



AOBT Real Estate Project

Budget Spreadsheet Requirements



Objectives:

- To understand the correlation between purchase price, interest rates, loan amounts and down payments.
- To learn how to make a useful budget spreadsheet for home buying

Spreadsheet Requirements: You will create a spreadsheet, in order to analyze the family's data, telling them how much of a loan they can afford, how much house they can buy, etc. You will do a rough draft and a final draft. The spreadsheet must include the following information:

1. All of the GIVEN INFORMATION for your client from your Identity Sheet.
2. All of the MORTGAGE/LOAN INFORMATION (*Mortgage/Loan Amount, Interest Rate, Term of Mortgage/Loan, Monthly Payment*) must be organized to show the client how big of a loan he/she will qualify for AND how much their monthly payment will be. USE THE FOLLOWING WEBSITE and the directions below for this section:
<http://mortgages.interest.com/content/calculators/afford-borrow.asp>
 - a. The family's MAXIMUM Mortgage/Loan
 - b. The family's MAXIMUM PURCHASE PRICE (Maximum mortgage/loan + down payment).
 - c. Then AFTER you pick out a house for your client that is under this MAXIMUM PURCHASE PRICE, you will need to have information for the *actual* mortgage/loan because most likely the PURCHASE PRICE WILL BE LOWER THAN THE MAXIMUM (so the same info but based on a new/lower loan).
 - i. For example, if the max mortgage/loan is \$400,000 and there is a \$100,000 down payment...then you can search for homes under \$500,000.
 - ii. Most likely you will settle on a home that is less than that. So say the actual home you find is \$485,000. Then you don't need as big of a mortgage/loan as the maximum (which is good because that means a lower monthly payment for your client). So if you have \$100,000 down payment and the home is \$485,000 that means you need a mortgage/loan of \$385,000 (not the max of \$400,000).
3. A BUDGET with the following categories: Monthly Income, Monthly Liabilities (Auto & Credit Card Debt), Real Estate Taxes & Hazard Insurance.
4. MONTHLY & ANNUAL information for everything. Be sure to use formulas.
5. A GRAPH

Your spreadsheets will be graded on creativity, organization, completeness, usefulness and simplicity. If you share your work with other students, it will end up NOT being very creative at all.