

How Much House Can You Afford?

Activity 1

Input each of the two different scenarios into the mortgage calculator and determine how much of a house you can afford.

[House Affordability Based on Fixed Monthly Budgets Calculator](#)

Criteria	Scenario 1	Scenario 2
How much do you have saved for a down payment?	\$10 000	\$20 000
How quickly do you want to pay off your house?	20 year mortgage	20 year mortgage
How much can you afford to pay toward a house payment each month?	\$1000	\$1500
What interest rate do you think you can find on a mortgage?	5%	5%
Loan Origination Fee? (use HOA in calculator)	1%	1%
Property Tax Rate?	3%	3%
Homeowner's Insurance Rate?	1%	1%
Maintenance Costs	2%	2%

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Scenario 1	
Scenario 2	

In your opinion, what do you think makes the difference between the two scenarios?

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Activity 2

Use the mortgage payment calculator below to complete the table.

[Mortgage Calculator](#) (use 20% downpayment)

	Interest Rate (%)	Frequency of Payments	Mortgage Amount	Amortization Period (Years)	Payment
1	7	Monthly	\$350 000	20	
2	6	Monthly	\$350 000	30	
3	5	Monthly	\$350 000	15	

What is the total cost of each mortgage?

Mortgage 1:

Mortgage 2:

Mortgage 3:

What are the advantages and disadvantages of each?

Amortization	Advantages	Disadvantages
15 Years		
20 Years		
25 Years		

Conclusion:

Would you BUY or RENT a house? Explain and provide an example supporting your explanation.