

GREAT JOB CONSUMER 1. YOU ARE NOW DOWN TO ONLY 30% FAILING. I AM VERY IMPRESSED WITH YOUR EFFORT LATELY BOTH WITH BEHAVIOR AND GRADES. KEEP UP THE GOOD WORK!

Consumer 1	Grades	Consumer 2
2	A	1
7	B	4
4	C	5
8	D	2
9	E	8
30% Failing	FOR THE YEAR	40% Failing

WARM UP

How do you calculate your annual income if you get paid:

- **Every two weeks**
- **Monthly**
- **Biweekly**
- **Hourly**

Chapter 4: Managing a Household
Lesson 3: Computing Down Payment

REVIEW

Renting a home: RULE: How much should you spend on rent?

- Calculate rent if you make \$2,000 Monthly.
- Calculate rent if you make \$7.75 per hour.

Buying a home: RULE: How much should your mortgage be?

- Calculate mortgage if you make \$2,000 Monthly.
- Calculate mortgage if you make \$7.75 per hour.

Calculate the Down Payment and Mortgage

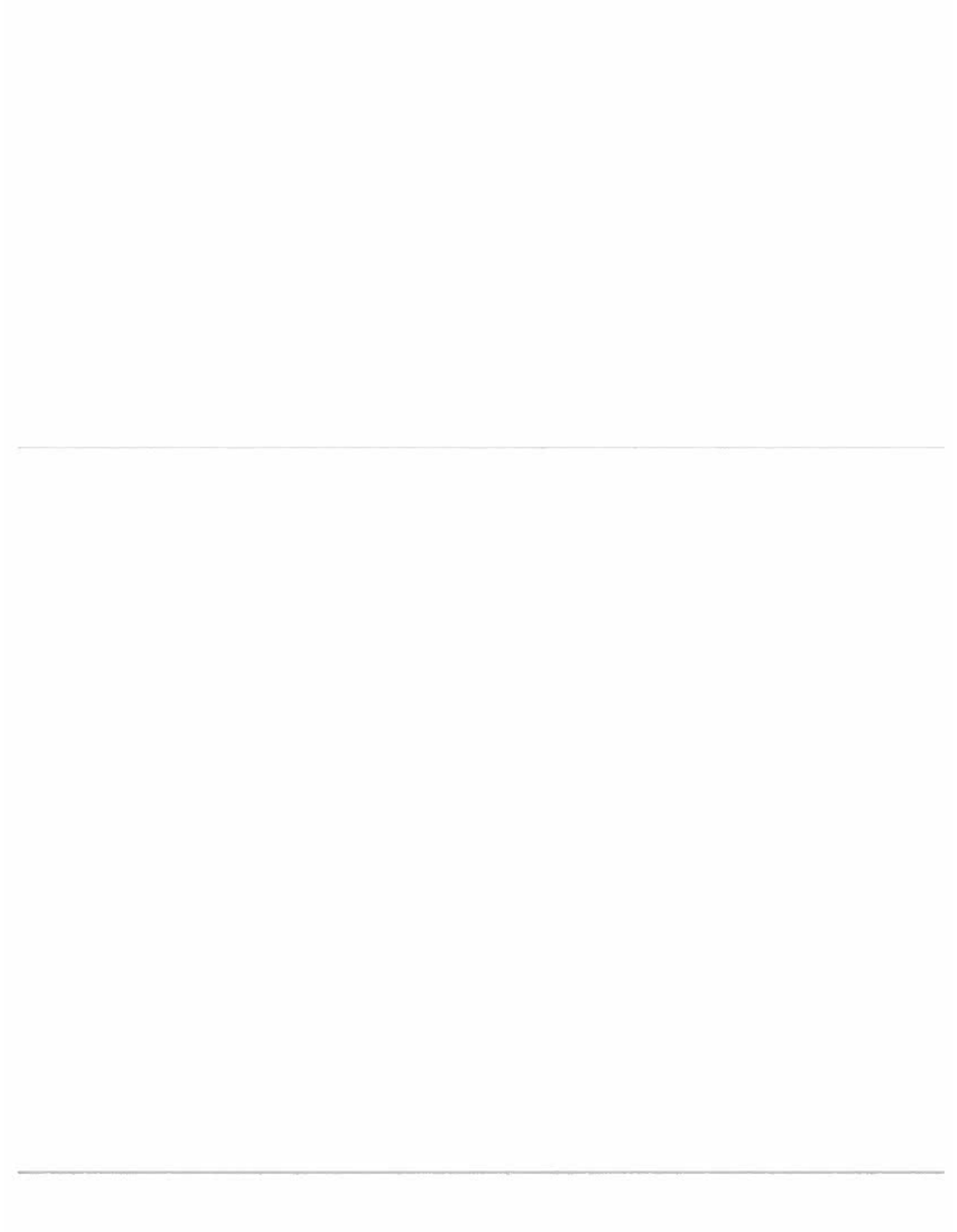
	<u>Cost</u>	<u>Rate of DP</u>	<u>DP</u>	<u>Mortgage</u>
1.	\$125,900	15%		
2.	\$135,600	20%		
3.	\$245,000	30%		
4.	\$357,500	25%		

