4. **Activity:**

Question: What house can you afford?

Requirements:

**All calculations must be shown!! (50 possible points)**

1a. Documentation (written proof) of salary. (possible 2 points) ___________

1b. Calculate **monthly gross income.**

2a. Itemize and **total debt.** (include student loan payment, car payment, and credit card payment)

2b. **Calculate what percent of monthly gross income is debt.** (possible 2 points) ___________

3. **Calculate** amount of money you have for a monthly mortgage payment if your debt is allowed to be 43% of your monthly gross income and your mortgage can not exceed 30% of your monthly gross income. (i.e. your debt outside of your mortgage cannot exceed 13%) (possible 2 points) ___________

4. Documentation (written proof) of at least 2 different bank quotes for a fixed mortgage rate. (possible 2 points) List each one and include all conditions (i.e. closing costs, points, and down payment).

5. **Calculate the principal** or amount the banks will allow you to borrow based on each of the quotes. (possible 4 points) ___________

6. **Calculate the price** of home you can afford with a 20% down payment for each of the two quotes. (possible 4 points) ___________

7a. Provide a **picture** of the home you might be interested in purchasing and documentation of the price. (possible 3 points) ___________

   a. State the reasons you chose this home; is the mortgage payment a factor?

   b. **Calculate the principal** (amount you will borrow from the bank) assuming a 20% down payment.

8a. Determine **which of the two options** is the least amount of money over 30 years. (Include extra costs).

   b. **State** the actual mortgage payment based on the bank and house you chose. (possible 4 points) ___________

9. **Log Sheet:** (possible 2 points) ___________

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