Name
House Buying Project
Date due:

MATH 120 50 points Section _____

Directions: Answer all questions. Write your name on all printouts and *attach* to this paper. While you may use your calculator, be sure to show what calculations you do in the spaces provided.

- 1. Before you buy a house, you should have a job. List the job that you think you will have or would like to have when you finish your education:
- 2. You need to know about how much money you will make *annually*. You may use the following directions, find a website of your own, or use other references. Provide documentation.
 - a) Go to the website <u>http://jobstar.org/tools/salary</u>
 - b) Click on salary surveys link.
 - c) Click on profession-specific salary surveys link.
 - d) Find your occupation and click on it.
 - e) When you find the salary of this occupation, print out that page, circle or highlight the salary and write the *annual* salary below. (Please print out only the one page you need.)
- 3. Next you must figure out the affordability guidelines the house.
 - a) What is the maximum price you can afford on the salary you will make?

b) What is the (low end) monthly expense that you will able to afford?

4. Now you need to find a house to fit these guidelines. There are many internet sites you may choose from. One suggestion is <u>www.timesunion.com</u> if you wish to buy a house in the capital district. Print out the house information and a picture of the house that fits the price range you calculated in number 3 and write the cost below:

5. You will make a standard down payment. How much is that?

6. What amount will you have to borrow from the bank?

7. Check a newspaper (or go on-line) for the current mortgage rates. Either cut out the advertisement or print out the page with the rates. Circle the rates you choose to use.

Name of lending institution:

Mortgage rate: 15 years: ______ Round to the nearest half percent, if necessary: _____

Mortgage rate: 30 years: ______ Round to the nearest half percent, if necessary: _____

(Your two rates may be the same. If your rate is lower than any on the table, use the lowest rate listed.)

- 8. Use the mortgage table on page 439 in your text to find the monthly payment if you are taking out a 15 year mortgage.
- 9. Find the total amount you will pay for this house, including the down payment.

10. Using your answer to number 9, how much of that amount is interest?

11. Use the mortgage table on page 439 in your text to find the monthly payment if you are taking out a 30 year mortgage.

12. Find the total amount you will pay for this house, including the down payment.

13. Using your answer to number 12, how much of that amount is interest?

14. The cost of homeowners' insurance is \$1150 per year. Real estate taxes are 1.75% of the cost of the house per year. Find the total cost *per month* of these two expenses.

15. What is your total payment per month for the 15 year loan? (Include mortgage, insurance and taxes.)

16. What is your total payment per month for the 30 year loan? (Include mortgage, insurance and taxes.)

17. Assuming you can afford the low end payments, can you afford the 15 year mortgage? YES NO

18. Suppose you could afford both the 15 and 30 year mortgage, which one would you choose and give one reason.

19. If you couldn't afford either the 15 or 30 year mortgage, name two things you could do if you still wanted to buy *this* house.