**Chapter 8 Review**

**Be sure to review ALL key terms from Chapter 8.**

1. What is the difference between a fixed rate mortgage and an adjustable rate mortgage?
2. What does it mean to be evicted from an apartment? What does it mean when a bank forecloses on a house?
3. The Smiths took out a $130,000, 30-year mortgage at an APR of 6.5%. The monthly payment was $821.69. What will be their total interest charges after 30 years?
4. Allison has a mortgage with North End Bank. The bank requires that she pay her homeowner’s insurance, property taxes, and mortgage in one monthly payment. Her monthly mortgage payment is $1,390, her semi-annual property tax bill is $3,222, and her quarterly homeowner’s bill is $282. How much does Allison pay North End Bank each month?
5. If Tom has monthly expenses that total $2,000 and he makes $5,000 a month, what is his debt-to-income ratio? Will the bank give him a mortgage based on this information?
6. The length of a room is 20 feet. If a floor plan has a scale of ¼ inch = 2 feet, then what is the length of the room on the floor plan.
7. The Jacob’s family is planning to buy a home. They have some money for a down payment already,. They see a home they like and compute that they would need to borrow $213,000 from a bank over a 30-year period. The APR is 6.75%.
	1. What is the monthly payment, to the nearest cent?
	2. What is the total of all of the monthly payments over the 30 years?
	3. What is the total interest for the 30 years?
8. Liz and Nick are buying a $725,000 home. They have been approved for a 5.25% APR, 30-year mortgage. They made a 20% down payment and will be closing on March 11.
	1. What is their down payment?
	2. What is the amount of their loan?
	3. What is the monthly payment?
	4. What is the interest on the loan?
9. The Ungers have an adjusted gross income of $117,445. They are looking at a new house that would carry a monthly mortgage payment of $1,877. Their annual property taxes would be $6,780, and their semi-annual homeowner’s premium would be $710.
	1. Find their front-end ratio to the nearest percent.
	2. Assume that their credit rating is good. Based on the front-end ratio, would the bank offer them a loan? Explain.
	3. The Ungers have a monthly car loan of $430, and their average monthly credit card bill is $5,100. Mr. Unger is also paying $1,000 per month in child support from a previous marriage. Compute the debt-to-income ratio to the nearest percent.
	4. If the bank used both the front-end and debt-to-income ratios to decide on mortgage approval, would the Ungers get their mortgage? Explain.
10. Calculate the perimeter and area of the apartment below:

1. Name four types of fees you may incur during the closing on the purchase of a new home.
2. What three factors influence the price of housing?
3. What percentage should debt-to-income be under?
4. What percentage should front-end be under?