**Personal Finance Project DO THIS SHEET 3rd**

**Economics, Mr. Van Brimmer, Formative**

**Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class Period:\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ /10**

**Home Buying Worksheet**

**Overall Sheet Description:** *In this part of the Personal Finance Project you will be researching about buying a home. Some of the information you find while completing this sheet will be used to complete the summative portion of the Personal Finance Project.*

**Directions:** *Follow the steps below and answer the questions that are required.*

1. Go to the web page <http://michaelbluejay.com/house/basics.html>. This page has a great deal of information for first time home buyers. However, you only need to read the article “Basics of Buying a House”. The link to this article is found on the top left of the homepage. Answer the below questions about this article. Your answers do not need to be in complete sentences. Answers are in the order they appear on the web site.
2. Do most people pay all cash to buy a home? If not, what is the typical percentage of cash that people pay to buy their homes (this is a range)?
3. How many times your income is likely the amount of money you can afford to spend on your home?
4. Using the above (letter B), if you have a $40,000 per year income, what is the most you should pay to buy a home?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What was the median price of a home in the U.S. in 2011?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. What percentage of the purchase price is usually the down payment? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (a range)
3. What percentage of the purchase price is the closing cost?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (a range)
4. What are the four things you need to qualify for a mortgage?
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. Go to the web site <http://www.mortgagecalculator.org/>. Use the calculator on this site to make calculations based on the criteria in “Given Information”. Your answers will be on the bottom right of the page web page. Fill in the blanks in the “Information You Fill Out Section”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Given Information** | | | | |
|  | Scenario #1 | Scenario #2 | Scenario #3 | Scenario #4 |
| Home Value  \*Price of the Home | $160,000 | $160,000 | $250,000 | $250,000 |
| Loan Amount  \*Amount you will borrow. Everything less the “Home Value” is your down payment | $100,000 | $150,000 | $200,000 | $200,000 |
| Interest Rate  \*Amount of interest you will pay per year | 3.85% | 7.25% | 3% | 3.85% |
| Loan Term  \*Length of the loan | 30 years | 30 years | 15 years | 30 years |
| Start Date  \*When the loan starts | Today’s Date | Today’s Date | Today’s Date | Today’s Date |
| Property Tax  \*Tax paid on the property | 1.5% | 1.5% | 1.5% | 1.5 |
| PMI (Private Mortgage Insurance)  \*Extra money needed if little down payment | 0% | 1% | 0% | 0% |
| **Information You Fill Out (found at bottom of page after putting in above information)** | | | | |
| Monthly Payment |  |  |  |  |
| Total Interest Paid |  |  |  |  |
| Total of 360 Payments (180 for Scenario #3) |  |  |  |  |

1. Based on the above chart, answer the below questions a few sentences.
2. As a general rule, what can you tell about interest rates and monthly payments based on the above chart?
3. What do you think is the most valuable thing you have learned by completing the above chart? Please cite a specific piece of data as an example.