**GRADE 12 ESSENTIAL
UNIT F – HOUSE FINANCE
PROJECT [OPTIONAL ; BONUS]**

Name:_____
Date: _____

BUYING A HOUSE PROJECT

This is a substantial project for **bonus marks** *consideration.*

It is **optional**, *unless* you really need the marks, in which case you will submit it in a *timely fashion* for consideration.

This project is **highly recommended regardless** of whether you need the marks or not.

Project Instructions

A. **Locate a house** (residential property) for sale in your neighbourhood Check out the internet listing.
     Give the address of the house: _____.

State a few of the features of the house that you like:

State a few of the features of the house that you dislike:

B. Determine the assessed value from the City of Winnipeg Property Tax Assessment webpage. (I link to it in my Unit F webpage or google the link)
http://www.winnipegassessment.com/AsmtTax/English/propertydetails/default.stm

Assessed Value of residence: $_____

Compare with the list price of the home on the real estate website, is there a substantial difference? (explain ?)

C. **Property Taxes**. Determine the Annual Property Taxes (some real estate agents will display it on their webpage for the property; but *do your own* calculation).

Calculate the taxes using the standard 45% Portion Percentage for a residential property. Assume the current mill rate (in the city) is 16 mills municipal and 14 mills school (unless you research a more accurate one for your area, but those rates are fairly current and representative).

Show property tax calculation:

D. **Finance the House**. Assume you pay the *list price* on the website. Calculate the monthly payments on the house; assume you put down 10%; assume the interest rate is fixed and 'locked in' at 4.5% for 25 years. Use loan tables or an app or a website.

Price you pay to seller: _____

Amount you finance (mortgage) [after down payment]: _____

Show Loan Calculations (or transcribed '*screen shot*' of app or website you used)

E. **Closing Costs**. Determine some [notional, nominal] closing costs that you will pay or anticipate separately (not include in the mortgage). Assume you take possession on **1 October**. Determine some realistic home insurance premium, use realistic estimates for home inspection, etc.

Complete a Closing Cost Template (attached) with some Notional / Typical / Known Values

State the closing costs you will need to pay up front when Closing the Deal:

Notional Closing Costs Total:$ _____

F. **GDSR**. Assume you are fully employed and you and a partner are making a combined gross income of $75,000 per year. Calculate your GDSR.

GDSR Calculation:

G. **Compare buy vs Rent**. Compare this to prospective property that you are considering purchasing to rental prices for an equivalent property. Explain why you might / or might not buy the property or continue to rent.

Explain: Full sentence(s)

H. **Explain** any further considerations you would have about whether you would buy the house. Explain anything that you learned from this exercise.

GRADE 12 ESSENTIAL
CLOSING COSTS TEMPLATE
[*Complete using typical [notional, realistic] values if not certain*]

Initial Fees		
Inspection Fee	$ _____	
Mortgage Application Fee	$ _____	
Appraisal Fee	$ _____	
Total Initial Fees		$ _____
Lawyer's Disbursement and Fees		
Land Transfer Tax	$ _____	
Property Survey	$ _____	
Other Legal Disbursements	$ _____	
Legal Fees	$ _____	
Total Lawyer's Disbursement and Fees		$ _____
Adjustments		
Interest Adjustment	$ _____	
Property Tax Adjustment	$ _____	
Home Insurance Adjustment	$ _____	
Total adjustments		$ _____
Other Additional Costs		
Service Charges	$ _____	
Moving expenses	$ _____	
Immediate Repairs	$ _____	
Appliances	$ _____	
Decorating Costs	$ _____	
Total Other Addition Costs		$ _____
TOTAL CLOSING AND EXTRAS		$ _____