

Housing Matters

A Component of BestPrep's Financial Matters Program

Presenter Info: Name and Company



What Do You Think?



What different housing options do you think exist?



Types of Housing Options

Owning

**Renting – paying
monthly to live there**

**Living with
family/friends –
no cost**

How Do You Decide?



Money

- What can you afford: fixed and variable expenses
- Establish your own credit
- Rainy day fund fixing + replacing
- Tax advantages: rental credit or home deduction
- % of income

Lifestyle

- Location
- Time commitment: short and long-term
- Family, friends & work life
- Privacy: a lot or very little
- Hobbies & other activities

Responsibility

- Maintenance + Repairs
- Safety
- Ownership, Landlord or Parents
- City vs County rules
- Following the different set of property rules

What is a mortgage?

A mortgage is a loan used to buy real estate, where the property serves as collateral.

Different Types:

- **Conventional loan** (not government-backed)
- **FHA loan** (for first-time or low-credit borrowers)
- **VA loan** (for veterans)
- **USDA loan** (for rural areas)

What is part of the mortgage:

- Loan amount (principal)
- Interest rate (fixed vs variable)
- Term (e.g. 15, 20, 30 years)
- Monthly payments (principal + interest + taxes + insurance)

Mortgage Cont.

Process:

- Pre-approval
- House hunting
- Offer & appraisal
- Underwriting
- Closing



Factors:

- Credit score
- Down payment
- Loan term
- Market conditions/Federal Reserve rates

Give It A Try

You've chosen a set of life circumstances. We'll provide the average costs for housing. Now you must choose!

Two rules:

1. You must work together
2. You must come to a consensus on your group housing option

Housing Costs

- Average home cost:
 - \$335,148 (twin cities), \$1,807 monthly
 - \$351,614 (statewide), \$2,004 monthly
- Average monthly rent:
 - \$1,674 in Twin Cities
 - \$1,332 Statewide

Renting

~\$1,332/Month

~\$1,332 due **up front** to cover damage deposit + 1st month's rent

You pay limited extra costs:

~\$75/month electric

~\$70/month internet

~\$15/month renters' insurance



Owning

~\$2,314/Month (includes insurance & taxes)

~\$17,000 due **up front** for closing costs and down payment

You pay all monthly costs:

