

Purchase vs. Lease Land



EXAMPLE SITUATION ONLY

*Input Fields are white boxes only

LAND LEASE AT "EXAMPLE" COMMUNITY IN GRAND RAPIDS		
Current home interest rate:	11.50%	Term: 20 years
Current home price:	\$ 60,000	
Current Payment	\$639.86	
Taxes	\$3.00	
Land Lease	\$350.00	
Land Lease in 10 years	\$420.00 **	
TOTAL	\$992.86	
Tax Savings Based on Shown Tax Bracket	23%	(\$131.44)
TOTAL COST OF HOME OWNERSHIP		\$861.42
TOTAL COST OF HOME OWNERSHIP IN 10 YRS.**		\$931.42

PURCHASE LAND AT BOULDER RIDGE		
New home & land interest rate:	7.00%	Term: 30 years
Current home price:	\$ 60,000	
Land Purchase price:	\$ 39,900	
New Payment	\$399.18	
Taxes	\$109.10	
Land Payment	\$265.46	
Homeowner's Association	\$65.00	
TOTAL	\$838.74	
Tax Savings Based on Shown Tax Bracket	23%	(\$158.51)
TOTAL COST OF HOME OWNERSHIP		\$680.23
TOTAL COST OF HOME OWNERSHIP IN 10 YRS.		\$680.23

Tax Savings	
Annual interest	\$6,960.85
Annual property taxes	\$1,309.24
TOTAL itemizations	\$8,270.09
Annual tax savings	\$1,902.12
Monthly tax savings	\$158.51

HOME VALUE LAND LEASE	
<i>based on 10 year period</i>	
Original Value	\$60,000
Home Depreciation	-1%
Potential Value	\$54,000
Mortgage Paydown	\$14,489
Home Equity	\$8,489

HOME VALUE PURCHASE AT BOULDER RIDGE	
<i>based on 10 year period</i>	
Original Home/Land Value	\$99,900
Home Appreciation	2% *
Potential Value	\$119,880
Mortgage Paydown	\$14,173
Home Equity	\$34,153

Example of completed worksheet; subject to lender approval, credit and terms

This worksheet is strictly an example of potential value

**Based on 2% rental increase for each of 10 years

* Based on Grand Rapids appreciation rates for last 10 years