Calculate the Down Payment and Mortgage

	<u>Cost</u>	<u>Rate of DP</u>	<u>DP</u>	<u>Mortgage</u>
1.	\$85,750	20%		
2.	\$195,350	17%		
3.	\$495,830	19%		
4.	\$723,250	32%		

Calculate the Down Payment and Mortgage

	<u>Cost</u>	<u>Rate of DP</u>	<u>DP</u>	<u>Mortgage</u>
1.	\$158,999	23%		
2.	\$293,725	37%		
3.	\$645,190	17%		
4.	\$725,750	28%		



Computing the Down Payment

EXAMPLE

Jesus Morales decided to purchase a townhouse. The price is \$83,500. What is his 18% down payment? How much is left to mortgage?

Step 1 Find the down payment

$$\begin{array}{r} \$83,500 \\ \times .18 \\ \hline \$15,030.00 \end{array}$$

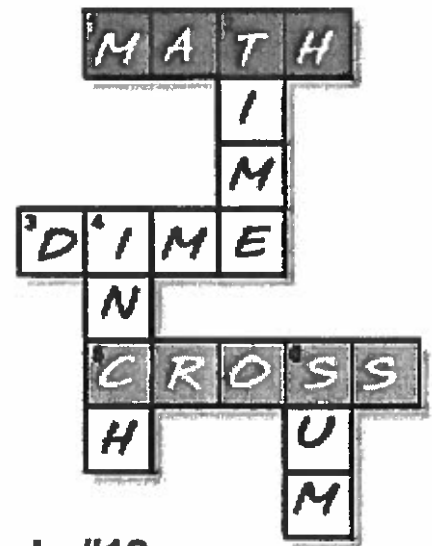
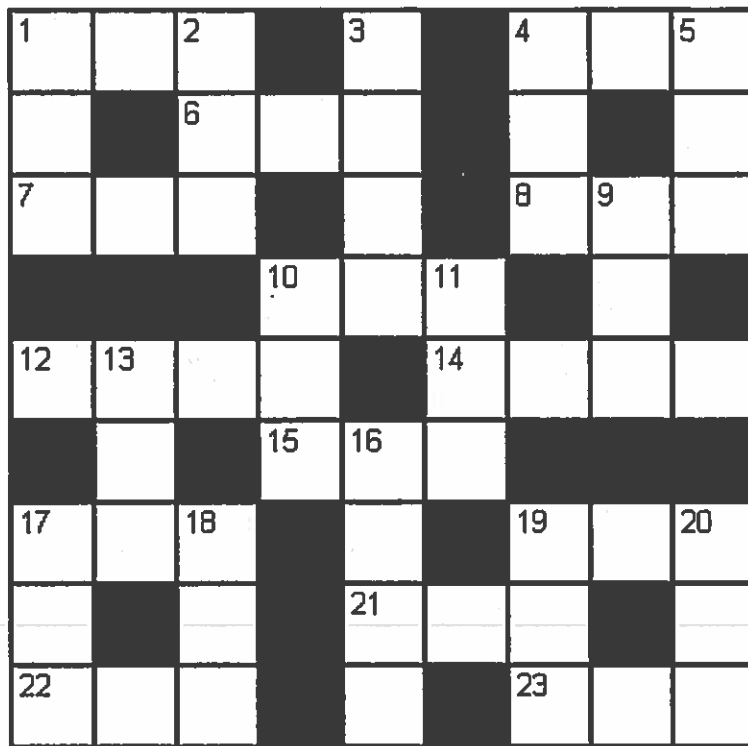
Step 2 Find amount to mortgage

$$\begin{array}{r} \$83,500 \\ - 15,030 \\ \hline \$68,470 \end{array}$$

Jesus will make a \$15,030 down payment and mortgage the rest, \$68,470.