~\$148/month gas/electric

~\$70/month internet



Living with Family/Friends

\$0/Month

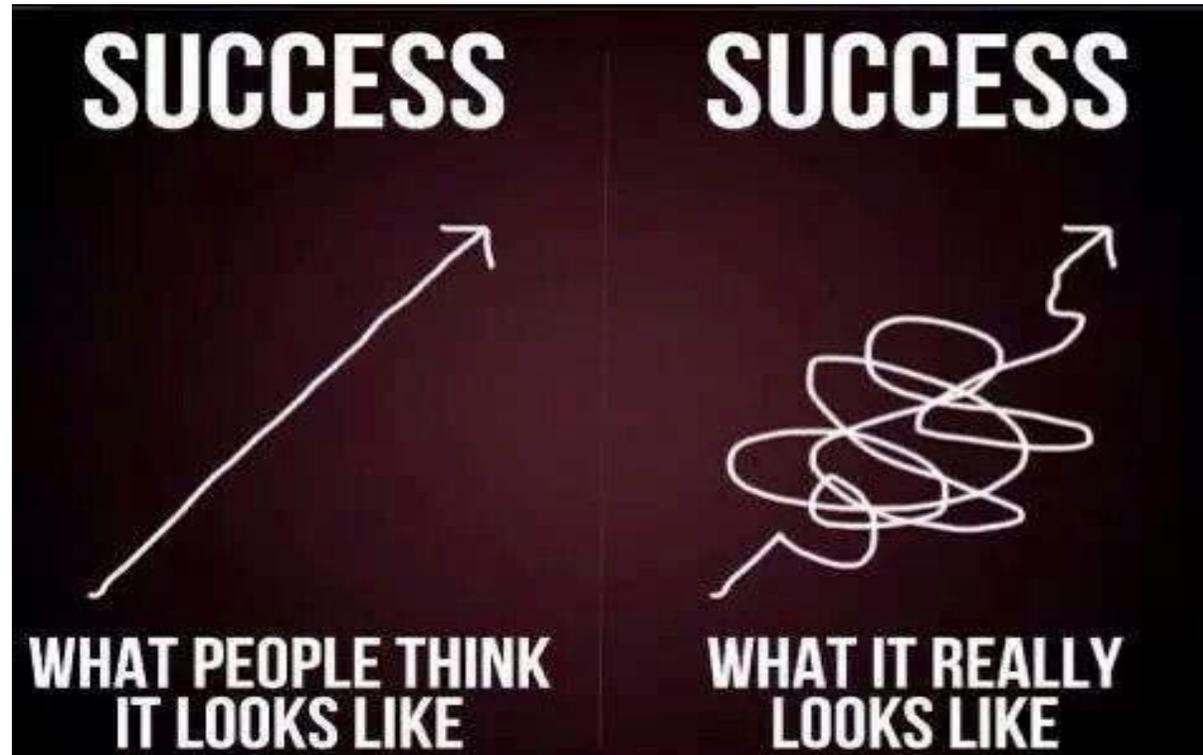
\$0 due up front

You pay limited extra costs:

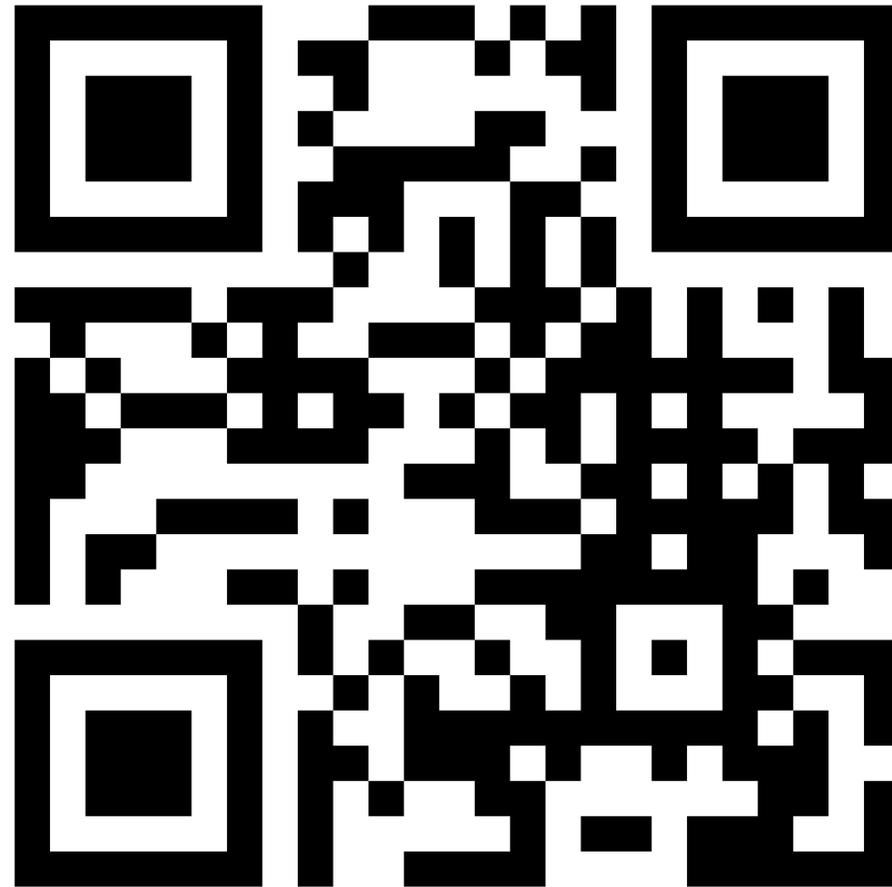
- Personal expenses
- Groceries
- Parking /garage



Questions?



Student Survey



Thank You!

BestPrep gratefully acknowledges the financial and volunteer support provided by several volunteers to offer Housing Matters as a part of Financial Matters.

