

**Chapter 5 Practice Test**

1. a) The following abbreviations are found in real estate advertisements. Give the meaning of each.

Sqft \_\_\_\_\_

C/A \_\_\_\_\_

Condo \_\_\_\_\_

Kit \_\_\_\_\_

- b) What is the difference between a 4BR house and a 3+1BR house?

\_\_\_\_\_

\_\_\_\_\_

2. For each price range, describe the type of accommodations, if any, that can be purchased in your community.

a) Under \$100 000 \_\_\_\_\_

b) \$200 000 to \$300 000 \_\_\_\_\_

c) Over \$400 000 \_\_\_\_\_

3. a) All fixed rate mortgages in Canada have interest compounded \_\_\_\_\_, that is, \_\_\_\_\_ times per year.

b) The Azirs have a \$266 000 mortgage amortized over 25 years at 4.55% interest. Use a TVM solver or an online calculator to determine their monthly payment. \_\_\_\_\_

c) The Azirs will make \_\_\_\_\_ monthly payments before they finish paying for their home.

d) What total amount will the Azirs repay the bank? Assume that the interest rate stays the same.

\_\_\_\_\_ × \_\_\_\_\_ = \_\_\_\_\_  
 monthly payment                      number of payments                      total paid

e) How much interest will they pay over the life of the mortgage?

\_\_\_\_\_

4. a) David has a 5% down payment on a semi-detached home for sale at \$314 000. What is the amount of his down payment?

---

- b) What is the amount of the mortgage after making the down payment in part a)?

---

5. What are 5 expenses that you would expect to pay if you owned a condo? Identify each as a fixed expense or a variable expense.

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

d) \_\_\_\_\_

e) \_\_\_\_\_

6. Marina lives in a 2-bedroom condominium overlooking a lake. Her expenses are as follows.

- The bi-weekly mortgage and property taxes are \$718.
- The condo fees are \$525 per month.
- The electricity bill averages \$320 bi-monthly.
- The quarterly water bill averages \$210.

- a) Calculate Marina's fixed monthly expenses for housing.

---

- b) Calculate Marina's average monthly expenses for utilities.

---

- c) What is her average total monthly cost for housing?

---

7. What is 1 advantage and 1 disadvantage of owning a home? Consider financial or non-financial factors.

Advantage of buying:

---

Disadvantage of buying:

---