Directions Find the amount of the down payment and the amount of the mortgage for each townhouse.

	Cost of House	Rate of Down Payment	Down Payment	Mortgage
1.	\$53,000	10%	_____	_____
2.	\$65,000	15%	_____	_____
3.	\$67,500	20%	_____	_____
4.	\$69,900	30%	_____	_____
5.	\$74,500	10%	_____	_____
6.	\$86,000	5%	_____	_____
7.	\$99,900	20%	_____	_____
8.	\$101,000	18%	_____	_____
9.	\$105,995	22%	_____	_____
10.	\$109,900	19%	_____	_____
11.	\$115,000	10%	_____	_____
12.	\$116,900	20%	_____	_____
13.	\$118,000	30%	_____	_____
14.	\$119,000	25%	_____	_____
15.	\$120,000	14%	_____	_____
16.	\$123,500	17%	_____	_____
17.	\$125,999	21%	_____	_____
18.	\$159,000	14%	_____	_____
19.	\$179,900	30%	_____	_____
20.	\$180,000	75%	_____	_____



Puzzle #18

NAME: _____

DATE: _____

ACROSS

1. \$ 1.59 X 4 = \$ _ . _ _
4. \$10.00 - \$ 4.98 = \$ _ . _ _
6. \$ 1.00, \$ 1.25, \$ _ . _ _ , \$ 1.75...
7. (67 X 4) + 100 =
8. 1 Across - 4 Across =
10. \$10.00 - \$ 2.75 = \$ _ . _ _
12. \$ 7.98 X 2 = \$ _ . _ _
14. 10 Across X 5 =
15. 5 dollars + 5 nickels = \$ _ . _ _
17. \$ 1.49 X 2 = \$ _ . _ _
19. \$10.00 - (\$ 2.98 X 2) = \$ _ . _ _
21. 10 Across - 15 Across =
22. 17 Across X 3 =
23. \$.75, \$ 1.50, \$ 2.25, \$ _ . _ _ ...

DOWN

1. \$ 4.26 + \$ 1.87 = \$ _ . _ _
2. 600, 609, ____, 627, 636...
3. (17 Across + 22 Across) - 100 =
4. (12 Across - 10 Across) - 23 Across =
5. 2 dollars + 4 pennies = \$ _ . _ _
9. 4 Across - 21 Across =
10. (4 Down + 5 Down) - 10 =
11. \$ 5.25, \$ 5.30, \$ _ . _ _ , \$ 5.40, \$ 5.45...
13. \$20.00 - \$14.61 = \$ _ . _ _
16. 14 Across - 12 Across =
17. \$ 1.49 X 2 = \$ _ . _ _
18. 8 dollars + 4 nickels + 4 pennies = \$ _ . _ _
19. \$10.00 - \$ 5.97 = \$ _ . _ _
20. 22 Across - 19 Across =

Skills: review puzzles #1-17 and money (making change)

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WARM UP

- 1. 660×12
- 2. ANSWER $\times 30$
- 3. ANSWER $- 90,000$
- 4. 925×12
- 5. ANSWER $\times 30$
- 6. ANSWER $- 110,000$

Consumer Finance

Chapter 4: Managing a Household

Lesson 4: Paying the Mortgage

2-4 VOCAB

- **Fixed-Rate Mortgage** a loan in which the mortgage rate and payments remain the same
- **Variable-Rate Mortgage** a loan in which the mortgage rate and payments change over time
- **Total Interest** a total fee for borrowing money

Directions (Find Monthly Payments)

- Turn to page 88
- Find the mortgage in the left column
- Go right until you find the Interest rate

I DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$40,000	9%
■ 2. \$70,000	12%
■ 3. \$100,000	10.5%

WE DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$90,000	8.5%
■ 2. \$70,000	12.5%
■ 3. \$60,000	11%

YOU DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$50,000	9.5%
■ 2. \$80,000	12%
■ 3. \$110,000	7.5%

Directions (Find Amount Paid and Total Interest)

- Turn to page 88
- Find the mortgage in the left column
- Go right until you find the Interest rate
 - Multiply this by 12 (this gives you amount for 1 year)
 - Multiply this by 30 (Most mortgages are paid over 30 years)
 - This is the **AMOUNT PAID**
 - Subtract that answer from the mortgage
 - This is the **TOTAL INTEREST**

I DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$40,000	9%
■ 2. \$70,000	12%
■ 3. \$100,000	10.5%

WE DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$90,000	8.5%
■ 2. \$70,000	12.5%
■ 3. \$60,000	11%

YOU DO

<u>Mortgage</u>	<u>Interest Rate</u>
■ 1. \$50,000	9.5%
■ 2. \$80,000	12%
■ 3. \$110,000	7.5%

REVIEW

- Today we learned how to find monthly mortgage rates, amount paid over time and total interest

WARM UP

- 1. $85000/1000$
- 2. Answer x 9.8
- 3. $75000/1000$
- 4. Answer x 8.39

Consumer Finance

Chapter 4: Managing a Household
Lesson 5: Terms of Mortgages Differ

4-5 VOCAB

- **Term** The period of time for which money is loaned

Directions (Find Monthly Payments)

- **STEP 1**
 - Divide Principle/1000
- **Step 2**
 - Turn to page 90
 - Find the years in the left column
 - Go right until you find the Interest rate
- **Step 3**
 - Multiply 2 answers

I DO

<u>Interest Rate</u>	<u>Term</u>	<u>Principal</u>
■ 1. 10%	15 years	\$10,000
■ 2. 9%	25 years	\$30,000
■ 3. 7%	30 years	\$45,000

WE DO

<u>Interest Rate</u>	<u>Term</u>	<u>Principal</u>
■ 1. 11%	40 years	\$50,000
■ 2. 8%	20 years	\$35,900
■ 3. 12%	35 years	\$45,900

YOU DO

<u>Interest Rate</u>	<u>Term</u>	<u>Principal</u>
■ 1. 10%	15 years	\$57,890
■ 2. 8%	20 years	\$100,000

Directions (Compute total amount repaid on a mortgage of \$90,000)

- Step 1
 - $90000/1000$
- Step 2
 - Turn to page 90
 - Find the years in the left column
 - Go right until you find the Interest rate
- Step 3
 - Multiply 2 answers
- Step 4
 - Multiply answer by 12 (months in a year) and by term

I DO

<u>Interest Rate</u>	<u>Term</u>
■ 1. 8%	15 years
■ 2. 8%	20 years
■ 3. 8%	25 years

WE DO

<u>Interest Rate</u>	<u>Term</u>
■ 1. 8%	30 years
■ 2. 8%	35 years
■ 3. 8%	40 years

YOU DO

<u>Interest Rate</u>	<u>Term</u>
■ 1. 7%	15 years
■ 2. 7%	30 years

REVIEW

- Today we learned how to find monthly payments on a principle and the amount paid back over time

Paying Mortgages

EXAMPLE

James obtained an \$84,000, 30-year balloon mortgage at 10.5% for 5 years. How much does James still owe after 5 years?

Mortgage	Rate	Term in Years
\$84,000	10.5%	30

Step 1: Look in the table. Find the percentage at 10.5% for 30 years. The percentage is 96.9%.

Step 2: Multiply \$84,000 by 96.9%

$$\begin{array}{r}
 \$ \quad 84,000 \\
 \times \quad .969 \\
 \hline
 756,000 \\
 5,040,00 \\
 75,600,0 \\
 \hline
 \$81,396.00
 \end{array}$$

The principal remaining at the end of his 5-year balloon mortgage is \$81,396.

