

How to Buy Your Own Home

Unit 3: Lesson 1: What you should know about mortgage loans

Working with numbers

Use the chart in this section to answer the following questions about Sue Johnson's finances.

1. How much money does Sue Johnson have in her savings account?

2. How much money will she receive as a gift from her mother? _____
3. Sue Johnson's mother has a lot of furniture and other items that will be too big to fit in the condo. A furniture dealer gave her an estimate on how much these items would sell for. What is Sue's estimate for both the sale of the furniture and the yard sale? _____
4. What are Sue Johnson's total estimated assets? (Add lines 1-5.)

5. The condo Sue Johnson wants to buy costs \$45,000. How much money will she need to put down a 5 percent down payment? _____
6. In order to have enough money for closing costs, Sue wants to set aside 5 percent of the cost of the condo. How much does she need for both her down payment and closing costs? _____
7. Sue's lender requires her to have funds in her savings account to cover two months of mortgage payments when she goes to the closing. Her monthly mortgage payments will be \$294. What is the total amount of mortgage payment money she will need in her savings account before going to closing?

continued on next page

8. Including the 5 percent for her down payment, the 5 percent for closing costs, and the two monthly mortgage payments, how much will Sue Johnson have to take with her for the closing? _____

9. Sue estimates she will pay \$294 a month for her house payment, \$50 per month for homeowner's insurance, \$100 a month for utilities, \$240 a month to pay off debts, and at least \$400 a month for other expenses. What are her estimated monthly cash needs? _____

10. The lender would like her to have savings to cover six months of expenses in her new home. Will she have this amount after she pays for the down payment, closing costs, moving expenses, appliances, and home repairs?

11. How many months of cash needs does Sue have saved? _____