



# 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 of your client's proposed monthly budget for each of the 3 homes that your client selected as their top 3. This budget will help your client to make their final decision. Your goal is to have a monthly budget for each home. Each monthly budget must include the following information:

1. All of the GIVEN INFORMATION for your client from your Identity Sheet (especially expenses like Auto & Credit Card monthly payments)
2. The Interest Rate, Max loan & Max purchase price from your Loan Prequalification Letter.
3. Now for each of the 3 home choices (all which have a different LIST PRICE) , **calculate** the new loan expenses based on each LIST PRICE. These include **Principal & Interest**, & **PMI** (private mortgage insurance) if applicable (if the down payment is less than 20%).
4. Also include on expenses **HOA** (homeowner association) dues if applicable for each home
5. In the spreadsheet you must have **FORMULAS** for **home insurance** (.25% of the purchase price), and **property tax** (1.25% of purchase price) for each home. Also a formula for the **TOTAL** monthly loan payment (PITI – Principal, Interest, Taxes, & Insurance + maybe PMI)
6. Go here to calculate each home's Pricipal & Interest payment:  
<http://www.goodmortgage.com/Calculators/PMI.html>
  - a. Sales Price: The list price of the home
  - b. Loan Amount: Sales price – down payment
  - c. Interest Rate is the rate your client was given on the Loan PreQualification
  - d. For Loan Term: 30 yrs or 360 months
  - e. Hit "Estimate PMI" to get your results for that home
7. MONTHLY & ANNUAL information for everything. Be sure to use formulas.
8. 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.