Mortgage Basics

Your name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Partner’s Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Instructions: Working in pairs, use your textbook and reliable internet sources to fill in the worksheet. You BOTH must turn in a completed worksheet at the end of class. If you get stuck on an item, skip it and be sure to ask at the end of class. Please make sure to cite your sources on this sheet in the space provided.

1. A mortgage is:

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* 1. Once you have made enough payments to completely pay off the debt on a mortgage contract, you \_\_\_\_\_\_\_ your home.

1. In reference to housing, rent (noun) is:

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* 1. At the end of your rent contract, the \_\_\_\_\_\_\_ owns the space you were living in.

1. A mortgage payment consists of several costs. Every mortgage includes \_\_\_\_\_\_\_ and \_\_\_\_\_\_\_.
   1. The amount of your mortgage payment allotted for \_\_\_\_\_\_\_ usually decreases over the life of the loan while the amount allotted to \_\_\_\_\_\_\_ usually increases.
   2. You earn \_\_\_\_\_\_\_ in your home by paying off the principle of your loan and when the value of your property \_\_\_\_\_\_\_.
   3. Funds from the balance of your mortgage payment (after principle and interest) get deposited into an \_\_\_\_\_\_\_ account, and are used to pay for property \_\_\_\_\_\_\_ and \_\_\_\_\_\_\_.
2. Homeowners must carry \_\_\_\_\_\_\_ insurance, sometimes referred to as hazard insurance. This insurance helps protect the homeowner’s \_\_\_\_\_\_\_ and also protects them from \_\_\_\_\_\_\_ in case someone gets hurt on their property.
3. If your \_\_\_\_\_\_\_ is less than 20% of the appraised value of the home you want to buy, you may be required to carry \_\_\_\_\_\_\_ \_\_\_\_\_\_\_ \_\_\_\_\_\_\_ or PMI. This insurance protects the \_\_\_\_\_\_\_ in case the \_\_\_\_\_\_\_ stops paying their payments, otherwise known as \_\_\_\_\_\_\_ on the loan.
4. In some communities, an additional monthly fee must be paid to the \_\_\_\_\_\_\_ \_\_\_\_\_\_\_ \_\_\_\_\_\_\_ or HOA.
   1. The HOA uses these fees to keep up playgrounds, pools, tennis courts and other amenities for use by people who live in the community. They may also have special requirements, known as \_\_\_\_\_\_\_, that might restrict how your home can look on the outside including paint color, lawn maintenance and use of clotheslines.

Now, as a pair, do your own research on typical rent payments.

1. How are rent payments similar to mortgage payments?

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1. How are rent payments different from mortgage payments?

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1. Regardless of whether you are paying on a mortgage or making rent payments, experts recommend that your total housing costs equal less than \_\_\_\_\_\_\_% of your monthly take-home income.
2. Neither rent nor mortgage payments typically include \_\_\_\_\_\_\_ such as gas, electricity and \_\_\_\_\_\_\_.

List the page numbers and/or websites you used in your research below.

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After the class discussion, please write down any questions you still have:

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