



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

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

# Keeper Conversations: A Gathering of Community Voices

*Purchasing a Home, Grade 12*



## The Cost of Purchasing a Home

The cost of purchasing a home can depend on its location. Consider the future, your housing needs (e.g., how many rooms you'll need), and where you may like to live.

Use the following websites to find a home you like in 3 different locations. Compare their prices and choose 1 location where you may like to live. Each website has filters to help narrow your search.

- zillow.com
- realtor.ca
- zolo.ca

	Price
Location 1:	
Location 2:	
Location 3:	

The location with the lowest cost is: \_\_\_\_\_

The location with the highest cost is: \_\_\_\_\_

The location I may like to live in the future is: \_\_\_\_\_



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## Calculating the Down Payment

The **down payment** is the amount of money you need to put down to buy a home. The amount depends on the cost of the home. For homes **under \$1 million**, the minimum down payment is **5%** on the first \$500,000 and **10%** on the amount over \$500,000. If the home is **over \$1 million**, the minimum down payment is **20%**.

Calculate how much you'll need for a minimum down payment and a down payment of 20% for the home you chose in the last section.

<b>Minimum down payment if the home is under \$1 million:</b>  $\begin{aligned} & \textit{Price Up To } \$500\,000 \times 0.05 \\ & + \\ & \textit{Price Over } \$500\,000 \times 0.10 \end{aligned}$	
<b>20% down payment or minimum down payment for homes over \$1 million:</b>  $\textit{Price of Home} \times 0.2$	

## Calculating the Mortgage

Most people will only have money for the down payment and will need to borrow the rest from a bank or a mortgage company. Borrowing money means you must pay it back. This loan is called a **mortgage**.

Calculate how much you'll need to borrow after your down payment.

$$\textit{Total Price of Home} - \textit{Down Payment} = \textit{Mortgage}$$



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Once you've determined your mortgage amount, you can use an **amortization calculator** to find out what your monthly payments are.

To use an amortization calculator, you'll need to know your **loan amount**, **loan term**, and **interest rate**.

<b>Loan Amount</b>	The amount of money you're borrowing. This is your mortgage.
<b>Loan Term</b>	The amount of time you have to pay back your mortgage. An average loan term is usually between 25–30 years.
<b>Interest Rate</b>	The percentage charged by a lender on the amount of money borrowed. The borrower pays interest for the life of the loan.

Use the following website to calculate the monthly payments based on the loan term and interest rate given to you:

<https://lbrd.ca/amor-calc>

What will your monthly payments be if you have a loan term of **25 years** and an interest rate of **4.5%**?

My monthly payments are:

What will your monthly payments be if you have a loan term of **30 years** and an interest rate of **5.3%**?

My monthly payments are:



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## The Cost of Living

Now that you know what your monthly mortgage payments will be, you'll need to estimate how much your monthly cost of living will be.

The **cost of living** is the amount a household needs. This includes the price of shelter, utilities, food, clothing, and other wants or needs.

Research the average cost of the items below in the location you chose on page 1. You ask someone who lives in that area or search online to find answers. The average cost doesn't need to be exact. Add all your costs together to find your total monthly cost of living.

### Mortgage

- monthly payments \_\_\_\_\_

### Utilities

- heat \_\_\_\_\_
- electricity \_\_\_\_\_
- water \_\_\_\_\_
- gas \_\_\_\_\_

### Food

- groceries \_\_\_\_\_
- takeout \_\_\_\_\_

### Other

- ----- \_\_\_\_\_
- ----- \_\_\_\_\_

**Total monthly cost of living:** \_\_\_\_\_