

Renting:

The Biggest Trap of Your Life

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About this edition

Renting: The Biggest Trap of Your Life.
You always pay a mortgage. The only choice is whose.
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Important notice

This book is **educational material**. It is not investment advice, not a legal opinion and not tax guidance. It does not replace an attorney, an accountant (*CPA*), a *lender* or a licensed agent.

No number here is a promise of results. Every scenario — the twin brothers, the $300,000 house, the American ladder — is a **constructed example** meant to explain a line of reasoning, with the assumptions stated inside each chapter. Your case will have different numbers.

Past appreciation does not guarantee future appreciation. Chapter 5 shows, on purpose, a period in which the Florida market fell about 45% and took fourteen years to get back to its earlier level. Anyone selling certainty is selling something else.

Laws, tax rates, interest rates and prices change. Everything here was gathered in **September 2026**; the section **Where the numbers come from** gives the source of each data point. Before you buy, finance or sell, consult a licensed agent, a *lender*, a *CPA* and, if there is an immigration question, an immigration attorney.

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The math almost nobody does

There is one category of expense no adult escapes, and it is not food, or health, or transportation. You can make food cheaper. You can swap transportation for a bus, a bike, your own two feet. You can, at some risk, stop paying for health insurance. **But not housing.**

No one can choose to live nowhere. That door doesn't exist. You will sleep under a roof tonight, tomorrow, next year and in 2048, and someone will be paid for it every month until the last day of your life. It is the only bill of your existence that is, all at once, mandatory, monthly, large and lifelong.

That is why the question most people ask — "*is it worth spending so much on housing*?" — is a meaningless question. You are already spending. You spent last month and you will spend next month. The question was never *whether*. There is only one question, and it is the one this book answers: **is that money building wealth for you, or for someone else?**

We wrote this for the Brazilian living in Florida who has paid rent on time for years, works hard, owes nothing to anyone — and has never added up how much he has already handed over. That number is usually scarier than any mortgage, which is why no one adds it up.

Maqueli Gewehr and Bruno Miguel
FLORIDA · SEPTEMBER 2026

How to use this book

There are **twelve chapters**, all with the same structure. You don't have to read them in order, but the order was designed: the first four build the math and the honest objection to it, the middle three show why Florida changes that math, the next four show what happens over an entire lifetime — including the part no one plans for — and the last one shows the concrete way out.

1. **The text** — the explanation, with the math laid open. U.S. industry terms appear in italics and are explained where they appear.
2. **The infographic** — a full page that sums up the chapter in numbers. It is the page to photograph and send to anyone who needs to see the math.
3. **In summary** — the points you need to take with you. If you only have ten minutes, read this opening and the twelve summary pages.

A request for honesty, before we begin. This book has a thesis and defends it, but it will not tell you that buying is always right. **There are situations in which renting is the smart decision**, and Chapter 5 lists every one of them, with numbers and without softening any. A book that only shows a chart going up is not a book, it is an ad.

And every calculation here can be redone on your phone's calculator. That is on purpose: the assumptions are written inside each chapter precisely so that you can swap ours for yours.

CHAPTER ONE 01

The *essential* asset

There are only two doors — and anyone who doesn't choose one is quietly choosing the other

Faced with something you have no option of not consuming, an adult has exactly two choices. Not three, not five. Two.

Rent. You pay for the right to use someone else's house for twelve months. At the end of the twelve months, you have nothing but the receipt — and a fresh conversation about the rent increase.

Buy. You pay for a house that becomes yours, payment by payment. At the end of the twelve months, you have twelve months less debt and a house that is probably worth more than it was.

Plenty of people believe in a third door, the *for now* door. I'll rent for now, save money for now, decide later. That door exists — but it is not a third option, it is the first one under another name. Whoever is in *for now* is renting. And the problem with *for now* is that it has the curious habit of lasting thirty years.

A NOTE ON RIGOR, BEFORE ANYTHING ELSE

It is not scientifically defensible to say that renting is **always** worse than buying. In certain periods, cities and personal situations, renting is the rational decision — the *Consumer Financial Protection Bureau*, the U.S. federal agency that protects financial consumers, itself points to mobility, less responsibility for maintenance, and the cases where buying for a short stay doesn't pay off.

This book's thesis is narrower, and therefore harder to contest:

The danger is not renting. It is spending decades paying for housing without building any asset in return — and without systematically investing the difference.

Hold on to that sentence. It is the only thing this book claims without reservation, and the twelve chapters exist to support it.

The math nobody does

Do this now, on paper, a calculation almost no renter in the world has ever done. Take what you pay in rent today. Multiply it by twelve. Then ask yourself: how many years of adult life do I have left?

If you are thirty-five and pay three thousand dollars a month, your next thirty-five years of housing will cost you more than two and a half million dollars — and that's counting modest rent increases. Two and a half million leaving your account, going into other people's accounts, in exchange for zero wealth at the end.

If someone offered you that contract in writing, with the total printed on the first page, would you sign it? You already signed it. The difference is that it was signed in twelve-month slices, and no one ever showed you the sum.

THE CRUEL DETAIL

A thirty-year mortgage has something rent doesn't: an **end date**. At payment 360, it's over. From then on, the cost of your housing drops to taxes, insurance and maintenance — a fraction of what it was.
Rent has no payment 360. It has payment 361, 480, 600. It follows you to the end, and climbs along the way. The seventy-year-old renter pays rent out of retirement income; the seventy-year-old owner lives in a paid-off house.

It's not about debt. It's about direction

The most common argument against buying is the fear of debt. "*I don't want to be in debt for thirty years.*" It is an honest fear, and worth respecting. But it usually comes from the wrong comparison: the person compares **having debt** with **having no debt**, when the real comparison is between **debt with a deed** and **expense with no deed**.

Because the renter is also committed to thirty years of payments. He just has no contract to prove it, no fixed rate to protect him, no end date, and nothing in his name at the end. He has the obligation without the asset. It's the worst half of the deal.

> *A mortgage is a debt that ends in a house. Rent is an expense that ends in a receipt.*

RENTING	BUYING
Pays every month, forever	Pays 360 times and it's over
Rent increases with no legal cap	Payment locked at a fixed rate
Zero wealth at the end of the lease	Wealth grows with every payment
The appreciation belongs to someone else	The appreciation is yours
Can't paint, drill, remodel	The house is yours to wreck
In old age, rent paid from retirement income	In old age, a paid-off house

You are paying someone else's mortgage

Look around. The house you are in right now, if it's rented, belongs to someone. That person has a name, has an ID and has a bank account that receives your money on the fifth of every month. It's worth understanding exactly what they did to get there, because what they did is surprisingly simple — and it is the most important thing in this book.

They made a down payment. Probably twenty, twenty-five percent of the property's value. They borrowed the rest from the bank, over thirty years. And then they found you.

From that day on, your rent started paying their payment. Their property tax. Their insurance. And, almost always, a little was left over on top, which is their profit. You are not paying "rent" in the sense of buying a service that is consumed and disappears. You are **paying down someone else's mortgage**, month after month, with exemplary discipline.

The investor's confession

This part goes in the first person, because it would be dishonest to explain the mechanism while pretending not to be inside it. **This is exactly what I do, as an investment, and have for many years.**

I buy properties with a down payment, I rent them out, and the tenant pays the mortgage. There is nothing hidden or illegal about it — it is the oldest and most predictable business model in American real estate, and it's the reason a rental market exists. The tenant gets something of real value: a roof over his head, with no down payment, no long-term debt, no responsibility for the roof. For someone staying two years in a city, it's a great deal.

But for someone staying fifteen, it's the deal of my life, not of his. And I'd rather he knew, because whoever understands the mechanism has the chance to choose a side.

The statement the renter never sees

The infographic on the next page lays open the investor's math on a $450,000 house rented for $3,000 a month, at the interest rate the American market was charging in September 2026.

Notice the cash result: practically zero. The investor didn't make money on the rent — he **broke even**. And that is exactly where almost everyone reads the math wrong and concludes that being an owner doesn't pay.

Because his profit wasn't in the rent. It was in two places that don't show up on the monthly statement: **principal paydown**, the part of the payment that isn't interest and becomes wealth in his name, and **appreciation**, which came from no one and goes entirely to whoever's name is on the deed.

Add the two: the investor "broke even" in cash and gained almost twenty-two thousand dollars in wealth in the year. On a ninety-thousand-dollar down payment, that is a return of about

twenty-four percent. And the person who worked every month to make that math close was you.

The arrow

There is no villain in this story. The investor didn't steal anything, didn't lie, and didn't do anything you couldn't have done. He simply understood, before you, which direction the money runs.

It always runs the same way: **from the person who isn't an owner to the person who is.** That arrow has no political opinion, no sympathy, and doesn't change direction because you're a good person or because you're tired. It works in Orlando, it works in Porto Alegre, it worked in 1890 and it will work in 2090.

The only decision that exists — and it is yours, every month, in silence, even when you think you're not deciding anything — is **which end of the arrow you want to be on**.

> **TO REMEMBER**
>
> The next time you make the rent transfer, try thinking of it by its correct technical name: **payment 47 of 360 on someone else's mortgage**.
>
> It is an uncomfortable thought. The discomfort is the point: it is the only thing capable of waking someone out of anesthesia — and that is what the next chapter is about.

The year of the investor who rents to you

A $450,000 house, rented for $3,000 a month, financed over thirty years at 6.75% a year. The cash breaks even. The wealth doesn't.

Rent you paid him, over 12 months	**+ $36,000**
His mortgage payment (interest and principal)	**– $28,020**
His property tax	**– $4,725**
His homeowners insurance	**– $3,375**
Left in his pocket, for the whole year	**– $120**

In cash, he **broke even**. It's the reading that leads almost everyone to conclude that being an owner doesn't pay — and it's the wrong reading, because his gain isn't in this table.

$3,837

First-year principal paydown: the part of the payment that isn't interest. It left your pocket and became wealth in his name.

$18,000

Appreciation at 4% in the year. It came from neither you nor him — it came from the market, and it goes entirely to whoever holds the deed.

Adding the two invisible lines: **$21,837 of wealth in one year**, on a $90,000 down payment — about **24% return**. The one who made the payments every month was you.

6.75% RATE PER THE PRIMARY MORTGAGE MARKET SURVEY, FREDDIE MAC, SEPTEMBER 2026 · PROPERTY TAX OF 1.05% AND INSURANCE OF 0.75% A YEAR · CALCULATION EXAMPLE, NOT A QUOTE

In *summary*

01 Housing is an **essential asset**: no one chooses to live nowhere. The question was never *whether* you will spend on housing.

02 There are only **two doors** for an adult: rent or buy. The third, *for now*, is the first one under another name — and it tends to last thirty years.

03 Thirty-five years of $3,000 rent, with modest increases, add up to **two and a half million dollars** — and end in zero wealth.

04 A mortgage has a **payment 360**. Rent has a 361, a 480, a 600, and climbs along the way.

05 Whoever fears debt is comparing wrong: the renter is also committed to thirty years of payments, only **with no deed, no fixed rate and no end date**.

06 The house you rent belongs to someone who **made a down payment and found you** to pay off the rest.

07 In a typical year, the investor **breaks even in cash** — the rent only covers the payment, taxes and insurance.

08 His profit is in two lines that don't show up on the statement: **principal paydown** and **appreciation**.

09 Together they come to about **$21,837 in one year** on a $90,000 down payment — close to a 24% return.

10 The money always runs in the same direction: **from the person who isn't an owner to the person who is**.

11 That arrow has no opinion, no sympathy, and doesn't switch sides because you work hard.

12 The only decision that exists, and you make it every month in silence, is **which end of the arrow to be on**.

> *You are already paying for a house every month. The only question left is whose it will be in the end.*

CHAPTER TWO 02

The *anesthesia*

Why the biggest cost of your life doesn't hurt — and the only way to make it hurt

If rent is as expensive as the previous chapter showed, why doesn't it hurt? Why do millions of smart, organized people, who check three websites before buying a toaster, transfer three thousand dollars a month for a decade without ever doing the sum?

Because rent has one property that makes it practically invisible: **it never sends you a statement.**

The statement that doesn't exist

A mortgage is brutally transparent. You get an amortization schedule that shows, line by line, how much you've paid, how much is left, how much was interest and how much became wealth. It's a document that sometimes frightens — and that is exactly why it protects you: information that frightens is information that makes you think.

Rent has no document at all. Nowhere in the world is there a piece of paper that arrives at the renter's door saying: "*Dear Sir, the total paid for this tenancy to date is* $184,000. *Accumulated balance in your favor: nothing.*" That paper doesn't exist. So, as far as your mind is concerned, that number doesn't exist either.

This chapter's infographic is the missing document. It's worth a look before you keep reading.

How the anesthesia is administered

It works through three mechanisms, and all three work in favor of whoever collects the rent.

First, slicing. Two million dollars is an amount no one would accept. Three thousand a month is an amount everyone accepts. It's the same money. The difference is that the second format sets off no alarm.

Second, automation. The debit hits the same day every month, and after a while it stops being a decision and becomes scenery. A cost that becomes scenery stops being evaluated.

Third, and the most powerful: the anchor. After two years of paying three thousand, three thousand becomes "the normal price of living". When the increase arrives and the landlord asks for thirty-two hundred, you don't compare the thirty-two hundred with the payment on a house of your own. You compare it with the three thousand from before, decide it's not much, and sign. The reference has already been captured.

