

Chapter 5 Test

1. Explain the meaning of each abbreviation found in a real estate listing.
 - a) 2+1BR _____
 - b) 4-pc bath _____
 - c) Condo _____
2. For each price range, describe the type of accommodations that can be purchased in your community.
 - a) \$100K to \$200K _____
 - b) \$300K to \$500K _____
3.
 - a) Mike has a 5% down payment on a condominium for sale at \$295 500. What is the amount of his down payment?
 - b) What is the amount of his mortgage after making the down payment in part a)?
 - c) Mike decides to amortize his mortgage over 20 years at 4.75%. Use a TVM solver or an online calculator to determine his monthly mortgage payment. _____
 - d) Mike will make _____ monthly payments before he pays off the mortgage.
 - e) What total amount will Mike repay the bank? Assume that the interest rate stays the same.
 _____ × _____ = _____
 monthly payment number of payments total paid
 - f) How much interest will he pay in total? _____
 - g) How could Mike reduce the total cost of his mortgage?



Name: _____ Date: _____

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(continued)

- 4.** Mike uses a TVM solver to calculate his mortgage payments. He says that the Future Value will always be 0. Is he correct? Explain.

- 5.** What is 1 advantage and 1 disadvantage of owning a home?

Consider financial or non-financial factors.

Advantage of owning:

Disadvantage of owning:

- 6.** Isabel has an income of \$2200 per month. She lives in a 1-bedroom condo. Her expenses are as follows:

- The bi-weekly mortgage payments are \$359.
- The monthly condo fees are \$255.
- The gas bill averages about \$125 per month.
- The electricity bill averages about \$155 bi-monthly.
- The quarterly water bill averages \$165.

a) What are Isabel's fixed monthly costs for housing?

b) What are Isabel's average monthly costs for utilities?

c) On average, how much of her income is left each month after paying for housing and utilities?

- 7.** List 2 other expenses that you would expect to pay if you owned this condo. Identify each expense as a fixed expense or a variable expense.

a) _____

b) _____

