

Mortgages Test 1 Review - 8.1/8.3/8.5 Example 1

1) 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 \$2,063.78, her semi-annual property tax bill is 1,974.00, and her quarterly homeowner's insurance is \$654. How much does Allison pay North Bank **each month**?

2610.78

2) Abe makes \$32.45 per hour. He works 29 hours a week. He pays 17 percent of his gross earnings in federal and State taxes and saves 6 percent of his monthly gross income. He is considering renting an apartment that will cost \$750 per month. Is this monthly rental fee within the recommended 28 percent housing expense range?

750 is okay

3) Jessica's financial advisor believes that she should spend no more than 26 percent of her gross monthly income for housing. She has determined that amount is \$1,750 per month. Based on this amount and her advisor's recommendation, what is Jessica's **annual** salary?

80,769.23

4) A moving helper company gave Mike these two quotes. Use a system of equations to determine the hourly rates for loading/unloading and packing/unpacking

Quote 1: 5 hours of loading/unloading and 8 hours of packing/unpacking for \$1,900

Quote 2: 6 hours of loading/unloading and 5 hours of packing/unpacking for \$1,200

$$\begin{array}{r} \text{packing/unpacking} \\ = 234.78 \\ \hline \text{load/unload} = 4.35 \end{array}$$

5) The assessed value of the Weber family's house is \$187,500. The annual property tax rate is 2.2 percent of assessed value.

a) What is the **annual** property tax on the Weber's home?

4125

b) How much do they pay **monthly** toward property taxes?

Round your answer to the nearest cent.

343.75

6) The Smiths took out a \$215,000, 15-year mortgage at an APR of 5.4 percent. The monthly payment was \$1,850. What will be their total interest charges after 15 years?

118000

7) WeMoveU charges for moving according to the rate schedule shown. Nicky is moving a distance of 423 miles and needs 14 hours of loading/unloading and 7 hours of packing/unpacking. What will her moving cost be if the service also charges 6.2 percent tax on the total?

\$32.50 per hour for loading/unloading service

\$47.35 per hour for packing/unpacking service

\$3.60 per mile for truck rental

2452.42

8) You close on a home on January 14 for \$208,000, pay 11% as a downpayment and take out a mortgage with an APR of 6.52%. How much prepaid interest will you have to pay at closing?

562.16

9) The Ungers have an adjusted gross income of \$99,000. They are looking at a new house that would qualify for a monthly mortgage payment of \$1,642.00. Their annual property taxes would be \$3,200.00, and their semi-annual homeowner's premium would be \$1,400.00. Find their front-end ratio to the nearest percent.

26%

10) In addition to 9), the Ungers have a monthly car loan of \$325, and their average monthly credit card bill is \$4,100. Compute the back-end ratio to the nearest percent.

90%