> *The renter doesn't decide to pay a lot. He just is never invited to compare against the right alternative.*

The asymmetry almost no one knows about

In Florida there is a legal difference between tenant and owner that is the exact portrait of the trap.

Since 1992, the state Constitution has had a rule called *Save Our Homes*. It provides that, for those who live in their own home and file for the *homestead exemption*, the value used to calculate property tax **cannot rise more than 3% a year** — or inflation, whichever is lower. Forever. Add to that the fifty-thousand-dollar *homestead*

exemption, and the result is a housing cost that gets progressively cheaper in real terms, year after year.

Now the other end: **there is no legal limit on rent increases.** None. The lease expires, the market rules, and the number is whatever the landlord can charge.

TWELVE PERCENT VERSUS THIRTY-NINE

Between 2019 and 2023, the median rent in Florida rose about **39% in four years**.

Over the same period, the neighbor with a *homestead* saw the base of his tax rise by at most **12%** — the cap of 3% a year, compounded.

One had the cost of living repriced by the market. The other had the cost of living protected by the state Constitution. Two people on the same street, living under two different regimes.

The hostage

The accumulated effect of this, over years, has a name: settling. And it has a recognizable pattern.

The rent goes up — and the person, instead of growing along with it, *shrinks their life*. Swaps the two-bedroom apartment for a one-bedroom. Moves farther out, and accepts forty extra minutes of traffic a day. Cuts the vacation. Postpones the second child.

Each of these choices is rational on its own. Together, they form a twenty-year trajectory in which the person worked hard, paid everything on time, never took a wrong step — and ended up with less space, less freedom and no wealth.

It isn't lack of effort. It's the arrow from the previous chapter working without interruption, against someone who never knew it existed.

THREE QUESTIONS TO BREAK THE ANESTHESIA

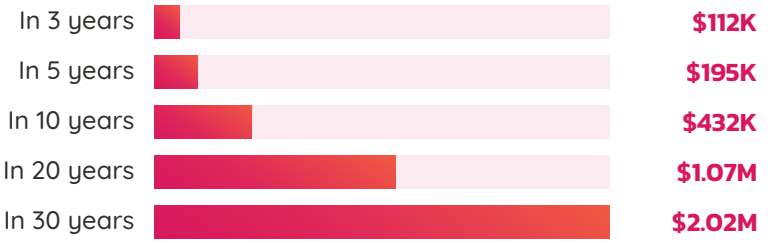
1. How much rent have I paid in my life so far? Add it up. Just adding it up changes the conversation.
2. If I keep going exactly as I am, how much will I have paid ten years from now — and what will be mine on that day?
3. Would the payment on a house of my own be bigger than my rent today, or only *similar*? Find out the real number before deciding it's impossible.

The third question is the one that surprises people most, and it's the subject of the next chapter. Because when you finally put the two figures side by side — the rent on one side, the payment on the other — what shows up isn't a big difference. It's a tie.

And a tie, when one side ends up with a house, is not a tie.

The statement nobody sends

How much leaves your account, in rent, over time. Starting at $3,000 a month, with a 4% annual increase — below what Florida has charged in recent years.



No part of that amount ever returns to the renter under any circumstances. There is no balance, no redemption, no resale.

RENTING	LIVING IN YOUR OWN HOME, WITH HOMESTEAD
LEGAL CAP ON INCREASES None. The lease expires and the market rules.	**LEGAL CAP ON INCREASES** 3% a year on the tax base, or inflation — whichever is lower. Since 1992, by constitutional amendment.
FOUR YEARS, 2019 TO 2023 The state's median rent rose about 39%	**FOUR YEARS, 2019 TO 2023** Tax base rose at most 12%

Rent is **the only big cost in your life that you accept without ever seeing the statement**. This page is the statement.

COMPOUND CALCULATION ON A 4% ANNUAL INCREASE · FLORIDA'S MEDIAN RENT ROSE ABOUT 39% BETWEEN 2019 AND 2023 · CALCULATION EXAMPLE, NOT A MARKET PROJECTION

In *summary*

01 Rent doesn't hurt because it **never sends a statement**. There is no document showing the total already paid.

02 A mortgage does send one: the amortization schedule says how much was interest, how much became wealth and how much is left.

03 Thirty years of $3,000 rent, with a 4% annual increase, add up to more than **two million dollars**.

04 The anesthesia has three mechanisms: **slicing**, **automation** and the **anchor**.

05 The anchor is the strongest: you compare the increase with the previous rent, never with the payment on a house of your own.

06 In Florida, those who live in their own home have the rise in their tax base locked at **3% a year**, by the state Constitution, since 1992.

07 Renters have **no cap at all**. The lease expires and the market decides.

08 Between 2019 and 2023 the state's median rent rose about **39%**; the tax base of those with a *homestead* rose at most 12%.

09 Two people on the same street living under **two different legal regimes**.

10 The long-term effect is called settling: the rent goes up and the person **shrinks their life** instead of growing their wealth.

11 Twenty years of that produce someone who worked hard, paid everything on time and arrived at the end **with nothing in their name**.

12 To break the anesthesia, one calculation is enough: find out the real payment on a house of your own before concluding it's impossible.

> *Information that frightens is information that makes you think. Rent doesn't frighten because it is never added up.*

CHAPTER THREE 03

The *twin* brothers

Same salary, same payment, three years — and two net worths that look nothing alike

Two twin brothers, thirty-two years old, same profession, same salary, same discipline. They are identical in everything, including how much they can spend on housing each month: three thousand dollars. It is the ceiling of both their budgets.

In January, they make different decisions.

Brother A rents. He finds a good three-bedroom house in a neighborhood with a decent school, for three thousand a month. He signs the lease the same day. He needs no down payment, no complicated credit approval, no inspection, and takes on no debt at all. Within a week he's living there.

Brother B buys. With effort and help from the family, he scrapes together a ninety-thousand-dollar down payment and buys a similar house for $450,000. He finances the remaining $360,000 over thirty years, at 6.75% a year — the rate the American market was charging in September 2026. It takes forty-five days from offer to keys.

The first surprise: the payments tie

Almost everyone assumes Brother B's payment will be much bigger than Brother A's rent.

BROTHER B'S MONTHLY COST	
Mortgage payment (interest and principal)	$2,335
Property tax (1.05% a year)	$394
Homeowners insurance (0.75% a year)	$281
Total per month	**$3,010**

Three thousand ten dollars. A ten-dollar difference. It's not a spreadsheet trick: it's what happens when someone compares, for the first time, the rent on a house with the **full** payment on the same house — payment, tax and insurance inside the same number.

The two brothers, then, spend the same amount a month to live in equivalent houses. Let's fast-forward three years.

Three years later

Over those three years the market behaved well, but not extraordinarily: the house that was worth $450,000 became worth **$550,000**. That's about 6.9% a year — less than Florida delivered on average over the last decade, as Chapter 5 shows. Brother A's rent went up 4% a year, which is modest for the period.

Brother B has, in the house, equity of **$202,330**: the property's value minus the loan balance. Brother A has zero.

But that comparison still isn't fair, and an honest book has to be fair to the side that's losing. Brother A's best argument is still missing.

Brother A's best argument

Brother A didn't put down ninety thousand. That money stayed with him. If he's a disciplined person — and in this exercise he is, because

the twins are identical — he invested the ninety thousand in the financial markets. At 7% a year, three years later he has **$110,254**.

That is the correct comparison, and it's the one almost never made. This chapter's infographic makes it. The result: **ninety-two thousand dollars of difference**, in three years, between two people who earned the same salary and spent the same amount a month to live.

And if Brother B sold the house today, paying agent commissions and closing costs — something like 8% of the price — he would walk away with about **$158,000 net**, still $48,000 ahead of Brother A. Without paying a cent of tax on that gain, as Chapter 7 explains.

The second surprise: who lived cheaper

Now the part that dismantles the argument that "buying is throwing money away on interest". Let's isolate, on both sides, only the money that **never comes back**. Rent doesn't come back. Interest doesn't come back. Tax and insurance don't come back. Maintenance doesn't come back. But principal paydown does come back — it's savings disguised as an expense.

MONEY THAT DOESN'T COME BACK, OVER 36 MONTHS

Brother A — rent	$112,378
Brother B — interest to the bank	$71,728
Brother B — tax and insurance	$24,300
Brother B — maintenance	$13,500
Brother B — total	**$109,528**

The brother who bought lived **two thousand eight hundred fifty dollars cheaper** than the brother who rented — and kept the house.

It's a small difference, and it isn't the point. The point is that it isn't negative. The story that "the owner pays a fortune in interest while the renter lives light" simply doesn't survive a subtraction.

The third surprise, and the worst

Go back to Brother A. He did everything right. He paid his rent on time for three years, didn't touch his reserve, invested the ninety thousand and now has $110,254 in his investment account. In January, he decides the time has come: he's going to buy a house.

The equivalent house today costs $550,000. A twenty percent down payment is **$110,000**.

> **THE TIE THAT ISN'T A TIE**
>
> Brother A's portfolio, after three years of perfect discipline, is worth **$110,254**.
> The down payment he now needs to put down, on the same house, is **$110,000**.
> He ran for three years to get back exactly to the starting line — except now the race is longer: the house costs a hundred thousand more, his payment will be bigger, and the clock on the thirty-year mortgage only starts now.

The financially correct question

Before closing the chapter, it's worth naming what this comparison really did. It didn't ask "how much rent was lost" — that question is easy and misleading, because the owner also has interest, tax, maintenance, insurance, transaction costs and capital tied up in the down payment.

The correct question is a different one, and it's what separates analysis from advertising:

> *After paying for the same need — a place to live — which strategy left more assets on the balance sheet?*

This is the concept of opportunity cost, and Morgan Housel, in *The Psychology of Money*, insists on a point this book will repeat: wealth depends far more on **behavior, time and compounding** than on mathematical knowledge. Brother A didn't lose for not knowing the math. The next chapter shows where he usually loses for real.

This is the central mechanism of the trap, and it's crueler than the simple loss of the rent. It's not just that Brother A spent $112,000 without building anything. It's that **the target moved while he ran**.

The $112,378 he paid in rent was, almost exactly, the down payment he was missing. He handed over the down payment — he just handed it to someone else, in 36 installments.

HOW TO REDO THIS MATH WITH YOUR OWN NUMBERS

Take the price of the house you would rent if you could buy. Calculate 80% of that amount and enter it in any bank's mortgage calculator, at 30 years.
Add 1.05% of the price per year for property tax and 0.75% for insurance, both divided by twelve.
Compare the result with your rent today. Do this **before** deciding it doesn't work.

The honest scoreboard at the end of year three

Both spent the same amount a month to live. One invested the down payment he didn't make; the other bought the house. Three years later, the scoreboard.



Brother A's investment portfolio, with the $90,000 down payment he didn't make, against Brother B's equity in the house. **Difference: $92,076 in three years.**

Money that doesn't come back — Brother A, rent only	**$112,378**
Money that doesn't come back — Brother B: interest, tax, insurance and maintenance	**$109,528**
The brother who bought lived cheaper — and kept the house	**– $2,850**

$110,254
Brother A's portfolio after three years of perfect discipline, at 7% a year.

$110,000
The down payment he now needs to make on the same house, which now costs $550,000.

Three years of discipline to get back **exactly to the starting line** — and now the race is longer.

$450,000 HOUSE WITH 20% DOWN, 6.75% A YEAR OVER 30 YEARS · APPRECIATION TO $550,000 · $3,000 RENT WITH A 4% ANNUAL INCREASE · BROTHER A'S PORTFOLIO AT 7% A YEAR · SELLING COSTS OF 8% · CALCULATION EXAMPLE, NOT A PROMISE OF RETURN

In *summary*

01 Identical twins, same salary, same $3,000-a-month ceiling for housing. One rents, the other buys.

02 The **full** payment on the $450,000 house — interest, principal, tax and insurance — comes to **$3,010 a month**. A ten-dollar difference.

03 Almost everyone gets this math wrong because they compare rent only with the mortgage payment, forgetting that rent already bakes in tax and insurance.

04 In three years, the house goes from $450,000 to $550,000 and Brother B has **$202,330** of equity in it.

05 Brother A's best argument is real: he invested the $90,000 down payment and, at 7% a year, reached **$110,254**.

06 Even granting him that argument, the difference is **$92,076** in favor of the one who bought.

07 Isolating only the money that **never comes back**, Brother B spent $109,528 and Brother A spent $112,378.

08 In other words: **the one who bought lived cheaper** — and still kept the house.

09 Principal paydown is not an expense: it is **savings disguised as an expense**.

10 If he sold in year three, Brother B would walk away with about **$158,000 net**, free of federal tax.

11 The down payment Brother A needs to make now is **$110,000** — practically his entire portfolio.

12 The target moved while he ran: that is the central mechanism of the trap.

> *The $112,378 in rent was, almost exactly, the down payment that was missing. He handed over the down payment — he just handed it to someone else, in 36 installments.*

CHAPTER FOUR 04

Savings that don't depend on *discipline*

The best objection to this book is "rent and invest the difference" — and why it fails in execution, not in the math

There is an objection to everything said so far, and it's a good one. So good that an honest book has to face it head-on, rather than pretend it doesn't exist.

