

**GRADE 12 ESSENTIAL  
UNIT F – HOUSE FINANCE  
WORKBOOK**

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**HOUSE FINANCE  
WORKBOOK**  
**A Selection of Questions for House Finance from  
Archived Exams**

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Manitoba Education and Advanced Learning School Programs Division  
Winnipeg, Manitoba, Canada

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**DIRECTIONS FOR A TEST**

- ◆ Show complete answers in the space(s) provided on a test. In this workbook there is likely not enough room! Use your own paper for this workbook.
- ◆ Let the mark values for each question guide you in answering the question.
- ◆ Show all your work on a test so you can get part marks and to organize your thoughts.
- ◆ Be sure to include units in your final answer.
- ◆ Use your Formula Sheet and your study sheet.
- ◆ Provide explanations and justifications.
- ◆ Use a well-organized method to communicate your answer. I.e.: Label steps, label calculations, box answer(s), write answer in words, ....

Jan 2013

1. List two (2) types of additional or one-time costs to consider when initially purchasing a home. Do not include the down payment or mortgage payment. Explain these costs.

**Various answers**

utility service charges, interest adjustment, property tax adjustment, homeowner insurance adjustment, land transfer tax, moving, decorating, appliances, immediate repairs, furniture, property survey, home inspection fee, lawyer/legal fees, appraisal fee, mortgage insurance

2. Jared is moving away from home and must decide where to live. There are various benefits to owning a house or renting a property. State two (2) benefits of owning a house and two (2) benefits of renting a property. You may choose from the following list:

- equity
- no maintenance costs
- lower insurance cost
- easier to renovate
- no property taxes
- acts as an investment

Benefits of owning a house	Benefits of renting a property
1.	1.
2.	2.

**Various answers**

- equity– easier to renovate– acts as an investment
- no maintenance costs– lower insurance cost– no property tax (??)

MWF

3

3. Describe two (2) ways people can decrease their Gross Debt Service Ratio (GDSR).

4. A couple purchased a house in Winnipeg valued at \$178 000. The couple also plans on buying comprehensive homeowner's insurance. Calculate the cost of insuring this house if the purchasers choose a policy with a \$200 deductible.

Use the Manitoba Homeowner's Insurance Rates table at the end of the workbook.

ANS: \$746.35

MWF

4

5. Juan's property has a total assessed value of \$150 000. The portioned percentage on his property is 45%. [FYI: It is actually 40% presently in Manitoba]

A) Calculate the portioned assessment of the property. (1 Mark)

B) The municipal tax rate is 12.5 mills. The amount of school division tax due is \$1 451.25. The provincial tax credit this year is \$775. Calculate Juan's total property tax bill for this year. (3 Marks)

The *Statement and Demand for Taxes* below is provided for rough work only. All calculations and answers must appear here:

Ans: \$67 500, \$1 520

8. Probability. Explain what it means if an event, such as a game or a business contract, has an expected value of 0.

Ans:

M/F

5

14. Lindsay takes her car to a Manitoba car dealership for servicing. The dealership charges \$95 per hour for labour. The following items were replaced: four (4) spark plugs for \$2.25 each, one (1) air filter for \$12.50 and one (1) headlight for \$30. The job took 1.25 hours to complete. Calculate the total cost of repairs including taxes (Fed and Province combined of 13%)

Ans: \$192.38

*Be aware that if you look at old questions, that back in 2013 there was no PST on Labour, just on parts! That changed so that everything is taxed by all governments.*

January 2014

1. Carrie is thinking of purchasing a house. The monthly mortgage payment, heating cost, and property tax would be \$836.25, \$150, and \$135, respectively. Carrie has a gross monthly income of \$2800.

A) Determine Carrie's Gross Debt Service Ratio (GDSR). (3 marks)  
B) Explain whether Carrie can afford to purchase this house. (1 mark)

Ans: 40%, EXPLAIN WHY

M/F

6

2. Determine the monthly payment for a mortgage of \$235 000 at an interest rate of 4% for a period of 25 years.

Use the loan tables at the end of this workbook.

Ans: \$1236.10

3. State two (2) examples of emergency home repair costs.

Ans: Various

4. Calculate the total cost of insurance for a house valued at \$250 000 with comprehensive insurance in Area 3 and a \$500 deductible.

Use the Manitoba Homeowner's Insurance Rates table at the end of this workbook

Ans: \$994.50

MTE

7

5. A property has a portioned assessment of \$120 000 and has 60 feet of frontage. The municipal mill rate is 13.01 mills. There is a special lighting levy of \$3.50 per foot of frontage. Education taxes are \$1903.20 and there is a Provincial Property Tax Credit of \$750. Calculate the total taxes due for this property.

All calculations and answers must appear on this page. A Statement and Demand for Taxes (template) at the end of this work is provided for rough work only.

Ans: \$2924.40

6. Dan would like to move out of his parents' house. He can afford \$700 per month, either for a monthly rent payment or for a monthly mortgage payment. State two (2) reasons why he should rent, rather than purchase, a place to live such as an apartment or a house.

Ans: Various

MTE

8

Jan 2015

1. Chris buys a house in Carman for \$225 000. The bank offers him a mortgage interest rate of 4.75% amortized over 25 years.

