loan. **What could initially save you a few dollars on a store purchase could end up costing you hundreds or thousands.**

2. Shop around for a real estate agent. You want someone who is familiar with your local market, can help you negotiate the best deal, and has a good track record. It's usually helpful to find an agent who is like-minded and works with your personal homeownership goals.

3. Get certified and secured. Getting a pre-approval should no longer be your first step when buying a new home. We've got something better—the Churchill Certified Home Buyer program. As part of this program you can also get Rate Secured and protect yourself from fluctuating rates.

4. Figure out how much house you can afford. No one wants to be house poor—it's really no fun! You want to still be able to live life and have room in your budget for other things. It's important to get an idea of your current financial situation so you can buy a home you can really afford.

5. Save for a down payment. What if you don't have 20% to put down on a house? Don't sweat it. **There are alternatives to the 20% rule, especially for first-time home buyers**—many times 5% will do the trick, depending on the type of loan you get. Just be smart about it and make sure you have some money stashed away for an emergency fund.

CERTIFIED HOME BUYER
by Churchill Mortgage

★ ★ ★ ★ ★

Do you think you're ready, but you're worried about the housing market?

The first thing you can do to better prepare yourself for this competitive market is to become a Churchill Certified Home Buyer. This is better than a traditional pre-approval (yes, it's true).

The real estate market is much more competitive than it was years ago, making a pre-qualification virtually meaningless and a pre-approval less powerful. Realtors tell us all the time how "automated mortgages" typically have last minute changes and delays because they aren't as prepared upfront.

By becoming certified, you're showing sellers that you are serious about your offer and you won't back out later due to financing issues. It's also a huge selling point if you're in a multiple-offer situation since home sellers are looking for buyers who are certified. No one wants to deal with a setback on closing day!

"Very smooth and seamless first-time home buying experience. The Certified Home Buyer process made our offer get selected in a multiple-offer situation (one of the others being a FULL cash offer). I highly recommend the entire team at Churchill"

-Blake H., TX

RATE SECURED
by Churchill Mortgage

Rate Secured is another benefit of becoming a Churchill Certified Home Buyer. **So how does it work?**

As you're looking for a new home, we know you want to pay the lowest possible interest on your mortgage. Who wouldn't? There's nothing more frustrating than having your interest rate go up before you close on your loan. No need to lay awake at night wondering what the market will do. You can now protect yourself from the fluctuating interest rates with Churchill's Rate Secured*** program. It's simple:

- Secure a low interest rate at no cost
- Cap your rate for up to 90 days while you shop for a home
- If rates go up, your rate stays the same
- If rates go down, you'll have a one-time option to receive that lower rate

Make an Informed Financial Decision with Long-Term Benefits

We get it—buying a home is a personal decision and figuring out when to jump into the real estate market can be scary. At face value it may look like a better deal to rent than to buy, but it's important to know all your options, so you don't get in over your head.

Ultimately, it's up to you on whether you should start paying your own mortgage or continue to pay your landlord's mortgage.

If you're interested in learning more—we're here to help. Whatever you do, DON'T be reduced to an online transaction. As a first-time home buyer, this is critical. Get advice from an expert in your area who will take the time to help educate you and explain the process!

"The Churchill team went above and beyond with communicating everything we needed to know with extreme clarity and timely. They took the time to answer any questions that we've had. They were a big reason why this process of first-time home buying went off without a hitch and was so easy!"

-Brittany S., MI

What Now? 3 Easy Steps
to Begin the Homeownership Process

Churchill Home Loan Specialists are experts in their field and can get you started with 3 easy steps:

1. **Get certified** and **secured** so you can shop for homes knowing exactly how much you can borrow and not worry about fluctuating rates.

2. **Get a Homeowner Strategy Plan** from your Home Loan Specialist to identify the smartest mortgage for you, with a side-by-side comparison of each of the best programs in your local area.

3. **Download the Churchill Mortgage app** from the App Store or Google Play to help guide you through the home loan process.

NEED MORE INFORMATION?

Just reach out to your local Home Loan Specialist

888.562.6200

churchillmortgage.com

Sources:
https://www.apartmentlist.com/rentonomics/national-rent-data/
https://www.census.gov/housing/hvs/files/currenthvspress.pdf
https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/
https://www.trulia.com/blog/trends/regrets-2017/
https://www.housingwire.com/articles/decade-in-review-number-of-u-s-renters-surpasses-100-million/

EQUAL HOUSING LENDER

*For a 30 year loan, $475,000 mortgage loan with a rate of 6.250% (APR 4.45%) and a 5% down payment ($25,000) on a purchase price of $500,000 with no points, would have a monthly payment of $2,925 (principal, interest and monthly mortgage insurance).** Important Notices- The interest rates, annual percentage rates (APRs), discount points and rebates shown are subject to changes without notice. – The monthly payment amount shown includes principal, interest and mortgage insurance only. Your actual monthly payment will be higher if as escrow/impound account is established or required. – Your APR will vary based on your final loan amount and finance charges. – Stated rates and terms intended a examples only. Call Call (615) 370-8888 for current rates and terms.- Please consult with financial, tax, and legal advisers for any advice relating to your personal circumstances.

The Churchill Certified Home Buyer program is not a commitment to lend funds and is not an approval but is a conditional approval subject to your acceptance of the terms and the conditions being fully satisfied prior to closing. All conditions are subject to final underwriting and final investor approval. The certification is subject to the financial status and credit report(s) of everyone on the application remaining substantially the same until closing, an acceptable contract of sale on a suitable property, collateral (the appraisal, title, survey, condition, and insurance) satisfies the requirements of the lender and loan selected is still available in the market. All closing conditions of the lender must be satisfied including the clear transfer of the title, acceptable and adequate title and hazard insurance, flood certification, and any inspections that are required by the real estate contract.

*** Rate Secured is not available on government high balance, construction to permanent, or investment property home loans.