The objection is this: "*instead of buying a house, I'll rent something cheaper and invest the difference.*"

It's right. Mathematically, in several markets and several periods, renting and investing the difference **produces more wealth** than buying. It's not a trick by someone trying to dodge commitment: it's a legitimate strategy, defended by serious people, and the math works.

The problem isn't the math. It's somewhere else.

Intention is not behavior

The question that decides everything isn't whether the strategy works. It's whether **the person actually carries it out** — every month, for twenty, thirty, forty years.

Investing the difference demands an active decision every month: work out how much is left over, transfer it, invest it, leave it alone. It demands not stopping in the year of the big trip and not cutting

back when your salary rises and your standard of living rises with it — and keeping the same discipline at 52 that you had at 28.

Behavioral economics studies exactly this gap between what people intend to do and what they do. And what it has found is that the gap is enormous — and that the way to close it is almost never "more willpower". It's **changing the architecture of the decision**.

THE EXPERIMENT THAT SHOWED THE SIZE OF THE PROBLEM

The *Save More Tomorrow* program, by Richard Thaler and Shlomo Benartzi, asked workers to commit **in advance** to putting part of their future raises into savings.

It didn't ask them to save more now. It asked them to decide today about tomorrow's money — and for the transfer to start happening on its own.

Participants' average savings rate went from about **3.5% to 13.6%**. Nearly four times as much, with the same people, the same salary and the same willpower. What changed was the mechanism.

The point isn't that people are weak. It's that a repeated, voluntary decision that trades something today for something thirty years from now is the hardest kind there is for the human brain. The literature calls the arrangement that solves this a *commitment device*: you tie your own hands today so you don't have to decide again tomorrow.

A mortgage is a commitment device nobody designed as one

Now look at the mortgage through those eyes.

Every month there is an obligation. It isn't optional, it doesn't depend on mood and it doesn't go away when the trip comes up.

And part of it — which grows each year — isn't an expense: it's **principal paydown**, debt that shrinks and wealth that grows.

The Brookings Institution calls it by its plain name: an amortizing mortgage is a **forced savings** mechanism. You save because the alternative is losing the house. It's a crude motivation, and it works.

> *The problem with renting isn't just the money that goes out. It's depending on discipline to voluntarily invest money that could be automatically converted into wealth.*

Notice the difference in nature — these are the three tools behavioral economics points to as the most effective for getting someone to save: **default**, **automation** and **commitment**, all three free, as a side effect.

The renter who invests the difference has to get **360 decisions** right. The owner has to get **one** right: signing. After that, the system works on its own — and it works even in the months when he wouldn't feel like it.

The perfect renter

To make the argument completely fair, it's worth imagining the person who carries out the strategy with no failures at all. Let's call him the **perfect renter**.

The perfect renter correctly calculates the difference between renting and owning and invests one hundred percent of it, every month. Never stops. Doesn't raise his standard of living when his salary rises — raises his contribution. Doesn't cash out in the crash or in the euphoria. And keeps that up for three decades.

That renter exists, and he ends up rich. Probably richer than Brother B from the previous chapter.

The honest question is: **how many people like that do you know?**

This chapter doesn't ridicule the strategy. It's a good one. What it claims is more modest and harder to contest: its effectiveness **depends on exceptional behavioral execution**, and most people — including smart, organized, well-intentioned ones — don't sustain it for thirty years.

> *The spreadsheet doesn't buy a new car on impulse. People do.*

The fine print, because it exists

It would be dishonest to finish without saying what weakens the argument.

In the first years, most of the payment is interest. It isn't true that "every payment becomes wealth". In the previous chapter's example, over three years it was $71,728 in interest against $12,330 in principal paydown. The forced savings exist, but they are **slow at the start and fast at the end** — the opposite of what intuition suggests.

A house is not a good investment in the technical sense. It has maintenance, tax, insurance, high transaction costs and less liquidity than a brokerage account. Anyone comparing pure return, ignoring behavior, will often find the financial market ahead.

The argument of this chapter is a different one, and it's what remains after conceding all of that:

> *The best savings plan isn't necessarily the one with the highest return. It's the one you actually stick to for thirty years.*

One decision against three hundred sixty

The two strategies can arrive at the same place. What separates them isn't the math — it's how many times you have to get it right.

RENT AND INVEST THE DIFFERENCE	FINANCE YOUR OWN HOME
DECISIONS YOU HAVE TO GET RIGHT 360 — one a month, every month, for thirty years	**DECISIONS YOU HAVE TO GET RIGHT** 1 — signing. After that the system works on its own.
WHAT HAPPENS IF YOU DO NOTHING Nothing is saved. The money sits in the account and vanishes.	**WHAT HAPPENS IF YOU DO NOTHING** The principal paydown happens anyway. Saving is the default.
WHAT INTERRUPTS IT A trip, a car, a renovation, a higher standard of living	**WHAT INTERRUPTS IT** Stopping means losing the house. Almost no one stops.

3.5% → 13.6%

The average savings rate of Save More Tomorrow participants. The same people, the same salary, the same willpower — only the mechanism changed.

Forced savings

It's what the Brookings Institution calls the amortizing mortgage: a debt that shrinks and wealth that grows, every month, without depending on a decision.

The perfect renter exists and ends up rich. The honest question is: **how many people like that do you know?**

SAVE MORE TOMORROW, BY RICHARD THALER AND SHLOMO BENARTZI · BROOKINGS INSTITUTION ON THE AMORTIZING MORTGAGE AS FORCED SAVINGS · NUDGE, BY THALER AND SUNSTEIN · NBER ON AUTOMATION AND COMMITMENT DEVICES

In *summary*

01	The best objection to this book is real: **renting and investing the difference** can produce more wealth than buying.
02	The math works. What often doesn't work is **the execution**.
03	Investing the difference demands **360 active decisions**; a mortgage demands **one**.
04	Behavioral economics measures the gap between intention and behavior — and it is enormous.
05	In *Save More Tomorrow*, the savings rate went from **3.5% to 13.6%** by changing only the mechanism, not the people.
06	What closes that gap is almost never willpower: it's **changing the architecture of the decision**.
07	A mortgage is a *commitment device* nobody designed as one: **default, automation and commitment**, all three together.
08	Brookings calls the amortizing mortgage by its plain name: **forced savings**.
09	The **perfect renter** — who invests 100% of the difference, every month, for thirty years — exists and ends up rich.
10	The honest question isn't whether he exists. It's **how many people like that you know**.
11	Fine print: **in the first years most of the payment is interest**. The forced savings are slow at the start.
12	The best savings plan isn't the one with the highest return. It's **the one you stick to for thirty years**.

> *The spreadsheet doesn't buy a new car on impulse. People do.*

CHAPTER FIVE 05

The *appreciation* train

The price of waiting, the 2008 valley and the five situations in which renting is the right decision

In Chapter 3, the brother who rented lost two things. The first is obvious and everyone sees it: the rent. The second is invisible, much larger, and almost no one counts it — **he lost the appreciation on a house he didn't own**.

It sounds strange to say someone lost the gain on something he never owned. But it isn't strange, and the reason is simple: he still has to buy. And when he buys, he'll pay the new price.

The $300,000 house

Imagine a house that costs $300,000 today. You decide to wait. With 6% annual appreciation — no bubble, just a healthy market — here is what happens:

WHEN YOU BUY	PRICE	20% DOWN PAYMENT	WHAT WAITING COST
Today	$300,000	$60,000	—
In 5 years	$401,000	$80,200	$101,000
In 10 years	$537,000	$107,400	$237,000
In 15 years	**$719,000**	**$143,800**	**$419,000**

Three hundred thousand today, four hundred thousand in five years, more than half a million in ten. Popular intuition gets the number right: people say "that house will cost double in ten years" and miss only slightly on the low side.

And notice the last column, which is the one that matters. It isn't the gain of the person who bought. It's the **price of waiting** for the person who didn't. A hundred and one thousand dollars to wait five years. It's not an abstract accounting loss: it's how much more you will have to sign for on the contract.

The treadmill: why the down payment runs away

Here is the detail that turns waiting into a trap. While the price rises 6% a year, the **down payment also rises 6% a year**, because it's a percentage of the price. The target moves at the same speed as your run.

Whoever pays rent runs on that treadmill carrying extra weight: a large share of income — often a third — goes to an expense that generates no savings. So they manage to save little, and the little they save loses to the inflation of the asset you want to buy. Each year of waiting isn't neutral: it's a year in which the distance grows.

> *It isn't that the renter lacks discipline. It's that the finish line is moving faster than he is.*

Now the honest part: the market falls

If this book showed you only charts going up, you should close it. Florida has one of the strongest appreciation records in the United States and also one of the most famous drops in the country's recent history. Both things are true, and they're in the same data series.

From the 2006 peak to the 2012 bottom, Florida's official home price index fell about **45%**. It took **fourteen years** to recover the earlier level. Whoever bought at the peak and had to sell in 2012 lost real money — not a theoretical loss, a loss that destroyed the wealth of real families.

Whoever tells you Florida real estate "only goes up" is lying, and the chart is the proof.

Now look at the whole period, which is what matters for someone buying to live in the home. Over the last thirty years the index multiplied almost five times over. Over the last fifteen, it rose 209%. Over the last ten, 120%. And even in the worst possible window — buying exactly at the 2006 top and measuring today — the result is positive by about 75%.

THE LESSON OF THE VALLEY

Whoever bought in 2006 and **stayed** in the house lost nothing: today the property is worth far more and the mortgage is almost paid off.

Whoever bought in 2006 and **had to sell** in 2010 lost a lot.

The difference between the two wasn't market luck. It was **financial reserves**. The decisive variable is never the entry price — it's how long you can afford to wait.

The honest math: what comes in besides the payment

Every book that defends a thesis has an obligation to present the opposing side with the same clarity. This section does that. If you only read one part of this book, read this one, because it's the only one that can save you money by telling you *don't buy now*.

Brother B's $3,010 payment isn't the full cost of being an owner. There is more:

- **Closing costs on the purchase:** 2% to 5% of the price. On a $450,000 house, between $9,000 and $22,000, on top of the down payment. Inspection, title insurance, *lender* fees, *escrow*, recording.
- **Maintenance:** about 1% of the property's value per year. No one spends that every year — you spend zero for four years and then replace the air conditioner all at once. Set money aside every month.
- **Insurance in Florida:** it's expensive and has been rising. The number we used, 0.75% a year, is reasonable, but it varies a lot by region, roof age and distance from the coast. Get a quote **before** you make an offer.
- **HOA:** in a condo or planned community, from $50 to more than $500 a month. It goes fully into the math, and it can rise.
- **Selling costs:** 6% to 8% of the price, the biggest piece being the agent's commission. This is the cost that makes buying for a short stay dangerous.

Add it all up: about 3% to get in and about 8% to get out. That's 11% of the property's value in friction — almost fifty thousand dollars on a $450,000 house, which appreciation has to cover before you start to gain. At 6% a year, that pays for itself in a little under two years. With zero appreciation, it never does.

The five situations in which renting is the right decision

1. **You just arrived and don't know the area.** Buying in the wrong neighborhood is an expensive mistake and slow to undo. Rent for a year, walk around the city, find out the real traffic and the real school. This is the best rent money there is.
2. **You might leave in under three years.** An unstable job, a visa in transition, a plan to move states. Entry and exit costs eat the gain.
3. **There's no emergency reserve after the down payment.** This is the most important one. If making the down payment leaves your account at zero, you didn't buy security — you bought fragility. It's the 2006 owner forced to sell in 2010. Keep six to twelve months of payments **in cash**, on top of the down payment.
4. **The payment would exceed 35% of net income.** Then the house stops being wealth and becomes a cage. Buy the smaller house: the smaller house appreciates too.
5. **Local rent is too cheap relative to the sale price.** If a year's rent equals less than 4% of the property's price, the rental math improves considerably. Compare before you assume.

> **THE RULE THAT SETTLES ALMOST EVERY CASE**
>
> If you **don't intend to stay at least three years**, rent. No guilt, no hesitation. It's the right decision.
> Buying isn't always right. But buying **without reserves**, **without a time horizon** and **above your income** is almost always wrong — and that's how almost every real estate regret is born.

Florida over thirty years, with the valley in the middle

The state's official home price index, from the early 1990s to today. Anyone buying to live in the home needs to see both halves of the chart — the fall and the recovery.

1996
Index at 172. Starting point of the thirty-year window.

2006
Bubble peak, at 480. The most expensive top in history up to then.

2012
Bottom, at 265. A drop of about 45% from the peak.

2020
Back to the 2006 level. Fourteen years to recover.

2026
Index at 826. Almost five times the 1996 value.

+120%
Over the last ten years

+209%
Over the last fifteen years

+75%
Buying at exactly the **worst** possible moment, the 2006 top, and measuring today

−45%
The real drop between 2006 and 2012, which destroyed the wealth of families who had to sell

What the chart teaches isn't "real estate always goes up". It's something else: **those with time on their side win; those forced to sell at the worst moment lose.** The decisive variable is the reserve, not the entry price.

ALL-TRANSACTIONS HOUSE PRICE INDEX FOR FLORIDA, SERIES FLSTHPI, FEDERAL HOUSING FINANCE AGENCY, DISTRIBUTED BY THE FEDERAL RESERVE BANK OF ST. LOUIS · PAST APPRECIATION DOES NOT GUARANTEE FUTURE APPRECIATION

In *summary*

01 Renters lose two things: the rent, which everyone sees, and the **appreciation on a house they don't own**, which almost no one counts.

