**Planning 10
Finances – Game of Life**

**A Roof Over Your Head
Student Notes and Activities**

**Buying Vs. Renting**

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Finding your first apartment is a big step. If you start the search knowing what you want and how much you can afford to spend monthly, it will greatly increase the potential of making a good choice. It will also help you eliminate living arrangements that do not meet your criteria, making the search less complicated and less overwhelming.

|  |  |
| --- | --- |
| **Advantages of Renting** | **Disadvantages of Renting** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

**Student Activities - Should they Rent or Buy?**

***Directions:*** *For each of the following situations, circle* ***RENT****,* ***BUY****, or* ***DEPENDS*** *to indicate your*

*opinion related to this person’s housing decision. Also, give reasons for your response.*

 **1.** Jasmine, age 22, plans to work full time while completing her college degree

in a nearby city.

**RENT BUY DEPENDS**

 **2.** Harry, age 44, travels out of town frequently for his sales job. His company

may transfer him to another sales territory within a year or two.

**RENT BUY DEPENDS**

**3.** Gino, age 32, recently completed his master’s degree in business while working

at the same company for the past six years. He has also been able to save

nearly $8,000 over this time period.

**RENT BUY DEPENDS**

 **4.** Chelsea, age 19, has just taken her first job as a sales representative trainee for

a computer software company.

**RENT BUY DEPENDS**

**5.** Karen and Vincent, ages 54 and 57, are planning to retire within the next few years.

**RENT BUY DEPENDS**

**![C:\Users\clangford\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\EN1A457G\MC900104754[1].wmf]()Renting**

**Need to Know**

**Tenant’s Rights:**

■ Withholding rent if the landlord \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Safe and sanitary premises.

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Landlord cannot enter premises without the tenant’s consent, or

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Tenant’s Responsibilities:**

■ Paying rent on time.

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Taking reasonable care of the property.

■ Notifying the landlord if \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Giving notice if leaving at the end of the lease.

■ Giving notice if leaving before lease is up and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Paying for any damage to the walls, floors, and furniture.

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

■ Giving landlord a new set of keys if you change the locks.

■ Paying all of rent if roommates move out and you stay.

**How To:**

![C:\Users\clangford\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\39YZYN8S\MC900056656[1].wmf]()Step One –

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

Step Two -
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Step Three –
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

![C:\Users\clangford\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\39YZYN8S\MC900435997[1].wmf]()**Buying**

**The Home-Buying Process**

**Phase 1: determine home ownership needs**

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

■ How much can I afford to spend?

 **Phase 2: locate and evaluate a home**

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Phase 3: price the property**

■ What is an appropriate market price?

■\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Phase 4: obtain financing**

■\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

■ What are current mortgage rates?

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Phase 5: close the purchase transaction**

■ What is the closing date?

■ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

■ Is everything understood before the final signing?

![C:\Users\clangford\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\39YZYN8S\MC900441529[1].wmf]()**Can You Afford to Buy?**

**Do you have a down payment?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Can you afford the monthly mortgage payments?**

**Student Activity: Buying a Home**

**True-False**

**1.** A main advantage of renting is pride of ownership.

**2.** Buying a home will usually have fewer costs than renting.

**3.** A larger down payment will reduce the amount of the mortgage needed.

**Multiple Choice**

**4. A common disadvantage of buying a home is:**

**A.** few financial benefits.

**B.** limited mobility.

**C.** restrictions on decorating and having pets.

**D.** conditions in the lease.

**5. The home buying process starts with:**

**A.** locating and evaluating a home.

**B.** pricing the property.

**C.** determining homeownership needs.

**D.** obtaining an appraisal of the property.

**6. The amount of a mortgage a person can afford is affected by:**

**A.** the location of the house.

**B.** her or his income.

**C.** the cost of insurance.

**D.** his or her age.

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GAME OF LIFE – HOUSING
Requirements

1. Figure out how much you can spend on a home.
- How much you have in savings and how much you can afford to pay each month (no more than 32%)

2. Figure out where you want to live and what type of house you would like to have.
- Location. Location, Location! The location will affect the cost.
- Apartment, Town House, or Detached House.

3. Take a look at homes for sale, if you can afford to buy –buy, if not you’ll rent.
- There are a lot of restate listings online, there are also many online mortgage calculators.

Buy Rent

- Pick a house - Pick a place to Rent
 - Decide on a down payment (Craigslist)
 - Calculate your monthly payments - Figure out your monthly payments

4. Research the other “living expense” you will have to pay related to your housing.
Ex – Cable/Hydro/Strata Fees and so on.

5. You will hand it –
**- The “math” proving that you can or cannot afford to buy.
- The description of the home you picked and ALL the costs associated with it.
- An explanation of why you made the choices you did.**

~ You can format your information in any organized way of your choice.
~ Cheaper is not always better! Your mark will be based on how well you balance your needs and your wants.
~ The information from this project needs to be included in your over-all budget.