

Buying A House

You have completed your apprenticeship in your trade and are ready to begin your career.

Jobs are available with reputable companies in the following cities:

1. Halifax
2. Montreal
3. Toronto
4. Calgary
5. Edmonton
6. Yellowknife
7. Victoria
8. St. John's
9. Regina
10. Charlottetown

Before deciding on the job, you must have a house to accommodate your family of four - spouse and 2 children.

→ Using the Internet, search for suitable houses in each of the cities in the list above. The size of the house and the price range you can afford should be determined before you search. Write a brief description of the house you are able to purchase and include the price range that you are able to consider.

→ Print off one “possible” house from each of the cities in the list above. Answer the following questions about the houses you printed off.

- (a) Are the pricing of the houses the same? If not, why do you think they are different?
- (b) Which houses do you think you can afford?
- (c) What cities are you able to consider for your job?

Finally you and your wife have decided on relocating to Charlottetown. Your annual salary is \$58 000. You can purchase a house in the range of \$125 000. You make an offer of \$125 500 that is accepted as the purchase price.

- (a) How much money do you need for a down payment?
- (b) How much money must you borrow to pay for your house?

- (c) What other expenses must you pay?
- (d) If the amortization period is 25 years and your interest rate is 5% compounded annually, what is your monthly mortgage payment?
- (e) What percent is this payment of your gross monthly salary?

Now that you have bought your house, you must list and estimate all living expenses associated with your house. Can you afford this house in Charlottetown?