02 A $300,000 house at 6% a year costs $401,000 in five years and $537,000 in ten.

03 The table's last column isn't the gain of the person who bought: it's the **price of waiting** for the person who didn't.

04 The down payment rises at the same speed as the price, because it's a percentage of it. **The target moves.**

05 Whoever pays rent runs on that treadmill with a third of income going to an expense that generates no savings.

06 **Florida fell 45% between 2006 and 2012** and took fourteen years to come back. Anyone who says it only goes up is lying.

07 Even buying at the worst possible moment, the 2006 top, the result today is positive by about **75%**.

08 The difference between who lost and who didn't in 2008 wasn't luck: it was **financial reserves**.

09 Being an owner costs more than the payment: closing costs, maintenance at 1% a year, insurance, HOA and 8% to sell.

10 That's about **11% friction** between getting in and getting out — which makes short-term buying dangerous.

11 **Rent** if you won't stay three years, if no reserve is left after the down payment, or if the payment exceeds 35% of income.

12 Buying isn't always right. Buying **without reserves, without a time horizon and above your income** is almost always wrong.

> *Each year of waiting isn't neutral. It's a year in which the distance grows.*

CHAPTER SIX 06

Florida changes *the equation*

Forty-five days to a contract — and why you don't have to pay off the loan to sell

When a Brazilian hesitates to buy a house, the fear is almost never what he says it is. He says he is afraid of the debt. In most cases, the real fear is something else, and a far more reasonable one: **fear of not being able to get out.**

That fear is not irrational: it was learned. In Brazil, and in most of Latin America, buying a property is almost like marrying it. You put it on the market and the wait begins: months or years of listings, showings, lowball offers, price cuts, the deed transfer. Selling is a life project, not a transaction — and the value on paper and the money in the bank are separated by an abyss of time.

With that memory in his luggage, the Brazilian who arrives in Florida does the logical math: "*if I buy and my life changes, I'm stuck.*" The math is right; it's the premise that was calibrated in another market.

Forty-five days

In Florida, a well-priced single-family home takes, at the median, about **45 days** from hitting the market to a signed contract. Add the closing — 30 to 45 days — and the money is in your account in about three months. In slow periods the timeline stretches, but even in the bad scenario the sale is settled well before six months.

Three months between “I decided to sell” and “I have the money”: comparable to the time it takes to cash out certain fixed-income investments, and radically different from the Brazilian experience.

Why Florida is fast

It is not luck or coincidence. It is four gears working together:

- **The MLS.** A single, mandatory database with every property for sale, price history and verified data. The buyer filters instead of digging, and the seller reaches every agent in the region at once.
- **Ready credit.** The buyer arrives with a *pre-approval* in hand: he already knows how much he can pay before seeing the first house.
- **Standardized process.** The FAR/BAR contract, set deadlines, a *title company* and *escrow* running the show. Nobody reinvents the procedure with every sale.
- **Permanent demand.** Florida receives new people every year. There is always a buyer; the argument is about price, not about whether a market exists.

A transitory asset

The cultural effect of this speed is profound, and it is the shift that almost every Brazilian immigrant takes years to make.

In Brazil, property is a permanent asset: the house where the family will stay, the wealth that passes to the children. In the United States, it is a **transitory asset**. The question the American asks is not “is this where I’m going to die?”, it is “is this where I’m going to live for the next five or seven years?”

He buys knowing he will sell. And while he lives there, he earns money by living there: the house appreciates while he sleeps in it, and every payment transfers a piece of it from the bank to him.

> *The house stops being a decision about the rest of your life and becomes a decision about the next five years.*

LOW-LIQUIDITY MARKET	FLORIDA
Job offer in another state: turn it down, or become a long-distance landlord for years	Sell and go
Third child is born: squeeze into the house you have	Trade up to a bigger one
Separation: years of a property tied up in a dispute	Sell, split, each goes on
Kids leave home: a couple of two in a house for five	Downsize and free up capital
Need the money: borrow against the house	Sell in about three months

WHAT LIQUIDITY DOES NOT SOLVE

Selling fast does not mean selling well at any moment. In 2010 there was liquidity — but prices were at the bottom.

Speed protects you from getting **stuck**. It does not protect you from selling **cheap**. That is why the emergency reserve from the previous chapter remains the most important piece of the plan: liquidity is the door, and the reserve is what guarantees you only go through the door when you want to, not when you have to.

You don't have to pay off the loan to sell

There is a belief that paralyzes people who could have bought years ago: *"I can't sell the house, because I'm still paying for it."*

It's wrong. Selling with a mortgage still outstanding is **absolutely routine** in the United States — it is what happens in most sales. It requires no special authorization from the bank and no money out of your pocket.

The closing is run by a *title company* — a neutral firm, neither yours nor the buyer's, which exists precisely so that nobody has to trust anybody. The step-by-step is in this chapter's infographic.

The point that matters is the fourth step: **the** *title company* **pays your bank before it pays you**. The payoff money is the buyer's — you never touch it and never have to negotiate with the bank. Everything at the same table, on the same day.

> **TWO THINGS WORTH CHECKING BEFOREHAND**
>
> **Prepayment penalty.** Most American residential mortgages don't have one, but niche products and certain loans for foreign buyers may. Ask the *lender* before you sign.
>
> **Enough equity to cover the exit.** If you sell too early, the loan balance plus the 8% in costs can exceed the sale price — and then you bring money to the closing instead of receiving it.

The practical conclusion dismantles an entire fear: **a mortgage is not a chain, it is a bridge.** You don't have to finish crossing it to be able to step off.

From "I decided to sell" to money in the bank

The roadmap of a sale with a mortgage still outstanding in Florida — which is how most sales happen. The bank is paid before you are, with the buyer's money.

1. **Contract signed**
   The buyer deposits the earnest money in an escrow account that belongs neither to you nor to him.
   MEDIAN OF 45 DAYS TO THIS POINT
2. **The title company requests the payoff**
   The official document from your bank stating exactly how much remains to settle the debt on the closing date.
3. **The buyer's money comes in**
   Into the title company's account, on closing day. It doesn't pass through your account.
4. **The bank is paid first**
   The mortgage is paid off and the lien is released in the county records.
   YOU DON'T NEED TO HAVE THIS MONEY
5. **Expenses are deducted**
   Commissions, fees and transfer tax.
6. **What's left goes to you**
   On the same date. And the deed goes to the buyer free and clear.
   30 TO 45 DAYS AFTER THE CONTRACT

Sale price of Brother B's house, in year three	**$550,000**
Mortgage payoff — the payoff amount	**– $347,670**
Commissions and closing costs, about 8%	**– $44,000**
Check to the seller, exempt from federal tax	**$158,330**

FLORIDA REALTORS, MEDIAN DAYS FROM LISTING TO CONTRACT FOR SINGLE-FAMILY HOMES, ABOUT 44 DAYS IN APRIL 2026 · CLOSING TIMELINES PER MARKET PRACTICE

In *summary*

01	The real fear of someone who hesitates is not the debt: it is **not being able to get out**. And that fear was calibrated in another market.
02	In Brazil and Latin America, selling a property is a project of years. In Florida, it is a transaction.
03	The median from listing to signed contract is about **45 days**; adding the closing, the money arrives in about **three months**.
04	Four gears explain the speed: the **MLS**, the *pre-approval*, the **standardized process** and permanent demand.
05	Americans treat property as a **transitory asset**: they buy knowing they will sell in five or seven years.
06	The house stops being a decision about the rest of your life and becomes a decision about the next five years.
07	Liquidity protects you from getting **stuck**; it does **not** protect you from selling cheap. That is what the reserve is for.
08	Selling with a mortgage outstanding is **routine** in the United States — it is what happens in most sales.
09	The *title company* is neutral and runs everything: it requests the *payoff*, receives the buyer's money and **pays the bank before it pays you**.
10	You never need to have the payoff money: **it is the buyer's**.
11	Check before you sign whether there is a **prepayment penalty**, common in some loans for foreign buyers.
12	Selling too early can cost you money out of pocket: loan balance plus 8% in costs can exceed the sale price.

> *A mortgage is not a chain, it is a bridge. You don't have to finish crossing it to be able to step off.*

CHAPTER SEVEN 07

Half a million *tax-free*

Section 121, the homestead and the 3% cap — the four layers that protect people who live in their own home

There is a provision in the American tax code that may be the greatest tax benefit available to the ordinary American family. It is called **Section 121**, and what it says is extraordinary: the profit on the sale of your primary residence is **exempt from federal tax up to $250,000 per person**.

Per person. If the house belongs to a married couple filing jointly, the limit is **$500,000**. Half a million dollars of profit, free of federal capital gains tax.

It's worth measuring the size of that against any other investment. If you make a hundred thousand dollars selling stocks, you pay capital gains tax. If you make a hundred thousand selling the house you live in, and you meet the Section 121 rules, **you pay nothing**. Zero.

The rules, without the fine print

- **Ownership and use:** you must have owned the property and lived in it as your primary residence for **at least two of the last five years** before the sale. The two years don't have to be consecutive.
- **Frequency:** you can only use the benefit once every two years.
- **Couples:** for the $500,000, it's enough that one spouse meets the ownership requirement, but **both** must meet the residence requirement.
- **Nonqualified use:** the period when the property was not your primary residence — rented to others, for example — is not exempt, in proportion.
- **Fixed amount:** the limits are set by statute and **are not adjusted for inflation**. They were $250,000 in the nineties and are still $250,000 in 2026.

What this does to the twins' math

Go back to Brother B, who sold in year three and received $158,330. He lived in the house for three years — he meets the two-in-five rule. His profit is far below $250,000. Result: **the whole check is his.**

Compare Brother A, who had $110,254 in his investment portfolio. To use that money, he has to sell the holdings — and then he pays tax on the gain. The exemption doesn't exist on his side.

The homeowner didn't just make more money. He made money of **better tax quality**.

THE GEAR THIS RELEASES

Because the benefit renews every two years, there is a perfectly legal strategy, widely used in the United States: buy, live in it, let it appreciate, sell tax-free and buy something better with the entire profit in your pocket.

Repeated three or four times over an adult life, this is how ordinary American families reach retirement with real estate wealth that, from the outside, looks inexplicable. It isn't a high salary. It's **an exemption used several times over**.

And then Florida on top

Section 121 is federal: it applies in all fifty states. What Florida adds is a state-level layer that few states have all together.

No state income tax. Florida does not levy an individual income tax. Where other states tax capital gains on top of the federal tax, here that line doesn't exist.

Homestead exemption. Fifty thousand dollars taken off the taxable value of the home you live in for property tax purposes.

Save Our Homes. The assessed value can't rise more than 3% a year — or inflation, whichever is lower. Forever, as long as it is your primary residence.

Portability. When you move to another home within Florida, you **take the accumulated** *Save Our Homes* **benefit with you**, up to $500,000 of transferred benefit. Someone who lived fifteen years in a house and moved doesn't start from zero.

Why portability matters so much

Portability is the detail that closes the argument of the previous chapter, and almost no one knows about it.

Think about what it means. A family lives in the same house for fifteen years. In that time, the market value of the property doubled, but the assessed value rose at most 3% a year — so there is an enormous accumulated gap between what the property is worth and what the state taxes. That accumulation is real money, every year, in the family's pocket.

In an ordinary system, moving would mean losing all of that and restarting the count from zero. In Florida, not so: the family takes the benefit along, up to half a million dollars of protected assessed value.

In other words: **Florida's system presupposes that people will move.** The state doesn't punish mobility — it protects it by law. A low-liquidity market punishes those who move; this one was built so that moving is normal.

> **IN PLAIN WORDS**
>
> A tax exemption has requirements, exceptions and edge cases — especially for people who are **not U.S. tax residents**, for property that has been rented out and for anyone with a corporate structure in the middle.
> Nothing in this chapter replaces a conversation with a CPA. Bring these pages to the appointment: they're there so you know **what to ask**.

The four layers for those who live in their own home

One federal and three from Florida. Together, they explain why the math of buying to live in it works out better here than almost anywhere else in the United States.

$250,000 per person, exempt from federal tax

Section 121 of the tax code: profit on the sale of a primary residence isn't taxed up to this limit. For a married couple filing jointly, **$500,000**. Requires having lived in it 2 of the last 5 years.

No state income tax

Florida does not tax individual income. Where other states charge on top of the federal tax, here that line doesn't exist.

$50,000 homestead exemption

Taken off the taxable value of the home you live in for property tax purposes.

3% annual cap, and portability

The assessed value can't rise more than 3% a year or inflation, whichever is lower — forever. And when you move within the state you **take the accumulated benefit with you**, up to $500,000.

2 in 5

Years of residence required for the federal exemption. They don't have to be consecutive.

Every 2 years

How often the exemption renews, which is what lets you use it several times in a lifetime.

Portability is the piece almost no one knows about: **Florida's system presupposes that people will move**. The state doesn't punish mobility — it protects it by law.

INTERNAL REVENUE CODE, SECTION 121 · FLORIDA CONSTITUTION, 1992 SAVE OUR HOMES AMENDMENT · FLORIDA DEPARTMENT OF REVENUE, PUBLICATION PT-112 · CHECK WITH A CPA AND WITH YOUR COUNTY'S PROPERTY APPRAISER

In *summary*

01 **Section 121** exempts from federal tax the profit on the sale of a primary residence up to **$250,000 per person**.