A) Chris makes a 10% down payment. Calculate the amount that Chris needs to borrow from the bank for his mortgage. (2 marks)

B) Calculate the monthly mortgage payment. (2 marks)

Use the Loan Payment Tables at the end of this workbook

Ans: A) \$202 500

B) \$1148.18

2. State two factors that may increase or decrease a homeowner's insurance premium.

Ans: Various

3. Describe 2 energy-efficient upgrades that are available to homeowners.

Ans: Various

M/F

9

4. A home has a portioned assessment of \$160,000 and a frontage of 50 feet. The municipal tax rate is 23.01 mills. The education taxes are \$1171.20. Local sewer improvements are assessed at \$6 per foot. Calculate the total taxes due if the provincial property tax credit is \$750. A *Statement and Demand for Taxes* at the end of this workbook is provided as a template only. All calculations and answers must appear here:

Ans: \$4402.80

5. Explain why the insurance premium would be lower for tenant's insurance rather than homeowner's insurance for the same property.

Jan 2016

M/F

10

1. David is planning on purchasing a house. The monthly mortgage payment will be \$925 and the monthly heating costs will be \$235. The annual property taxes will be \$3180.

A) Calculate David's Gross Debt Service Ratio (GDSR) if his gross monthly income is \$3958. (3 marks)  
B) Explain whether David will be approved for the home mortgage. (1 mark)

A) 36% B) Explain

4. Sherry will need a \$245,000 mortgage to purchase a house.

A) Determine her monthly mortgage payment if she gets an interest rate of 5.25% and amortizes the mortgage over 20 years. (2 marks)  
B) Calculate the total interest paid over the 20-year mortgage. (2 marks)

Use loan tables at end of this workbook.

A) \$1643.95 B) \$149,548.00

5. State 2 costs related to preventative home maintenance

Ans: Various



Manitoba Homeowner's Insurance Rates

Amount	Manitoba Homeowner's Insurance Rates (\$500 deductible)					
	Winnipeg		Area 2		Area 3	
	Standard	Comprehensive	Standard	Comprehensive	Standard	Comprehensive
\$ 50 000	195	214	147	161	196	216
\$ 55 000	216	238	160	176	217	239
\$ 60 000	237	260	173	190	237	261
\$ 65 000	252	277	187	205	255	281
\$ 70 000	266	303	200	220	270	297
\$ 75 000	294	314	210	231	285	314
\$ 80 000	310	323	221	243	302	332
\$ 85 000	318	333	226	249	313	344
\$ 90 000	324	349	231	254	324	356
\$ 95 000	348	370	244	268	345	380
\$ 100 000	364	393	260	286	361	397
\$ 105 000	390	417	278	306	378	416
\$ 110 000	402	441	293	322	393	432
\$ 115 000	418	464	299	329	409	450
\$ 120 000	436	487	309	340	424	466
\$ 125 000	451	510	319	351	444	488
\$ 130 000	472	543	339	373	466	513
\$ 135 000	498	557	345	380	477	525
\$ 140 000	523	580	358	394	496	546
\$ 145 000	538	596	375	413	508	559
\$ 150 000	550	604	385	424	520	572
\$ 155 000	557	613	398	438	551	606
\$ 160 000	565	622	413	454	569	626
\$ 165 000	572	629	425	468	589	648
\$ 170 000	590	647	441	485	609	670
\$ 175 000	607	668	451	496	624	686
\$ 180 000	620	686	466	513	648	713
\$ 185 000	636	702	478	526	667	734
\$ 190 000	652	717	492	541	705	776
\$ 195 000	678	742	504	554	720	792
\$ 200 000	692	771	519	571	726	799
Additional Amounts per \$1,000 coverage	Add: \$3.15	Add: \$3.50	Add: \$2.75	Add: \$3.03	Add: \$3.55	Add: \$3.91

\$200 deductible – Increase premium by 10%

Amortization Period of Mortgage Loan When Paid Monthly

Interest Rate	Amortization Period of Mortgage Loan (Blended payment of principal and interest per \$1000 of loan)					
	5 years	10 years	15 years	20 years	25 years	
4.00%	\$18.40	\$10.11	\$7.38	\$6.04	\$5.26	
4.25%	18.51	10.23	7.50	6.17	5.40	
4.50%	18.62	10.34	7.63	6.30	5.53	
4.75%	18.74	10.46	7.75	6.44	5.67	
5.00%	18.85	10.58	7.88	6.57	5.82	
5.25%	18.96	10.70	8.01	6.71	5.96	
5.50%	19.07	10.82	8.14	6.84	6.10	
5.75%	19.19	10.94	8.27	6.98	6.25	
6.00%	19.30	11.07	8.40	7.12	6.40	
6.25%	19.41	11.19	8.53	7.26	6.55	
6.50%	19.53	11.31	8.66	7.41	6.70	
6.75%	19.64	11.43	8.80	7.55	6.85	
7.00%	19.75	11.56	8.93	7.70	7.00	
7.25%	19.87	11.68	9.07	7.84	7.16	
7.50%	19.98	11.81	9.21	7.99	7.32	
7.75%	20.10	11.94	9.34	8.13	7.47	
8.00%	20.21	12.06	9.48	8.28	7.63	