



HOW MUCH CAN LERTA SAVE ME?

10 Year Comparison of Renting, Buying, and Buying with LERTA Tax Advantage

	Rent	Buy without LERTA	Buy with LERTA
Unit Size	1014 sq ft	1014 sq ft	1014 sq ft
Description	1 bed / 1 bath	1 bed / 1 bath	1 bed / 1 bath
Price	-	\$189,000	\$189,000
Interest Rate	-	6.25%	6.25%
Mortgage Term	-	30 year Fixed	30 year Fixed
Down payment / Deposit	\$500	\$18,900	\$18,900
Loan Amount	-	\$170,100	\$170,100
Monthly Payment	\$1,622	\$1,047	\$1,047 ¹
Rent/Homeowner Insurance	\$20	\$30	\$30
Mortgage Insurance	-	\$52	\$52
County Taxes/mo	-	\$74	\$0 ²
City and School Taxes/mo	-	\$389	\$0 ³
Maintenance Fee/mo	-	\$132	\$132
Monthly Payment	\$1,642	\$1,725	\$1,261⁴
Before Tax Savings			
Annual Rent Increase	2.50%	-	-
Total Payment Over 10 Years	\$221,663	\$206,984	\$157,566 ⁵
Savings Buy vs. Rent Over 10 Years	\$0	\$14,679	\$64,096
Income Tax Savings			
Tax Deductible Interest Paid	\$0	\$98,884	\$98,884
Tax Deductible Property Taxes Paid	\$0	\$55,580	\$6,202 ⁶
Tax Deductible Closing Costs	\$0	\$3,780	\$3,780
Total Tax Savings Over 10 Years	\$0	\$158,244	\$108,866⁷
Appreciation			
Annual Appreciation	-	4%	4%
Mortgage Balance After 10 Years	-	\$143,344	\$143,344
Value after 10 Years	-	\$264,600	\$264,600
Net Appreciation / Return	\$0	\$121,256	\$121,256

Assumptions and Details:

- 1 Monthly payment is rent payment or mortgage payment including principal and interest
- 2 County abatement runs for 3 years, after which taxes increase by \$74/mo
- 3 City/School abatement runs 10 years, after which taxes increase by \$389/mo
- 4 Payment shown is for first 3 years, Avg. payment over 10 years is \$1372, increasing to \$1783 after yr 10.
- 5 LERTA Total payment equals mortgage payment for years 1-3 + mortgage payment and county taxes for years 4-10
- 6 Taxes shown are Allegheny County taxes for years 4-10
- 7 Tax savings is less for buy with LERTA due to reduction in actual taxes paid

Calculations provided by Eloan Rent vs. Buy Calculator at <http://www.eloan.com>

Amortization, Value and Interest calculations from <http://www.bretwhissel.net/cgi-bin/amortize>

6.25% Interest rate for 30 year fixed mortgage with no points as available on Bankrate.com on 11/03/2008

Rental monthly payment based on comparable property, Buy payments from Otto Milk Building, Unit 114