02 For a married couple filing jointly, the limit is **$500,000** — half a million free of capital gains tax.

03 Sell stocks with a hundred thousand in profit and you pay tax. Sell the home you live in, within the rule, and **you pay nothing**.

04 You must have owned it and lived in it **2 of the last 5 years**, and the two years don't have to be consecutive.

05 The benefit renews **every two years** — which is what lets you use it three or four times in a lifetime.

06 The limits are **not adjusted for inflation**: they were $250,000 in the nineties and are still $250,000 today.

07 Any period when the property was rented is **not exempt**, in proportion.

08 Florida adds three layers: **no state income tax**, a **$50,000 homestead** exemption and the **3% cap**.

09 **Portability** lets you take the accumulated *Save Our Homes* benefit with you when you move, up to $500,000.

10 Without portability, moving would cost years of protected assessed value. With it, moving costs nothing.

11 The design reveals the intent: **the state presupposes that people will move, and protects that**.

12 None of this replaces a CPA — especially for anyone who is not a U.S. tax resident.

> *The homeowner didn't just make more money. He made money of better tax quality.*

CHAPTER EIGHT 08

The *generations*

Ninety trillion on one side, and the age of the first home rising on the other

There is a number at the Federal Reserve that explains today's United States better than any political speech. The *baby boomers*, born between 1946 and 1964, control roughly **ninety trillion dollars** in wealth. That is about **52% of all American household wealth**.

And they are, more or less, 20% of the adult population.

One-fifth of the people with more than half of the money. It recently earned a name among economists: the *G-shaped economy* — a curve that climbs steeply at one point and stays flat everywhere else.

What they did, exactly

The temptation is to explain this by historical luck, and there is some truth in that: they caught decades of growth, houses that were cheap relative to wages and interest rates that fell for thirty years. But luck doesn't explain the *shape* of their wealth. And the shape is what matters.

Nineteen trillion, four hundred billion dollars in real estate. **Forty-one percent** of the country's entire housing stock is in the name of one generation. It's no accident: it is the predictable result of a behavior repeated for fifty years.

The behavior was this, and it is disappointingly simple:

1. **They bought early.** In 1981, the median age of a first-time home buyer in the United States was **29**.
2. **They took thirty-year mortgages and didn't rush.** They treated the payment like the electric bill: you pay it and that's that.
3. **They didn't sell in a panic.** They went through 1990, 2001, 2008. Those who had a reserve crossed the valley without selling.
4. **They let time do the work.** Thirty years of compounded appreciation on an asset bought with 20% of their own money and 80% of the bank's.

There was no financial genius on that list. There is no *day trading*, no market *timing*, no startup. There is a house and patience.

> *The greatest generational fortune in American history was built by paying the mortgage on time.*

The leverage almost no one notices

It's worth understanding why real estate, and not savings, produced this result. The reason has a name: leverage — and it is, in practice, the only cheap, thirty-year credit an ordinary person gets in a lifetime.

When you buy a $450,000 house with $90,000 down, you are exposing **four hundred and fifty thousand dollars** to market appreciation, having put in only ninety. If the house rises 6%, it gains twenty-seven thousand — but on *your* money, that is 30%. The bank financed the rest and, in exchange, charged a fixed rate that doesn't change for thirty years.

No bank in the world lends an ordinary family $360,000 for thirty years at a fixed rate to buy stocks. To buy the house they'll live in, it does. The boomers used that door for decades, barely noticing it was a door.

THEY'RE STILL BUYING

In 2025, boomers were **42% of all home buyers** in the United States — many of them paying cash, with the *equity* from their previous home.

The people they buy from, and the people they rent to, are the generation in the next section.

The generation that decided to rent

Now the other side of the data, and it isn't comfortable. Not because the younger generation got it wrong out of laziness — it inherited a much harder market. But because the result of the math doesn't ask whose fault it is.

Start with a single number, perhaps the most eloquent in this entire book: the median age of a **first-time** home buyer in the United States went from 29 in 1981 to 31 in 2015 — and to **40 in 2025**. A nine-year jump in a single decade.

Forty. The age at which the average American now buys a first home is the age at which his father had already paid off a third of the mortgage.

Nine years matter a great deal, because this book's engine is time. Nine fewer years of amortization and compounded appreciation, at the end of an adult life, is not a nine-year difference — it is a difference of several hundred thousand dollars.

The full picture

- *Millennials* are about **seven million more adults** than boomers — and own **seventeen million fewer homes**: 32.8 million versus 49.3 million.
- Among people in their mid-thirties, **57%** are homeowners today, against **64%** of their parents at the same age.
- The share of first-time buyers in the market fell to **21%** — a record low for the historical series.
- Gen Z is the **first generation in which the majority are renters**. About a third of them believe they will **never** be able to own a home.

That last figure is the most dangerous of all, and not for what it measures: for what it produces. Whoever believes something is impossible for them stops organizing themselves toward it. The belief anticipates the result, and then the result confirms the belief.

The Federal Reserve number

The official survey of American household finances — the *Survey of Consumer Finances* — publishes the comparison no renter should miss: the median net worth of a homeowner is **$396,200**. For a non-owner: **$10,400**.

Thirty-eight times. It's not a difference of degree, it's a difference of category. And the Fed shows something else alongside it: from 1989 to 2022, that gap **grew about 70%**. The chasm is not closing with time — it is widening.

That number has to be read honestly: it doesn't prove that buying a house *causes* wealth. People who buy already had, on average, more income and more savings. But for the median American family,

the house is the only thirty-year forced-savings mechanism it ever ends up using. It is where wealth accumulates because it is the one place from which it is hard to take it out.

> *A mortgage is bad at providing liquidity and excellent at building wealth — for the same reason.*

Where those nine years will hurt

Nine fewer years of amortization don't produce a problem at forty. They produce a problem at seventy-five.

Because rent doesn't retire. When a person stops working, income drops — but rent doesn't, and it keeps being raised every year, for the rest of their life, with no legal cap. Meanwhile, the neighbor who bought at twenty-eight has finished all 360 payments.

That is the subject of Chapter 9, and it is, in our opinion, the strongest argument in this entire book.

A FAIR PARENTHESIS

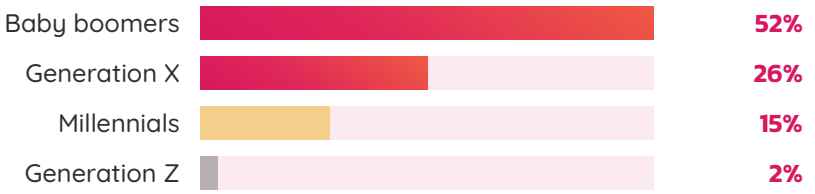
It would be dishonest to end by blaming the young. Property prices rose faster than wages, credit got more expensive and the down payment became a mountain. The difficulty is real and not an invention of people who complain.

But the conclusion you draw from this matters. If the market got harder, the response that works is not to stop trying — because the market that got harder is going to get harder still, and every year of waiting widens the distance. The response that works is **to get in earlier than seems possible, with less house than you would like**.

You don't have to buy the dream house. You have to buy the **first** one. The dream house is usually the third — and it's bought with the wealth the first one built.

Who has the money, and when each generation bought

One-fifth of American adults hold more than half of household wealth. And the age of a first-time buyer rose nine years in a single decade.



Share of American household wealth. Boomers hold more than all the following generations combined — and are about 20% of adults.

1981 · age 29
Median age of a first-time home buyer.

2015 · age 31
Thirty-four years later, only two more.

2025 · age 40
A nine-year jump in a single decade.

$396,200
Median net worth of a homeowner, according to the Federal Reserve.

$10,400
Median net worth of a non-owner. Thirty-eight times less — and the gap has grown 70% since 1989.

FEDERAL RESERVE, DISTRIBUTIONAL FINANCIAL ACCOUNTS AND SURVEY OF CONSUMER FINANCES · NATIONAL ASSOCIATION OF REALTORS, BUYER PROFILE · 2025 AND 2026 DATA

In *summary*

01	*Baby boomers* control about **$90 trillion**, roughly **52% of the wealth** of American households — while being 20% of adults.
02	They hold **$19.4 trillion in real estate**, or **41% of the country's entire housing stock**.
03	The behavior was simple: **they bought early, took thirty-year mortgages, didn't sell in a panic and waited**.
04	In 1981, the median age of a first-time buyer was **29**.
05	Leverage explains the result: with $90,000 you expose $450,000 to appreciation, and the bank locks the rate for thirty years.
06	No bank lends $360,000 at a fixed rate for thirty years to buy stocks. For the house, it does.
07	In 2025, boomers were **42% of all buyers** — many paying cash, with the *equity* from their previous home.
08	The age of a first-time buyer went to 31 in 2015 and to **40 in 2025**: nine years in a decade.
09	*Millennials* are 7 million more adults than boomers and have **17 million fewer homes**.
10	Gen Z is the first generation that is **mostly renters**; a third believe they will never own a home.
11	The Fed measures the gap: median net worth of **$396,200** for homeowners against **$10,400** for non-owners.
12	The Fed's number **does not prove causation**: people who buy already had, on average, more income and more savings.
13	But for the median American family, the house is **the only thirty-year forced-savings mechanism** it ever ends up using.

> *The greatest generational fortune in American history was built by paying the mortgage on time.*

CHAPTER NINE 09

The *silent* risk

Living longer, growing old alone and still paying rent — the question no one asks at twenty-eight

There is a legitimate cultural shift under way. For a good part of the younger generations, renting means mobility, flexibility and the freedom of not being tied to a single place. At twenty-eight, that is not immaturity: it is a reasonable reading of your own life.

The problem starts somewhere else. It starts when a lifestyle choice made for the **next five years** comes to apply, without anyone consciously deciding it, to the **next fifty**.

Because the risk of renting is not constant over a lifetime. At twenty-eight, renting is flexibility. At seventy-eight, it is a lifelong monthly obligation at a moment when the ability to earn income is already gone.

> *Whoever postpones buying indefinitely is not just choosing where to live today. They are deciding, without realizing it, under what conditions they will live when they can no longer choose.*

The demographic equation has changed

Three numbers explain why this chapter exists, and none of them was true in our grandparents' generation.

Nineteen point seven years. That is the average additional life expectancy of someone who reaches 65 in the United States, according to 2024 CDC data. Retirement stopped being a short

epilogue and became a horizon of two decades — and, for many people, quite a bit more.

Twenty-six percent. That is the share of Americans aged 65 or older who lived alone in 2023, according to the Pew Research Center. One in four.

Fifteen point two percent. That is the share of adults aged 65 or older who were divorced in 2022. In 1990 it was 5.2%. The phenomenon has a name — *gray divorce* — and it nearly tripled in three decades.

Add to that what the Bureau of Labor Statistics shows about labor-force participation: it falls sharply between 65 and 74, and falls much more after 75. It isn't individual incapacity; it's what happens to almost everyone.

> ■ **PRECISION BEFORE ANY CONCLUSION**
>
> These numbers do **not** say that you will get divorced, that you will grow old alone or that you will end up without income. Most older Americans do not live alone, and the country's overall divorce rate has fallen from its 1980 peak.
>
> What they say is more specific and harder to ignore: building a financial plan for forty or fifty years **permanently presuming two incomes and an indefinite ability to work** is a hypothesis that deserves to be tested, not assumed.
>
> One in four is already too large an exposure to leave out of the planning.

The bill you can't cut

Longevity is an achievement. Financially, though, it lengthens the period in which housing, health, insurance and care have to be funded — precisely at the stage when earned income shrinks.

And among all those bills, housing has one unique characteristic:

- You can cut back on leisure.
- You can swap cars, or give up trips.
- **You can't stop having somewhere to live.**

For a renter, every additional year of life is an additional year of rent, paid from an income that only shrinks.

The nine hundred thousand dollars

Here comes the most uncomfortable calculation in the book, and it's a simple one.

Imagine that your housing in retirement costs $3,000 a month. That is $36,000 a year, every year, for the rest of your life.

To fund a perpetual expense, financial planning uses a textbook benchmark known as the **4% rule**: the idea that you can withdraw about 4% of a portfolio per year without quickly depleting it. Applying that benchmark:

$36,000 ÷ 4% = **$900,000**.

In other words: keeping $3,000 a month in rent going permanently in retirement would require, under this simplified assumption, something around **nine hundred thousand dollars of additional capital** — money that exists *on top of* everything you need to eat, get medical care and live.

THE 4% RULE IS AN ILLUSTRATION, NOT A GUARANTEE

It is a textbook benchmark for planning, not a promise. The real number depends on returns, inflation, the sequence of returns and how long the person lives.

And it does **not** prove that every homeowner will be better off: someone with a paid-off house still pays taxes, insurance, maintenance and possibly an HOA, and tied up capital in the purchase.

What the calculation shows is something else, and that part is solid: **a paid-off home drastically reduces the income flow needed to sustain the same standard of living.** It doesn't zero out the cost. It changes the nature of the obligation.

The couple as a safety net — and its fragility

There is an implicit economic protection in almost every couple, and it is almost never named: two people share a single home. Even when paying rent, the bill is split and the impact is diluted. The problem is that this net is less certain than the plan assumes.

