

MAT142 College Mathematics

Brenneman

Class Project

Scenario:

You are in the market for a new home. You have \$45,000 saved up for the down payment and can afford a payment of \$1000 per month for Principal, Interest, Taxes and Insurance.

Goal:

Find a home for sale that you can afford.

1. Talk to a Bank or Mortgage company to find out the interest rates on a 30 year fixed Simple Interest Amortized Loan and the closing fees charged.
2. Talk to an Insurance agent to find out what the minimum cost for insurance would be for a home that you might purchase.
3. Talk to a real estate agent to find out about the Commission charged. They may also be able to give you information about taxes and insurance for different homes.

Prepare a written report with all your findings. Compute the monthly payment at the interest rate quote by the bank or Mortgage Company. Then add the monthly withholding for the interest and taxes to make sure the home is within your budget.

It is not required, but you may also want to include the other costs associated with owning a home – utilities, maintenance and upkeep. Be creative and let me know what the total cost comes to be. It should not exceed 40% of your monthly income! (and that is liberal)