The University Housing & Relocation Assistance Resource Center is here to assist with your home buying needs, as well as, to inform Faculty and Staff about long-term and short-term housing opportunities available in the area. Our services include:

- Long-Term Housing Options
- Short-Term Housing Options
- Home Financing Options
- Educational Links
- Moving Information
- Local & Surrounding City Information
- School Guides
- Website – links to Home buyer assistance and Home Buyer education sites: www.daf.csulb.edu/employees/housing/
SHOULD I BUY OR RENT?

There are many advantages to buying a home versus renting one. Your income, savings, and monthly expenses play an important role in determining how much mortgage you can afford. In many cases, the amount of money a renter spends on rent can be about the same as or less than the amount a homeowner spends on a mortgage. With the tax benefit for homeowners, the savings can be significant. When you rent, you write your monthly check and that money is gone forever. But when you own your home, you can deduct the cost of your mortgage loan interest from federal income taxes, and usually from your state taxes. This will save you a lot each year because the interest you pay will make up most of your monthly payment for the majority or many of the years of your mortgage. You can also deduct the property taxes you pay as a homeowner. In addition, the value of your home may go up over the years. Finally, you’ll enjoy having something that’s all yours – a home where your own personal style will tell the world who you are.

RENT VS. BUYING COMPARISON

The average price of rental housing in the U.S. increases 3 percent each year. That means an apartment or home renting for $1000 per month will cost more than $1300 a month in 10 years. If you rent the same home for ten years, the total amount you will pay for rent will equal $137,567.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RENT (3% INCREASE PER YR)</th>
<th>ANNUAL RENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>2</td>
<td>$1,030</td>
<td>$12,360</td>
</tr>
<tr>
<td>3</td>
<td>$1,061</td>
<td>$12,731</td>
</tr>
<tr>
<td>4</td>
<td>$1,093</td>
<td>$13,113</td>
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<tr>
<td>10</td>
<td>$1,305</td>
<td>$15,657</td>
</tr>
<tr>
<td></td>
<td>TOTAL RENT PAID OVER 10 YEARS</td>
<td>$137,567</td>
</tr>
</tbody>
</table>

Tax advantage of owning a home results in savings. Home ownership has tax advantages over renting a home, and those advantages can help save you money. Unlike your monthly rent, part of your monthly mortgage payment is tax deductible.
THE PRE-QUALIFICATION AND PRE-APPROVAL PROCESS

PRE-QUALIFICATION
Before you begin shopping for a house or condominium, it’s wise to seek mortgage pre-qualification. The pre-qualification process entails providing unverified information about your personal financial situation, which allows the lender to estimate the largest affordable loan to you. This will give you an idea of the price range in which you should stay when you look for a home. Be prepared to provide information on your income, debts and assets. Once you are pre-qualified, you can begin looking at what size and features you can realistically afford in your home.

PRE-APPROVAL
Pre-approval involves a lender committing to finance your home purchase up to a certain amount. To determine the pre-approval amount, the lender examines your complete financial profile including your income, bank accounts, stocks, bonds, and credit history. Another important check that lenders often perform during pre-approval is obtaining your personal credit report. You may want to request a copy of your credit report so you know what your lender is using to evaluate your credit worthiness. This will give you a chance to review and correct any mistakes you feel the report may contain. To request a copy of your credit report, you can call any one of the three main credit agencies: Equifax at (800) 685-1111, TransUnion at (800) 916-8800 or Experian at (888) 397-3742.
Choosing a Mortgage Company

When you are ready to shop for a loan, you can work directly with a lender or with a mortgage broker representing many individual lenders. Direct lenders are lending their own money, have in house programs and make the final decision on your application. Mortgage brokers are intermediaries that represent many lenders and loan programs from which you can choose.

Potential Benefits of Using a Mortgage Lender

Mortgage lenders not only originate their own loans, but also underwrite, approve funds, and service loans. Mortgage lenders have their own money to lend and therefore have the most control over the loan process. The mortgage lenders can provide incentives such as faster and/or easier loan approvals. Loans through a mortgage lender tend to remain with the same lender throughout the length of the loan.

Potential Benefits of Using a Mortgage Broker

Mortgage brokers originate loans but do not actually lend the money. Brokers will submit packages to outside sources that underwrite and fund the loan. Mortgage brokers may offer the best opportunity to get your loan approved no matter what your credit score since they can send the loan to many different lenders. Loans through a mortgage broker sometimes are “sold” to other lenders even after the loan was initially underwritten and funded. This process does not change the terms of the loan.
LOAN PROGRAM HIGHLIGHTS

Below is a brief explanation of some of the most commonly used loan programs.

**Fixed Rate Loan** - A loan with an interest rate that remains constant throughout the life of the loan.

**Adjustable Rate Mortgage (ARM)** - A loan with an interest rate that can change, either upward or downward, at specified periods during the life of the loan. The change in the interest rate is usually tied to a financial index over which the lender has no control.

**FHA Loan** - FHA loans are available as a fixed rate, ARM, or buy down. They are loans that are insured by the Federal Housing Administration and offer low down payments and lower income requirements. There is a maximum FHA loan limit which varies from region to region.

**VA Loan** - Fixed loans with no down-payment are available to eligible Veterans, in-service Veterans, and certain other Reservists and National Guard members. VA loans are guaranteed by the Veteran's Administration. (ARM loans are not presently available).

**Community Homebuyers Program** - A fixed rate loan with a low (3% to 5%) down-payment, no cash reserve requirement, and lower income requirements. These loans are subject to borrowers meeting maximum income limits and completing a course on homeownership.

**Mortgage Credit Certificate (MCC) Program** - A first-time homebuyers program subject to purchase price, income limits, and availability of funds. The MCC is actually a special tax credit and can be used with almost any loan program. The amount of the tax credit is used as additional income to qualify the borrower(s) (Very Limited Funds!).

**CHFA California Home Finance Agency** - A first time homebuyers program, sponsored by the State of California, subject to purchase price, income limits, and availability of funds. This program can be in the form of a Conventional, FHA, or VA loan. This program offers a low down-payment and lower-than-market rates on both fixed and ARM loans.

GOOD LUCK!!
For additional information, please give us a call.

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