TOGETHER	ALONE
Two incomes, one home	One income, one home
The cost of housing is diluted	The cost of housing is all yours
Two retirement benefits	One
One person falls ill, the other provides	There is no other
Separated: two homes, each supported by a single income	—

When the union ends — through separation or death — the math changes in a cruel way: **many costs don't fall by half**. A person alone still needs a kitchen, a bathroom, electricity, insurance, transportation and, above all, a place to live.

Widowhood: the ending even the best marriage can't avoid

This is the most uncomfortable part of the book, and it has to be said plainly.

Even those who escape separation don't escape another fate. The marriage that lasts forever also ends — only through the death of one of the two. In most couples, one spouse outlives the other.

At that moment, three things happen at once: the household income falls, sometimes by half; the rent stays exactly the same; and grief, loneliness and the loss of autonomy of advanced age pile on.

For a renter, widowhood arrives with a concrete, material threat: no longer being able to pay for your own home, and having to move just when you most need stability.

> *Owning a home doesn't prevent loss. But it guarantees that the grieving person stays in the place where they built their life, among their memories, with no monthly bill threatening to take them away from it.*

This is already happening, and it's measurable

It's not a projection. The Harvard Joint Center for Housing Studies has measured this for years: in 2021, about **11.2 million older adults** spent more than 30% of their income on housing — what is called *housing cost burden*.

And among renters of all ages, 2024 brought a record: **22.7 million renter households**, or about **49% of all renters**, were in that condition.

This doesn't prove that every renter will be vulnerable in old age. It shows that relying on rent without sufficient wealth or income is not an abstract risk: the pressure is already measured today.

Individual wealth, not collective

Put the three pieces together: a life longer than the ability to work, a real chance of ending it alone, and all the housing costs resting on a single income.

Given that, owning a home stops being a consumer dream and becomes something else. It is the only asset that, once paid off, **permanently eliminates the largest recurring cost of adult life** — a part of retirement that depends on neither the market, nor the government, nor another person.

THE CHANGE OF FRAMING

Buying the house **is not a couple's project**. It is an individual security project.

Whoever starts early, even alone and with a modest property, secures a place to grow old with dignity. The argument isn't to scare the young with old age: it's to show that **present flexibility must come with future responsibility**.

The real question of this chapter, then, is not the one that opens most conversations about real estate. It is not *"buy or rent today?"*.

It is: **how do you plan to pay to live at 75, 85 or 95, if you are alone?**

The arithmetic of growing old paying rent

Three numbers that changed in one generation, and the bill they produce when the paycheck ends and the housing doesn't.

19.7
Years of life still ahead, on average, for those who reach 65 in the U.S.

26%
Of Americans aged 65 or older lived alone in 2023.

15.2%
Of adults 65+ were divorced in 2022. In 1990 it was 5.2%.

Housing in retirement, per month	**$3,000**
Per year, every year, for the rest of your life	**$36,000**
Divided by the 4%-a-year withdrawal benchmark	**÷ 0.04**
Additional capital needed just to keep living there	**$900,000**

Money that has to exist **on top of** everything you will spend to eat, get medical care and live. The 4% rule is a textbook benchmark for planning, not a promise of results.

REACHING 75 WITH RENT	REACHING 75 WITH THE HOUSE PAID OFF
MONTHLY OBLIGATION Full rent, raised every year, with no legal cap	**MONTHLY OBLIGATION** Taxes, insurance and maintenance — housing isn't free, but the mortgage payment is over
IF INCOME FALLS BY HALF Has to move	**IF INCOME FALLS BY HALF** Stays

The question isn't "buy or rent today?". It is: **how do you plan to pay to live at 75, 85 or 95, if you are alone?**

CDC/NCHS, LIFE EXPECTANCY, FINAL 2024 DATA · PEW RESEARCH CENTER, ADULTS 65+ LIVING ALONE · BOWLING GREEN STATE UNIVERSITY / NCFMR, GRAY DIVORCE · HARVARD JOINT CENTER FOR HOUSING STUDIES · U.S. BUREAU OF LABOR STATISTICS · THE 4% RULE IS A TEXTBOOK BENCHMARK, NOT A GUARANTEE

In *summary*

01	Renting at twenty-eight is flexibility. Renting at seventy-eight is a **lifelong obligation with no earned income**.
02	The mistake isn't renting: it is letting a decision made for the next **five** years apply to the next **fifty**.
03	Someone who reaches 65 in the U.S. lives, on average, another **19.7 years** — retirement has become a horizon of two decades.
04	**26%** of Americans 65+ lived alone in 2023; **15.2%** of those 65+ were divorced in 2022, against 5.2% in 1990.
05	None of this is destiny. It is **too large an exposure to leave out of the planning**.
06	You can cut leisure and trips. **You can't stop having somewhere to live.**
07	$3,000 a month in rent is $36,000 a year; under the 4% rule, that requires about **$900,000 in additional capital**.
08	The 4% rule is a **textbook benchmark, not a guarantee** — and a paid-off house also has taxes, insurance and maintenance.
09	What the calculation shows is solid: a paid-off home **drastically reduces the income needed** for the same standard of living.
10	A couple dilutes the cost of housing, but that net is less certain than the plan assumes.
11	In widowhood, income falls — sometimes by half — and **the rent stays exactly the same**.
12	Buying the house **is not a couple's project: it is an individual security project**.

> *Rent is paid with today's money, but truly collected in old age.*

CHAPTER TEN 10

The *American* ladder

Thirty years, three rungs — and everything that doesn't fit in a spreadsheet

There is a strategy so common in the United States that nobody calls it a strategy. It has no name, isn't taught in any course and doesn't appear in any finance book. It is simply what families do — and it accounts for a good share of the country's comfortable retirements.

It works in three rungs, over about three decades.

First rung: between 25 and 32

The couple settles down. They pull together the down payment — often with help from the parents, and in the United States this is so normal that there is a specific bank document for it, the *gift letter*. They buy a bigger house than they need at that moment: four bedrooms, two stories, a yard. The house is designed for the family they *will* have, not the one they have.

They take a thirty-year mortgage at a fixed rate. The payment, in the first year, is a stretch. By the tenth year, with a bigger salary and the same payment, it's comfortable. By the twentieth, it's cheap. That is the silent gift of the thirty-year fixed rate: the payment is frozen in today's dollars and paid with tomorrow's salaries.

Second rung: the thirty years in the middle

Nothing special happens here, and that is exactly the point. Life is lived. Children are born, walls get painted, the roof is replaced once, the loan is refinanced when rates fall. The house gets paid off, month by month, over thirty years.

And it appreciates. Between 3% and 6% a year, on average, with scares along the way — including the 2008 valley, which this couple crossed because they didn't have to sell.

Third rung: between 55 and 62

Now the magic, which isn't magic. The children have left for college. The couple is fifty-eight and lives in a four-bedroom, two-story house — three empty bedrooms, a staircase that already bothers their knees and the property tax of a big house.

They no longer need this house. And it is paid off.

Bought for $450,000 at twenty-eight, appreciating 4% a year, it is worth about **$1,459,000** today. Sold, minus the 8% in costs, and swapped for a one-story house at $500,000, they are left with about **$842,000** in cash.

Eight hundred and forty-two thousand dollars, at fifty-eight, on top of a new house that's paid off. It didn't come from an inheritance, it didn't come from a bonus, it didn't come from a sophisticated investment. It came from a payment made every month for thirty years by a couple on an ordinary income.

That money turns into retirement. Sometimes it turns into the children's college. Often it turns into both. And it is the answer to a question many Brazilians ask when they arrive in the United States: *how do so many ordinary people here retire with so much money?*

> *They didn't earn more than you. They bought the house at twenty-eight.*

WHERE THIS EXAMPLE NEEDS FINE PRINT

The exemption has a cap. The profit on this sale is about a million dollars. Section 121 exempts $500,000 for the couple; anything above that is taxed as capital gains. Documented renovations over the years raise the cost basis and reduce the taxable profit — which is why experienced Americans **keep receipts for every project for decades**. Even paying tax on the excess, most of it stays with them.

Four percent a year is an average, not a guarantee. We used a conservative rate, below what Florida delivered over the last ten and fifteen years, so the example doesn't depend on an exceptional market. And if there were a 2008-style valley in the year of the sale, they would wait two years. Whoever owns a paid-off house can wait.

Territory

So far these have been spreadsheets. But no family decides where to live by looking only at a spreadsheet — and they're right.

Before there was money, there was territory. Before there was a deed, there was the border marked with stone, with fences, with fire. The need to mark off a piece of the world and say *this is ours, here we sleep without keeping watch* is older than agriculture, older than written language, older than any economic system that ever existed.

It isn't sentimentality to say so. It is the reason so many people feel a discomfort hard to name when paying rent for many years, even when the spreadsheet says everything is fine. There is an ancient part of the human brain that understands the

difference between *occupying* and *owning*, and that part doesn't read spreadsheets.

But care is needed here, because this is the point in the book where it is easiest to confuse correlation with causation.

WHAT THE RESEARCH ACTUALLY FOUND

There are studies associating homeownership with greater residential satisfaction and, in certain contexts, greater subjective well-being. A European longitudinal study found a significant increase in housing satisfaction among renters who became owners; another, using Chinese household data, found an increase in subjective well-being in the same transition.

But an Australian longitudinal study found something more interesting — and more useful. After **six years of stable occupancy**, the mental health of long-term renters and that of owners became similar.

This changes the argument slightly, and for the better. Perhaps the real psychological enemy isn't renting itself. It's **instability** combined with **lack of control** — being subject to someone else's decision about renewal, rent increases, sale and how long you can stay.

The honest conclusion, then, is not "homeowners are happier". It is more precise than that:

> *Owning a home doesn't just buy walls. It can buy control over permanence.*

And control over permanence is exactly what a twelve-month lease doesn't offer.

The three nos

Renters know the three nos well. *You can't paint. You can't drill into the wall. You can't have a dog.* Add the variations: you can't replace the floor you hate, you can't remodel the kitchen where you spend three hours a day, you can't plant a tree — because a tree takes ten years and the lease takes twelve months.

Each no, on its own, is insignificant. Together, they send a continuous, silent message: **this place is not yours, and you shouldn't get attached.** Living for years with that message has an effect. People stop investing emotionally in the space where they live.

> *A house becomes a home the day you are free to ruin it with your own choices.*

Memory has an address

Ask an adult what they remember from childhood and they will describe a place. The pencil mark on the doorframe measuring height every year. The stair that creaked and gave away who came home late. The tree in the yard. The corner of the living room where the Christmas tree was set up, always in the same corner, for eighteen years in a row.

Family memory isn't abstract: it anchors itself in physical space. And a space that changes every two years doesn't accumulate layers. The children of a family that moved six times have six fragments; the children of a family that stayed have a history.

THE INVISIBLE COST OF INSTABILITY

Changing schools mid-year costs a child something. Losing the network of neighbors who help in an emergency costs something. Driving forty more minutes a day because rent in the good neighborhood went up costs something — in fuel and in hours of life.

None of this shows up in the comparison between rent and a mortgage payment. But all of it is paid, every month, by those who live in twelve-month cycles.

The rite of passage

Every culture has rites that mark the passage into full adulthood. In American culture, one of the strongest — and the least ceremonious — is signing the purchase of a house. There's no party: there is a room at a *title company*, a stack of papers with sticky flags and, at the end, a key ring. It took ninety minutes. And still, socially, something has shifted.

Historically, buying the family home was the moment when a young man became, in other people's eyes, **the head of a household**: someone capable of managing his own life and steering his own destiny. The vocabulary of the time was masculine, and it's worth recording that with historical precision — today the rite applies equally to a woman buying on her own, to any kind of couple and to a mother who signs the mortgage in her own name.

The cultural difference that confuses Brazilians

In Brazilian culture, debt tends to carry shame. The ideal of security is to owe nobody anything, and there are good historical reasons for that: sky-high interest, expensive credit, inflation that has more

than once wrecked honest families' plans. **In a country where credit is predatory, running from credit is wisdom.**

In American culture, debt is a tool and credit history is an asset to build. Someone who never took a loan isn't seen as prudent — they're seen as **having no history**. In practice, someone without credit history struggles more to rent an apartment, finance a car and get good rates than someone who paid a mortgage on time for five years.

The Brazilian arriving in the U.S. with the right reflex from back home applies it in a system where it backfires. He avoids the mortgage out of prudence — and pays rent for ten years, builds no history or wealth, and ends up weaker than if he had signed.

THE TRANSLATION THAT'S MISSING

In Brazil: **debt is risk.** With double-digit interest and short terms, that's right.
In the United States: **cheap, long-term, fixed-rate debt secured by an appreciating asset is something else.** Calling both by the same name is the mistake that costs Brazilian immigrants the most.

For the immigrant there is one more layer, and it is the strongest of all. Whoever leaves their own country leaves behind a whole structure of belonging: the street where they grew up, grandma's house, neighbors of twenty years. Arriving in a new country means being, for a while, someone with no historical address.

A home of your own is the first place in the new country where roots exist again. It is the material proof that the move worked, and it is where the family begins to accumulate an American history instead of just a history of passing through.

That is why so many people cry at the *closing* signing. It isn't because of the spreadsheet. It's because at that moment the person stops being a guest in a country and starts living in it.

The ladder, rung by rung

The most common strategy in the United States, and the one nobody calls a strategy. A $450,000 house bought at age 28, with conservative 4% annual appreciation.

Age 28 · the first rung

$90,000 down payment, often with help from the parents — in the U.S. there is even a bank document for that, the gift letter. A four-bedroom house, bigger than they need. Payment locked in for 30 years.

