Name: _____ Date: _____

# Chapter 5 Task

Use this worksheet to help you with the Task on page 186.

1. **a)** Conduct a real estate search. Select a dream home, such as a condominium, a duplex, or a detached house. Save the ad that describes your dream home.

   **b)** Round the purchase price to the nearest thousand dollars.

   $_____

   **c)** State the annual property taxes, if given. If not given, use 1% of the value of the house and calculate the property taxes. $_____

2. **a)** Assume that you are a first time home buyer and can afford the minimum down payment of 5%. Calculate this amount.


   **b)** Determine the amount of the mortgage.


   **c)** Assume you have to pay mortgage insurance. The cost is 2.75% of the value of the mortgage. Add this amount to your mortgage.


   The total mortgage is $ _____.

3. **a)** Research mortgages by visiting at least 3 financial institutions online. Decide on the best fixed rate mortgage for you.

   - What is the interest rate? _____%

   - What is the amortization period? _____ years

   - What is the term? _____ years

   Save a copy of this Web page.

   **b)** Explain why you chose the mortgage you did.

   _____

   _____

   _____

**c)** Use a TVM solver or an online mortgage calculator to determine the monthly mortgage payment.

- If you use a TVM solver, record the values below.

- If you use an online calculator, save a copy of the Web page showing the monthly mortgage payment calculation.

N: _____ , I%: _____ , PV: _____ , PMT: _____ ,

FV: _____ , P/Y: _____ , C/Y: _____ , PMT: END   BEGIN

**d)** The monthly mortgage payment is $_____.

**e)** Calculate the monthly portion of the annual property taxes.


The property taxes per month are $_____.

- Add this amount to the mortgage payment. Each month, $_____ will be deducted from your bank account.

**4. a)** List living expenses that are related to owning your home. Include fixed and variable expenses. For each expense, estimate a monthly cost.

| Fixed Home Expense | Estimated Monthly Cost | Variable Home Expense | Estimated Monthly Cost |
|---|---|---|---|
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|  |  |  |  |

**b)** Set up a spreadsheet template to track your monthly home expenses for a year. Program the spreadsheet to calculate totals per month and totals per expense.

- Add all the values in each row.
- Add all the values in each column.

**Hint:** Refer to the Tech Tip on page 64 for information about using a spreadsheet.

**c)** On average, how much are your household expenses each month?

$_____

**5. a)** Assume that at the end of the term of your mortgage, the interest rate increases by 1%. How would this affect your monthly mortgage

payment? _____

**b)** Use the TVM solver or the online mortgage calculator to determine your new monthly mortgage payment.

- If you use a TVM solver, record the values below.
- If you use an online calculator, save a copy of the Web page showing the monthly mortgage payment calculation.

N: _____ , I%: _____ , PV: _____ , PMT: _____ ,

FV: _____ , P/Y: _____ , C/Y: _____ , PMT: END   BEGIN

**c)** The new monthly mortgage payment is $_____.

- Add the monthly amount for property taxes to the mortgage payment.

Each month, $_____ will be deducted from your bank account.

**d)** Make the adjustment from part c) to your spreadsheet. On average, how much are your monthly household expenses now? $_____

Name: _____ Date: _____

**6. a)** What factors would you consider to help you decide whether you can afford your home?

_____

_____

_____

**b)** What non-financial factors might you need to consider before buying this home?

_____

_____

_____

Your submission for this Task will include
☐ an electronic folder of Web pages or a collection of real estate ads

☐ a spreadsheet showing the full costs of the house