

ECO 103-Personal Money Management

Housing/Mortgage Project Due Date: _____

Last Name	First Name
Class Time	



Objectives:

- Understand factors to consider in the home purchasing process
- How to calculate mortgage payment
- Understand the financial impact of different types of mortgage loans.

Assumptions:

- Assume that you can afford a home ranging in price from \$120,000 to \$150,000.
- The lending institution requires a 10% down payment.
- Home owners insurance is \$1,200 per year.

Instructions:

1. Go to: www.homesteadnet.com for homes in the Rochester area. Go to the "Home Search" section on your screen and enter the following information:
 - Property type
 - County
 - Minimum and Maximum price (enter \$120,000-\$150,000)
 - Click on "Search"
2. Review the "Displayed Listings". For the homes that interest to you, click on "Virtual Tour" or "Photo Tour." After your review, select a property on which to complete your report.
3. Print out and attach a copy of the home you selected.
4. Based on your selection, answer questions 1-4 on the next page (page 2). In order to answer these questions more specifically, click on "Details."
5. Using *Saturday's Democrat and Chronicle, Home & Real Estate Section* answer question 5 on page 2 of this project.
6. Using www.bankrate.com and www.mortgage-net.com research mortgage rates and monthly payments. Complete pages 3 and 4.
7. Provide a one to two paragraph summary of your findings.

Housing/Mortgage Project

In order to answer the questions below click on "Details" and read the summary.

1. Describe the style of home you selected. What is the square footage?

2. How many homes did you consider before making your selection? What was the basis of your selection?

3. In what School District is your home located? What do you know about the school system?

4. How much are the taxes per year?

5. Use *Saturday's Democrat and Chronicle Home & Real Estate "County Home Sales"* section to answer the following questions. How much did homes sell for in the area where your home is located?

• Last week
• Last 6 months
• 1 year ago
• How does this information compare to the current asking price of your home?

6. Research the best mortgage rates using www.bankrate.com Go to “Select a Product”, click on “mortgage”, then click on “rates in your state”- select New York, then Rochester. Review the information and select a mortgage. Use zero points options. Record your selections in the space provided below.

ITEM	RATE	APR #1	INSTITUTION #1	RATE	APR #2	INSTITUTION #2
30 Year Fixed						
15 Year Fixed						
1 Year ARM						

Using www.mortgage-net.com calculate your monthly payment based upon the price of your selected home and assumptions given on page 1 (ignore PMI). On your screen, select “calculators and mortgage tools”, click on “monthly payment calculator.” Enter the information for your mortgage. Answer “yes” to full amortization table. Click on “calculate mortgage.” **Print out the first page only (go to file, print and select page 1 only)** of the amortization schedule for the 30 and 15 year loan and record your selections in the space provided below.

30 year fixed

LIST PRICE	DOWN PAYMENT	LOAN AMOUNT	30 YEAR RATE	PRINCIPLE/ INTEREST PAYMENT	TAXES AND INSURANCE use assumptions from page 1	TOTAL MONTHLY PAYMENT (PITI)

15 year fixed

LIST PRICE	DOWN PAYMENT	LOAN AMOUNT	15 YEAR RATE	PRINCIPLE/ INTEREST PAYMENT	TAXES AND INSURANCE use assumptions from page	TOTAL MONTHLY PAYMENT (PITI)

