

## Home Finance Intro

What is the average price of a house in Altona?

\$524,000

\$379,000

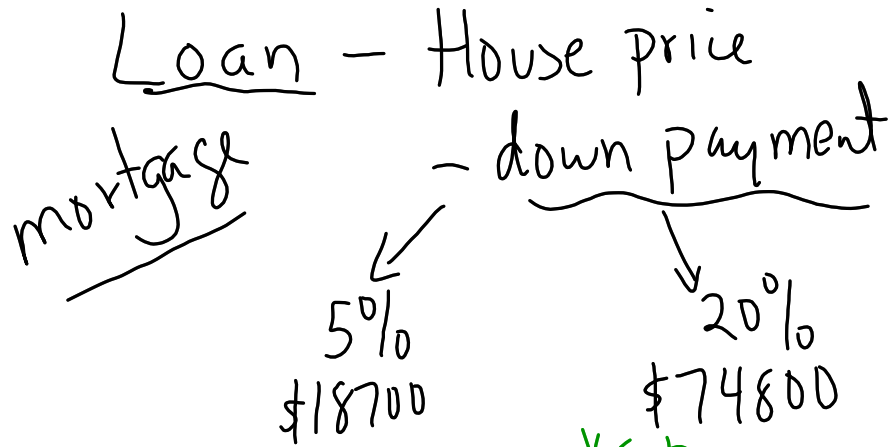
\$374,000

\$299,000

\$147,000

\$275,000

\$374,000 vs \$20000



How long? vs 3-5 yrs

20 years

25 years

30 years

Rate: 2.19% vs 5-7%

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monthly Payment →

Monthly Payment

$$\begin{array}{r} 374,000 \\ - 18,700 \\ \hline 355,300 \end{array}$$

Mortgage Amount  
/ 1000

4.23  
table  
value =

Length  
25 yrs

Rate  
2%

$$\frac{355300}{1000} \times 4.23 = \underline{\underline{\$1502.92}}$$

$$\begin{array}{l} \$1502.92 \times 12 \times 25 \\ \text{payment} \quad \text{months} \quad \text{years} \end{array}$$

\$450876 paid  
back

Major House Expenses vs Renting

- mortgage payment
- heating costs
- property tax (due Oct 31 in RM.)

based on value of your property

Landlord pays, NOT Renter

pay Rent  
|  
pay too

GDSR is a formula to see if you can afford a house.

- result must be less than 0.32

- if GDSR is higher than 0.32, Bank says NO.

$$\$17.20 / \text{hr} =$$

$$17.20 \times 40 \times \frac{52}{12} \quad \frac{\text{Annual}}{12}$$

$$= \frac{\$2981.33 \text{ per month}}{\$3000}$$

$$\text{GDSR} = \frac{(1502 + \underline{250} + \underline{250})}{3000}$$

$$= \underline{0.667333}$$

Try house for \$275000

5% down payment \$13750

mortgage amount \$261250

$$\frac{261250}{1000} \times \begin{matrix} 4.00 \\ \text{table} \end{matrix} = \underline{\underline{\$1045/\text{month}}}$$

25 yrs  
1.5%

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$$\text{GDSR} = \frac{(1045 + 250 + 250)}{3000}$$

$$= 0.515$$

147000 house

7350 down payment

$$\frac{139650}{1000} \times 4 = \underline{\underline{\$558.60}}$$

$$\text{GDSR} = \frac{(558.60 + 250 + 250)}{3000}$$

$$= \underline{\underline{0.35}}$$