

NAME: _____

ARCHITECTURE & CONSTRUCTION I

HOMEOWNERSHIP HOMEOWNER MATH



Previously, you thought about your personal top priorities when buying a house – the things that are most important to you. Today, you will revisit those considerations, find a house that meets all three of them, and explore what the cost of purchasing that house would actually look like.

1. Using the three criteria that you defined in “Housing Considerations: Priorities”, utilize Realtor.com, Zillow, or Trulia to find a house *in Waukesha or Washington County* that meets your criteria. Record the address and listing price in the space below.
2. Think about where you expect to be by age 24 (or earlier). If you are attending a 4-year school, you will likely be looking to buy a house around age 24. If you attend a trade school or go directly into the workforce, you may be looking to buy earlier in life. What career do you expect to have? Do some research and look into what hourly pay or salary you might be earning just two or three years into that career, and list that below.
3. Utilize <https://smartasset.com/taxes/paycheck-calculator> to determine what your monthly take-home pay will be. If using hourly pay, assume 80 hours per pay period. What is your estimated monthly take-home pay? (Remember to take semi-monthly take home pay and multiply by two)
4. Assuming that the typical phone bill is \$75 per month, internet and TV are \$100 per month, gas and vehicle expenses are \$75 per month, homeowner and car insurance is \$200 per month, utilities (electric and heat) cost \$200 per month, and groceries cost \$200 per month, the average person has *at least* \$850 in fixed expenses each month. Subtract this from your estimated monthly take-home pay. What is your new take-home pay after fixed expenses?
5. Utilize <https://www.waukeshacounty.gov/interactivemap/> or <https://maps.washcowisco.gov/apps/washcogis/> to find the property that you listed in section 1. If the house you chose was new construction, there may not be any tax records. If that is the case, use the property tax estimates from the real estate website. Look at the tax bill and determine how much monthly income will go to property taxes. Subtract that from your updated monthly take-home pay in section 4. What is your new take-home pay after fixed expenses and property taxes?

6. Utilize <https://www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx> and input home price. How much do you need to save up before purchasing this house in order to manage a 20% down payment?
7. Continue using the mortgage calculator and use the current interest rate already in the calculator (this is assuming that you have a good credit score) and set property tax to \$0. What is your estimated total monthly payment?
8. Subtract your estimated total monthly payment on the house from your final take-home pay from section 5. How much take-home pay do you have left each month?
9. Realistically, is this a house that you can afford? Remember, you may have student loans to pay off, vehicle loans to pay off, and you might want to have some money left over to maintain a safety net in case of unexpected expenses or to invest for the future. Do you feel that the amount of money left in your budget at the end of each month is enough to not be living paycheck-to-paycheck?
10. If remaining money would be tight (or nonexistent), revisit the mortgage calculator and see what price home you could afford.
11. If you did not have enough or any remaining money in your monthly budget after your mortgage and other expenses, work backwards and see how much income you would need to afford the home that you chose. Keep in mind:
 - a. A discretionary income of \$500 per month means that you have \$6000 of “fun money” every year
 - b. A good goal for extra income is \$1500 per month at least, to allow for spending, saving, and investing
 - c. This simulation assumes that you have no car payment, which averages between \$500 and \$750 if you do have one
 - d. This simulation doesn’t account for any saving or investing either