Ages 28 to 58 · the thirty years in the middle

Nothing special happens, and that is the point. Children are born, the roof is replaced once, the loan is refinanced when rates fall. The frozen payment gets cheaper next to a growing salary.

Age 58 · the swap

Children in college, three empty bedrooms, a paid-off house. The big house is sold and a smaller one-story is bought.

House value at age 58, at 4% a year for 30 years	**$1,459,000**
Loan balance — the mortgage is over	**$0**
Selling costs, about 8%	**– $117,000**
New house, smaller and one-story	**– $500,000**
Left in cash, for retirement	**$842,000**

It didn't come from an inheritance, a bonus or a sophisticated investment. It came from **a payment made every month for thirty years** by a couple on an ordinary income. The rung almost everyone gets wrong is the first — not by choosing the wrong house, but by **taking nine years longer to step onto it**.

4% ANNUAL APPRECIATION, BELOW FLORIDA'S AVERAGE OVER THE LAST 10 AND 15 YEARS · 8% SELLING COSTS · SECTION 121 EXEMPTS $500,000 OF PROFIT FOR A COUPLE, THE EXCESS IS TAXED · CALCULATION EXAMPLE, NOT A PROMISE

In *summary*

01 The most common strategy in the U.S. has three rungs and takes thirty years. Nobody calls it a strategy.

02 **At 25–32:** you buy a house bigger than you need, designed for the family that is yet to exist.

03 The thirty-year fixed rate is a silent gift: the payment is **frozen in today's dollars and paid with tomorrow's salaries**.

04 **The thirty years in the middle:** nothing special happens. That is exactly the point.

05 **At 55–62:** children in college, three empty bedrooms, a paid-off house. The big one is sold and the smaller one is bought.

06 A $450,000 house at 4% a year is worth about **$1,459,000** thirty years later.

07 Swapped for a $500,000 one, about **$842,000** is left in cash for retirement.

08 Section 121 exempts $500,000 of the profit; the excess is taxed — which is why people **keep receipts for every project for decades**.

09 The side that isn't a spreadsheet weighs too: the need for **territory** is older than agriculture.

10 The rental's three nos — no painting, no drilling, no dog — communicate that **it's not worth getting attached**.

11 Family memory **anchors itself in physical space**: someone who moved six times has fragments, not a history.

12 In Brazil, running from credit is wisdom. In the U.S., someone who never took a loan isn't prudent — they have **no history**.

> *They didn't earn more than you. They bought the house at twenty-eight.*

CHAPTER ELEVEN 11

The game that taught *a nation*

Elizabeth Magie wrote the critique of landlordism — and America decided to learn from it

There is an object in the living rooms of tens of millions of American families that is, without exaggeration, the most widely distributed real estate investing lesson in the history of the world. It comes in a box, costs twenty dollars, and teaches eight-year-olds the central mechanism of this book.

In Brazil, it is called Banco Imobiliário. In the United States, *Monopoly*. And the real story of how it came to be is better — and more useful — than the version people usually tell.

Elizabeth Magie wanted to give you a scare

The game was invented by a woman. In 1902, Elizabeth "Lizzie" Magie — a Washington stenographer, writer, comic actress and political activist — created what she called *The Landlord's Game*. She patented it in 1904, three decades before Parker Brothers turned it into a global phenomenon.

And here is the part almost nobody knows: **she did not create the game to teach people how to invest in real estate. She created it to denounce it.**

Magie followed the economist Henry George and wanted to show, in a way impossible to ignore, what happens when a few people concentrate ownership of the land and start charging everyone else rent. The board was the argument.

She wrote **two sets of rules**. In one, everyone was rewarded by the prosperity of the others. In the other — the one that survived — the goal was to buy everything and drive your opponents into bankruptcy. The second existed to show how morally superior the first was.

> *She wrote the cruel version so that people would hate it. America chose to play that one — and to learn from it.*

The irony, and why it invalidates nothing

The irony is instructive: the most effective critique ever written against landlordism became its most popular training manual. Magie described the mechanism so precisely that it came to be taught by the very work that meant to destroy it. Hold on to what that means.

But notice the point that matters: **she was right about how the thing works.** Anyone who disagrees with Magie disagrees with the political conclusion, never with the description. Critic and investor agree on the mechanics:

- Whoever owns the property **collects**.
- Whoever lands on someone else's square **pays**.
- Whoever pays rent too many times **is out of the game**.
- Whoever accumulates property early wins through **compounding**, not a lucky roll.

That is exactly the arrow from the first chapter. Magie drew it on cardboard so that no one could claim they hadn't understood.

■ WHY THE TRUE STORY IS BETTER FOR THE ARGUMENT

The popular version — "the game was created to teach children how to invest" — is false, and any reader with internet access finds that out in two minutes.

The true version is stronger. If the person who **hated** the mechanism described it this way, and her description is the same one any investor would give today, then there is no disagreement about how it works. There is disagreement about whether it is fair.

This book does not debate fairness. It debates which side of the board you are on.

What an American child learns without noticing

Think about what one game teaches a nine-year-old on a rainy Sunday. That idle money loses to whoever bought. That passive income exists: you sleep and the money arrives. That improvements multiply and that location is everything. That leverage works — until the round when it doesn't. And, last, the lesson she learns in her bones, by losing: **whoever only pays rent goes broke.**

Millions of Americans learned these six principles before they learned to drive. Not in a finance class — at home, fighting over the priciest property on the board. When they make a down payment on a house at twenty-eight, they are not having a new idea: they are doing something they have understood since they were nine.

It is one of the reasons the culture of ownership is so much stronger in the United States: it is not that Americans are greedier, it is that they were taught this mechanism early, on a game board, with no class at all.

Everyone who has played knows that the player who just moves around the board paying rent to the others is going to lose. That is obvious to a nine-year-old.

> *So the question is simple: in real life, who are you being?*

Six lessons from a 1902 game board

What the game teaches a nine-year-old, and exactly what this book took ten chapters to demonstrate with data.

1. **Idle money loses**
   Whoever holds the bills in hand and buys nothing loses to whoever bought.
2. **Passive income exists**
   You sleep and the money arrives, because someone landed on your property.
3. **Improvements multiply**
   A little green house raises the rent. A red hotel multiplies it.
4. **Location is everything**
   The same money earns differently on different streets.
5. **Leverage is the tool — and the risk**
   Mortgaging to buy more works, until the round when it doesn't.
6. **Whoever only pays rent goes broke**
   That is the lesson a child learns in her bones, by losing, while still a child.

CHAPTER 1'S ARROW, IN CARDBOARD

Magie wrote the cruel rules so that people would **hate** the mechanism. She was right about how it works — and that is why the game became, by accident, the most widely distributed manual for the other side.

THE LANDLORD'S GAME, BY ELIZABETH "LIZZIE" MAGIE, CONCEIVED IN 1902 AND PATENTED IN 1904, WITH TWO SETS OF RULES AND ROOTED IN THE THINKING OF HENRY GEORGE

In *summary*

01 Monopoly is the **most widely distributed real estate investing lesson in history**, and it comes in a twenty-dollar box.

02 It was invented by **Elizabeth "Lizzie" Magie** in 1902 and patented in 1904 as *The Landlord's Game*.

03 Magie did **not** create the game to teach investing: she created it to **denounce** the concentration of land ownership.

04 She followed Henry George and turned the board into an argument against the monopolists of her day.

05 She wrote **two sets of rules**: one where everyone prospers together and another where you drive your opponent into bankruptcy.

06 The second existed to show that the first was superior. The second is the one that survived.

07 The irony is instructive, but it changes nothing: **she was right about the mechanics**.

08 Critic and investor agree on how it works; they disagree only on whether it is fair.

09 Whoever owns the property **collects**; whoever lands on someone else's square **pays**; whoever pays too many times **is out of the game**.

10 A nine-year-old learns this **in her bones, by losing** — and doesn't forget it.

11 When that American makes a down payment on a house at twenty-eight, it is not a new idea.

12 The culture of ownership doesn't come from greed: it comes from **early literacy in the mechanism**.

> *Everyone who has played knows that whoever just moves around the board paying rent to the others is going to lose. And in real life, who are you being?*

CHAPTER TWELVE 12

The way out *exists*

The 3.5% programs, the two calculations the bank makes — and the sacrifice that unlocks everything

Eleven chapters described a trap. This one describes the door.

If you have made it this far, the problem is no longer persuasion: it is logistics. And this is exactly where most people get stuck, because they believe three things that are not true.

Myth one: "I need 20% down"

Not true. Twenty percent is the number that avoids mortgage insurance and gets you the best rate — it is the **ideal**, not the minimum.

For decades, the United States has run federal programs to encourage first-time home buying. The best known is the **FHA**-insured loan, which accepts **3.5% down** for anyone with a credit score of 580 or higher. Anyone with a score between 500 and 579 needs 10%. Conventional first-time-buyer programs work with ranges of 3% to 5%.

The difference in scale is what changes the life of someone stuck in rent:

ON A $350,000 HOUSE	DOWN PAYMENT
The 20% rule	$70,000
Conventional first-time buyer, 3% to 5%	$10,500 to $17,500
FHA, 3.5%	**$12,250**

Seventy thousand dollars is a mountain. Twelve thousand is a one- or two-year project. It is the same house.

> **WHAT THE SMALLER DOWN PAYMENT CHARGES BACK**
>
> A 3.5% down payment **is not free**, and an honest book says so before you get excited.
>
> You borrow more, so the payment is higher and so is the total interest. And FHA charges a monthly mortgage insurance premium (MIP) that, when the down payment is under 10%, stays with the loan for **its entire life** — the only way out is to refinance into a conventional loan later, once the equity in the house is large enough.
>
> In other words: it is a more expensive door. It is still a door — and an expensive door is infinitely better than none.

Myth two: "I need a green card"

You don't. There is a loan category called a *foreign national loan*, built for exactly the person who is not a resident and has no American credit history. It usually requires a larger down payment — generally 25% to 30% — and charges a higher rate, but it **exists, it is common, and Brazilians use it in Florida every day**. You don't need a *social security* number to be a property owner in the United States.

Myth three: "I have no credit, so I have no chance"

Credit history is built, and faster than most people imagine. A *secured card*, used and paid on time, starts producing a score in six months. Twelve to eighteen months of clean behavior already puts many people in the 580 range that FHA asks for. It is a project timeline, not a lifetime.

The two calculations the bank really makes

Here is what almost nobody explains, and what decides approval more than the down payment does.

The bank doesn't just look at how much you have saved. It calculates **two ratios** between the payment and your gross income:

- **The housing ratio.** The full payment — interest, principal, property tax and insurance — divided by gross monthly income. The FHA benchmark is around **31%**.
- **The everything ratio.** That same payment **added to all your other monthly debts** — car, credit card, student loan, furniture financing — divided by the same income. The benchmark is around **43%**.

It is the second calculation that rejects people who had the money for the down payment.

THE CAR IS THE SILENT VILLAIN

Every dollar of car payment comes straight out of the size of the house you can buy. It is not a metaphor: it is subtraction inside the same formula.

A car payment of **$700 a month** can reduce by **more than $100,000** the value of the property the bank approves for you, depending on the rate and your income.

That is why so many people, in the year before buying, pay off the car or swap it for a cheaper one. It is not austerity: it is strategy. The car is an asset that loses value; the house is what will support you in old age.

An organized financial life isn't moralism. It's engineering

Put together what the two calculations reveal and a very specific picture emerges of what the bank is buying: **predictability**.

It wants to see someone who earns in a documented way, pays what they owe on time and won't disappear in the third year of the loan. That turns into concrete requirements:

Two years of history. FHA asks for two years of documented employment for salaried workers, or **two tax returns** for the self-employed. It doesn't have to be the same employer — but it has to be a history that exists on paper.

Filing taxes is what makes you visible. This is the hardest part to hear, and the most important for the Brazilian immigrant: anyone paid off the books, without declaring it, **doesn't exist to the bank**. You can be earning very well and still be invisible. Filing taxes is not just a legal obligation — it is what builds the provable income that finances the house.

No new debt near the purchase. Financing a car, opening a store charge account or putting furniture on installments in the six months before changes both calculations and can sink an approval that was already standing.

Ask about state assistance. Florida runs state programs that help with the down payment and closing costs, some aimed at specific professions, others at first-time purchases. The rules, income caps and availability of funds change from year to year — which is why this book doesn't list amounts, which would be wrong by the time you read them. But **ask**. It is the question that most often changes the answer from "can't be done" to "can be done."

The biggest villain is the dream house

Now the point that stops more people than interest rates, down payments and credit combined.

A person does the math, discovers they can buy a **smaller** house than they imagined, a little **simpler** than they would like and **fifteen or twenty minutes farther** than they dreamed — and gives up. They stay in rent, waiting for the day they can buy the right house.

That day usually doesn't come. Because, as Chapter 5 showed, while they wait the price goes up, the down payment goes up with it and the distance grows.

> *The first house is not the house. It is the door.*

Notice what happens to someone who comes in through that door, however modest. Within a few years, two forces work for them at once: **amortization**, which turns the payment into equity every month, and **appreciation**, which works on the full value of the property, not on the down payment they made.

The result is that, in three, four or five years, the equity built up in that small, poorly located house is usually **exactly the down payment on the better house** — bigger, newer, better situated. It is the first rung of the ladder from Chapter 10, and it cannot be skipped.