Percentage of Mortgage
Principal Left After 5 Years

Rate	Term	
	20 Yrs.	30 Yrs.
10%	89.8%	96.6%
10.5%	90.3%	96.9%
11%	90.8%	97.2%
11.5%	91.3%	97.4%
12%	91.7%	97.7%
12.5%	92.2%	97.9%
13%	92.6%	98.1%
13.5%	93.1%	98.3%
14%	93.4%	98.4%
14.5%	93.7%	98.6%
15%	94.1%	98.7%
15.5%	94.4%	98.8%
16%	94.7%	99%

Directions Compute the principal remaining at the end of each 5-year balloon mortgage.

Mortgage	Rate	Term In Years	Remaining Principal	Mortgage	Rate	Term In Years	Remaining Principal
1. \$79,000	14.5%	30	_____	14. \$106,000	12%	30	_____
2. \$89,000	11.5%	30	_____	15. \$69,000	13%	20	_____
3. \$42,000	10%	30	_____	16. \$59,000	12%	30	_____
4. \$64,000	14%	30	_____	17. \$84,000	15.5%	30	_____
5. \$67,000	12.5%	20	_____	18. \$1,056,000	11%	20	_____
6. \$68,000	14%	30	_____	19. \$48,000	15.5%	30	_____
7. \$42,000	15%	30	_____	20. \$66,000	14%	20	_____
8. \$55,000	14%	30	_____	21. \$67,000	14.5%	30	_____
9. \$104,000	12.5%	20	_____	22. \$85,000	11.5%	30	_____
10. \$781,000	16%	30	_____	23. \$67,000	10.5%	20	_____
11. \$98,000	13.5%	20	_____	24. \$86,000	10.5%	30	_____
12. \$104,000	10.5%	30	_____	25. \$78,000	12%	20	_____
13. \$73,000	15%	30	_____	26. \$104,000	15.5%	30	_____



Fixed-Rate Mortgage Payments

EXAMPLE

Mortgage \$65,000 **Rate** 12.75% **Term in Years** 25

Step 1: Look at the table. The payment at 12.75% for 25 years is \$11.10.

Step 2: \$ 11.10 Payment for \$1,000
 $\times 65$ (Loan is \$65,000)
 \$ 721.50 Payment for \$65,000

Step 3: 12 Months in 1 year
 $\times 25$ Years
 300 Months in 25 years

Step 4: \$ 721.50 Payment for 1 month
 $\times 300$ Months
 \$216,450 Total payment

Monthly Payment to Amortize (Repay)
a Loan of \$1,000

Rate	Term		
	20 Years	25 Years	30 Years
12.50%	\$11.37	\$10.91	\$10.68
12.75%	11.54	11.10	10.87
13.00%	11.72	11.28	11.07
13.25%	11.90	11.47	11.26
13.50%	12.08	11.66	11.46
13.75%	12.26	11.85	11.66
14.00%	12.44	12.04	11.85
14.25%	12.62	12.23	12.05
14.50%	12.80	12.43	12.25
14.75%	12.99	12.62	12.45

Directions Compute the total payment for each of these mortgage loans.

Mortgage	Rate	Term in Years	Total Payment	Mortgage	Rate	Term in Years	Total Payment
1. \$55,000	13.75%	30	_____	14. \$46,000	13.5%	25	_____
2. \$55,000	14%	30	_____	15. \$46,000	13.5%	20	_____
3. \$34,000	13.5%	30	_____	16. \$36,000	14.25%	25	_____
4. \$34,000	13.75%	30	_____	17. \$36,000	14.25%	30	_____
5. \$50,000	14.5%	25	_____	18. \$65,000	13.25%	25	_____
6. \$50,000	14.75%	25	_____	19. \$65,000	13.25%	30	_____
7. \$102,000	14.25%	25	_____	20. \$105,000	13.75%	25	_____
8. \$102,000	14.5%	25	_____	21. \$105,000	13.75%	20	_____
9. \$726,000	14.5%	25	_____	22. \$1,100,000	13.25%	25	_____
10. \$726,000	14.75%	25	_____	23. \$1,100,000	13.25%	30	_____
11. \$108,000	13.5%	30	_____	24. \$42,000	12.75%	25	_____
12. \$108,000	13.75%	30	_____	25. \$42,000	12.75%	30	_____
13. \$57,000	12.75%	30	_____	26. \$55,000	13.75%	25	_____