THE INVERSION THAT SOLVES IT

Whoever waits for the dream house buys the dream house at fifty, with thirty years of mortgage ahead and twenty-five years of rent paid behind.

Whoever buys the possible house buys the dream house at forty, with half the price already coming from the equity in the first.

The difference between the two was not income. It was having accepted, at twenty-eight, a house that wasn't the ideal one.

Extra income, or what Americans call the hustle

There is an American cultural mechanism that Brazilians are slow to recognize: the *side job*, or *side hustle*. It is what we call extra income — a parallel activity, almost always small, done outside the hours of the main job.

In the United States, this carries no stigma at all. It is common for someone with a stable job to sell, drive, repair, cook, sew or teach in their free hours. And it is, culturally, **one of the most-used paths to saving the down payment on a first property**.

Platforms like **Etsy** — a marketplace for crafts, personalized products and art — are popular for exactly that reason: you can research inside it for a few hours and come out with hundreds of ideas for what people actually buy, and how much they pay for it.

But what makes extra income work is not the activity. It is the rule:

■ ONE ACCOUNT, ONE DESTINATION

Extra income needs a **separate account and a single destination**: the down payment.

If it lands in the checking account along with your salary, it becomes dinner, it becomes clothes, it becomes scenery — and it vanishes, exactly as Chapter 4 described. If it lands in an account that exists only for this purpose, it becomes a house.

It is not the amount that decides. It is the destination.

For those who don't know where they want to go

We close with the line that guided the life of one of this book's authors, and that sums up everything the twelve chapters tried to say. It is an old Chinese proverb:

> *For those who don't know where they want to go, every road leads nowhere.*

Notice what it really claims. It doesn't say the road is hard — it says that, **without a defined destination, no road works**. It is not lack of effort that keeps people in rent for twenty years. It is lack of a target.

Whoever sets a clear goal — *buy my first house in twenty-four months* — immediately starts asking different questions. How much down payment do I need. How much am I short each month. What do I cut. What extra income fits in my week. Which program is right for me. When do I talk to the *lender*.

From the target on, everything left is planning and commitment. And those two are, compared to the rest, the easy part.

The twenty-four-month plan

The concrete path for someone leaving rent with a small down payment. No step depends on luck, inheritance or a high salary.

1. **File taxes and pay on time**
   Anyone paid off the books doesn't exist to the bank. Provable income is what finances the house.
2. **Lock in your employment history**
   Two documented years, or two tax returns if you're self-employed. It doesn't have to be the same employer.
   TWO YEARS OF HISTORY
3. **Build your credit score**
   A secured card, used and paid on time. Six months produce a score; twelve to eighteen reach the FHA range.
   TARGET: 580 OR HIGHER
4. **Get the car out of the way**
   Every dollar of car payment comes out of the size of the house the bank approves. Paying it off or downsizing is strategy, not austerity.
5. **Open the down payment account**
   Separate, with a single destination. Feed it with extra income — the SIDE HUSTLE is the most-used path in the US.
6. **Talk to a lender before looking at houses**
   Find out the real number and the program that fits. Get the PRE-APPROVAL in writing.
7. **Buy the first house, not the dream one**
   Smaller, simpler, a little farther out. In a few years its equity becomes the down payment on the better house.
   THE FIRST HOUSE IS THE DOOR

For those who don't know where they want to go, **every road leads nowhere**. It all starts with the target; the rest is planning and commitment.

FHA — 3.5% DOWN WITH A SCORE OF 580 OR HIGHER, 10% BETWEEN 500 AND 579; BENCHMARKS OF 31% FOR THE HOUSING RATIO AND 43% FOR THE ALL-DEBTS RATIO; TWO YEARS OF EMPLOYMENT HISTORY OR TWO TAX RETURNS · CONFIRM TERMS WITH A LICENSED LENDER

In *summary*

01 Eleven chapters described the trap. The way out exists, and it is logistics — not luck.

02 **Twenty percent is the ideal, not the minimum.** FHA accepts **3.5%** with a score of 580 or higher.

03 On a $350,000 house, that is the difference between **$70,000 and $12,250**. The same house.

04 A smaller down payment charges back: a higher payment and **mortgage insurance** that, below 10% down, stays with an FHA loan for the entire life of the loan.

05 You don't need a *green card*: the *foreign national loan* exists and Brazilians use it every day.

06 The bank makes **two calculations**: the payment against income (~31%) and the payment added to **all your debts** (~43%).

07 **The car is the silent villain** — a $700 payment can take more than $100,000 off the approved amount.

08 **Two years** of documented employment or **two tax returns** are required.

09 **Anyone paid off the books doesn't exist to the bank.** Filing taxes is what creates provable income.

10 The biggest villain is **the dream house**: whoever waits for it pays rent while the price runs away.

11 **Extra income** only becomes a down payment with a separate account and a single destination.

12 *For those who don't know where they want to go, every road leads nowhere.* It all starts with the target.

> *The first house is not the house. It is the door.*

The ten questions

The previous chapter showed the way. This page is for finding out where you are on it today. Answer honestly — there is no score, only clarity.

1. **How much rent have I paid in my life so far?** Add it up for real, with a calculator. It is the number that starts any decision.
2. **What is the full payment — mortgage, tax and insurance — on the house I would rent?** Find the real number before concluding it is impossible.
3. **Do I plan to stay in this area for the next three years?** If the answer is no, rent with a clear conscience. It is the right decision.
4. **After the down payment, is there six months of payments left in cash?** If not, it isn't time yet. Save a little more.
5. **Is the payment below 35% of my net income?** If it isn't, look for the smaller house — don't give up on buying.

6. **Have I talked to a *lender*?** Not a friend, not Instagram. A professional who analyzes your situation.
7. **Do I know which program I fit** — conventional, FHA, *foreign national*, or some state assistance?
8. **Do I really know the neighborhood?** Real traffic, a real school, insurance quoted, HOA checked.
9. **Am I buying the first house or trying to buy the third one first?** Confusing the two is the costliest mistake of the anxious buyer.
10. **If I do nothing this year, where will I be in five?** This is the only question with no neutral answer. Not deciding is also deciding — and Chapter 5 showed where that decision leads.

A last word, without rhetoric

This book spent twelve chapters defending a thesis, and it is only fair to end by acknowledging its limit.

Buying a house doesn't solve anyone's life. It doesn't replace income, it doesn't replace savings, it doesn't replace health and it doesn't protect anyone who buys more than they can afford. There are situations in which renting is the smart choice, and Chapter 5 listed them without softening any.

But if you live in Florida, plan to stay, have a reserve, have the income for the payment — and keep renting out of fear, out of inertia or because no one ever sat down with you to do the math — then this book did what it set out to do by showing you a single thing: **you are already paying for a house every month, and the only question left is whose it will be in the end.**

Where the numbers *come from*

Every figure in this book comes from a public, verifiable source. They are listed below so you can check them — and so you can update them, because all of them change over time.

Florida home prices

All Transactions House Price Index for Florida, series FLSTHPI, from the Federal Housing Finance Agency, distributed by the Federal Reserve Bank of St. Louis. Quarterly series since 1975. The changes over 10, 15, 20 and 30 years and the timeline in Chapter 5 come from it.

Mortgage interest rate

Primary Mortgage Market Survey, Freddie Mac. In September 2026, the average mortgage with a fixed rate over thirty years ranged between 6.76% and 6.95%. The calculations in the book use 6.75% a year.

Net worth of owners and renters

Survey of Consumer Finances, Federal Reserve — $396,200 for owners versus $10,400 for those who don't own, with the gap growing about 70% between 1989 and 2022. Triennial survey.

Wealth by generation

Distributional Financial Accounts, Federal Reserve — about $90 trillion and roughly 52% of household wealth held by *baby boomers*; $19.4 trillion in real estate and about 41% of the entire American housing stock.

Buyer age and profile

National Association of Realtors — median age of a first home buyer: 29 in 1981, 31 in 2015 and 40 in 2025; share of buyers purchasing for the first time at 21%; boomers as 42% of buyers in 2025.

Time to sell in Florida

Florida Realtors — median days between listing and contract for homes of a single family, about 44 days in April 2026. Closing timelines follow market practice.

Capital gains exclusion

Internal Revenue Code, Section 121 — *Exclusion of gain from sale of principal residence*. Limits of $250,000 per taxpayer and $500,000 for a couple filing jointly, unchanged in 2026 and not adjusted for inflation.

Property tax in Florida

Constitutional amendment *Save Our Homes*, from 1992 — annual cap of 3% or inflation, whichever is lower, on the assessed value of a property with a *homestead exemption*; $50,000 exemption; portability of up to $500,000.

Rent in Florida

Statewide median rent and for the Orlando and Tampa areas in 2026, and the roughly 39% change in the state's gross median rent between 2019 and 2023.

History of Monopoly

The Landlord's Game, by Elizabeth "Lizzie" Magie, conceived in 1902 and patented in 1904, with its two sets of rules and its roots in the thinking of Henry George.

When renting is rational

Consumer Financial Protection Bureau — the federal consumer financial protection agency highlights mobility, less responsibility for maintenance and the cases where buying for a short time doesn't pay off. It is the basis of the note of rigor in Chapter 1.

Mortgage as forced savings

Brookings Institution — the characterization of the amortizing mortgage as a *forced savings* mechanism, and the comparison of predictability between a fixed rate and rent renegotiated with every lease.

Life expectancy at 65

CDC/NCHS, *Life Expectancy*, final 2024 data — 19.7 additional years of life, on average, for those who reach 65 in the United States.

Aging alone

Pew Research Center — 26% of Americans aged 65 or older lived alone in 2023. Bowling Green State University / NCFMR — 15.2% of adults 65+ were divorced in 2022, versus 5.2% in 1990.

Housing cost pressure

Harvard Joint Center for Housing Studies — about 11.2 million older adults in a situation of *housing cost burden* in 2021, and 22.7 million renter households, or 49% of renters, in 2024.

Intention versus behavior

Save More Tomorrow, by Richard Thaler and Shlomo Benartzi — participants' average savings rate went from about 3.5% to 13.6%. See also *Nudge*, by Thaler and Sunstein, on *defaults*, automation and *commitment devices*.

Opportunity cost and behavior

The Psychology of Money, by Morgan Housel, and NBER work on automation and commitment mechanisms in building savings.

Working after 65

U.S. Bureau of Labor Statistics — labor force participation rate by age group, with a sharp drop between ages 65 and 74 and an even sharper one from 75 on.

Ownership, stability and well-being

European, Chinese and Australian longitudinal studies on housing satisfaction and mental health in the transition from renter to owner — including the Australian finding that, after six years of stable occupancy, the mental health of the two groups becomes similar. See also Urban Institute on homeownership and wealth building.

ABOUT THE SCENARIOS

The cases of the twins, the $300,000 house and the American ladder are **constructed examples**, not real cases. The assumptions are stated within each chapter: price, down payment, rate, property tax of 1.05% a year, insurance of 0.75% a year, maintenance of 1% a year, selling costs of 8%, rent increases of 4% a year and an alternative return of 7% a year.

Change any one of them and the result changes. That is the intention: **the calculations were written to be redone**.

Federal Reserve of St. Louis

Historical series on home prices, interest rates and household net worth, free — fred.stlouisfed.org

Freddie Mac

Weekly average rates for mortgages of thirty years — freddiemac.com/pmms

IRS

Section 121, Publication 523 and the capital gains rules on the sale of a residence — irs.gov

Florida Department of Revenue

Homestead, *Save Our Homes* and portability, in publication PT-112 — floridarevenue.com

Your county's property appraiser

The assessed value of your home, the accumulated benefit and the portability form

Florida Realtors

Monthly statistics on price, volume and days on market by region — floridarealtors.org

Who wrote it, *and why*



Maqueli Gewehr was born into a humble family in the countryside of Rio Grande do Sul. She has been in real estate for fifteen years. She moved to the United States on an EB-1 visa, granted to professionals of extraordinary ability, and today is a **licensed real estate agent in Florida** and one of the few professionals **certified by Harvard University** in real estate investment strategy.

Bruno Miguel has invested in residential rental property for many years. Chapter 1 of this book describes, in the first person and without ornament, exactly the business model he operates — because the most honest way to explain where rent money comes from is to hear it from the person who receives it.

The two co-authored *How to Invest in Florida Real Estate*, with a foreword by Ciro Gomes. This is the Institute's third book, and the simplest on purpose: it does a single calculation — the one almost nobody does — and shows the result.

In plain words. This book is educational material. It is not investment advice, it is not a legal opinion and it is not tax guidance. The authors are, respectively, a licensed real estate agent in Florida and an investor — they are not *CPAs*, they are not attorneys and they are not registered financial advisors. Past appreciation does not guarantee future appreciation.

The only question *is whose it will be*

This book used example numbers. Your calculation is different — and it is the one that decides. The HousInvest Educational Institute exists to explain the American market to Brazilians, in English and without easy promises.

Your real payment Payment, tax, insurance and HOA of the house you would rent today	**Which program fits** Conventional, FHA, foreign national or state assistance
How much down payment is missing And in how long, at the pace you can save	**The reserve before the house** How much must be left after the down payment, and why
Two other books How to Invest in Florida Real Estate · Agent in Brazil, Agent in Florida	**Educational material** Not investment advice or tax guidance

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