

Name _____

Project 5

Managing Your Resources

Directions: After reading the Unit 5 Project in the student text, complete Worksheets 1–4.

WORKSHEET 1

Before You Buy: Ripoffs and Warning Signals

Directions: Analyze the following situations and determine what might be wrong.

Situation 1. You receive an e-mail that says you qualify for a new mortgage. You can get a \$300,000 loan for as little as \$600 a month. Bad credit is no problem. You can refinance at any time. Just click the link for a free consultation.

Answers will vary. Suggested responses are as follows:

Potential homeowners should understand the nature of such a sales pitch and be able to ask the right questions and make a good decision. One would wonder why “bad credit is no problem” in this pitch.

Situation 2. You receive a telephone call that offers you free products for answering a few simple questions. All you have to do is give them your name, Social Security Number, address, and other personal information, and they will send you free samples of merchandise that you use or would like to try, based on your lifestyle.

The personal information you give will make you a target for numerous marketing offers and promotions. As long as you are able to say no and to analyze each offer carefully, this type of plan can offer you a lot of choices. It is important to know yourself—are you able to reject things you don’t need or want and avoid feeling guilty for accepting free goods? In addition, it can be risky to give out personal information such as a Social Security Number over the phone.

Situation 3. You see an ad in the classified pages where a desperate investor is seeking to unload his collection of rare baseball cards and comic books at lower-than-market prices. He needs the money right away and will sell to the highest bidder. You call to get the address, and when you show up, there are several others there who are interested in the merchandise and are bidding on it.

Why is the seller trying to unload a valuable product? Checking around can be valuable. Find out for yourself the prices of these commodities in the open market, ask questions about the seller’s reputation and prior business dealings, and so on. Also, it is important not to put yourself into a bidding situation where you end up paying more for an item than it is worth to you.

unit 5 Project

WORKSHEET 2

Computing Mortgage Payments

Directions: Compute the mortgage amounts for items 1-9 by using the Monthly Mortgage Payment factor table.

Monthly Mortgage Payment Factors (per \$1,000 of loan amount)

Loan Rate	30 Yrs.	25 Yrs.	20 Yrs.	15 Yrs.
6.0%	5.94	6.40	7.16	8.40
6.5%	6.29	6.73	7.46	8.69
7.0%	6.64	7.06	7.76	8.98
7.5%	6.99	7.39	8.06	9.27
8.0%	7.34	7.72	8.36	9.56
8.5%	7.69	8.05	8.68	9.85
9.0%	8.05	8.39	9.00	10.14
9.5%	8.41	8.74	9.32	10.44
10.0%	8.78	9.09	9.65	10.75

What is your estimated mortgage payment for:

- | | | |
|---|--|--|
| <p style="text-align: center;">30-year mortgage</p> <p>1. \$50,000 8% _____</p> <p style="text-align: center;">$\\$50 \times 7.34 = \\367</p> | <p style="text-align: center;">25-year mortgage</p> <p>2. \$70,000 6% _____</p> <p style="text-align: center;">$\\$70 \times 6.4 = \\448</p> | <p style="text-align: center;">15-year mortgage</p> <p>3. \$80,000 7.5% _____</p> <p style="text-align: center;">$\\$80 \times 9.27 = \\741.60</p> |
| <p>4. \$100,000 6% _____</p> <p style="text-align: center;">$\\$100 \times 7.34 = \\734</p> | <p>5. \$100,000 7% _____</p> <p style="text-align: center;">$\\$100 \times 7.06 = \\706</p> | <p>6. \$100,000 8% _____</p> <p style="text-align: center;">$\\$100 \times 9.56 = \\956</p> |
| <p>7. \$150,000 7.5% _____</p> <p style="text-align: center;">$\\$150 \times 6.99 = \\$1,048.50$</p> | <p>8. \$150,000 9% _____</p> <p style="text-align: center;">$\\$150 \times 8.39 = \\$1,258.50$</p> | <p>9. \$150,000 10% _____</p> <p style="text-align: center;">$\\$150 \times 10.75 = \\$1,612.50$</p> |

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WORKSHEET 3

Building Your Dream Home

Directions: Answer the following questions and complete the research suggested to specify your dream home. Be sure to list your sources of information.

1. What style of house do you prefer? (two-story, ranch, Victorian, Tudor, and so on)

2. Attach a picture of a house that closely resembles the home of your dreams.

3. Prepare a floor plan that details the rooms and configuration, along with windows, doors, and so on.

4. What is the total square footage of your home? _____

How many bedrooms? _____

Bathrooms? _____

Describe the kitchen and eating area(s).

Describe the general layout of the house, starting at the front door and ending at the back door or on the second floor.

5. Describe the lot and landscaping, including lot size and shape.

6. Describe the block—what part of town, city or country, the neighborhood or region.

7. Based on today's costs of building real estate, what would it cost to build this house? (Hint: You need to consult newspaper or online ads that describe similar new properties or interview a builder or other reliable source.)

8. Prepare a report of your findings, including a cover page, drawings or exhibits, narrative of information, and list of sources of information.

Answers will vary. Students should demonstrate effort and should put together some type of folder or other way to display information and pictures gathered.

WORKSHEET 4

Ripoffs and Warning Signals (Your Car)

Directions: Read each of the following statements that could be a potential ripoff. Write the warning signal (a point that makes you uncomfortable) and what you would do about it.

1. Your car is making pinging noises every time you accelerate to pass another car or go up a hill. You stop by a service station and ask what could be wrong. The attendant replies that he would be happy to take a look at it when he gets off work, and that he could probably fix it in his spare time. Repairs could cost as little as \$50 or as much as \$250.

Answers will vary. Suggested responses are as follows:

Warning signals: Attendant is working after-hours. Repair estimate is vague.

What to do: Get another opinion. Wait until another day.

2. You are on vacation and driving the family car. You had it tuned up before you left, and your tires are fairly new. Along the way, you stop for gas. While checking the oil, the attendant notices that one of your hoses is loose. He fixes it (no charge) but then sees that you have an oil leak. He offers to make the repair within an hour for \$100 plus parts.

Warning signals: On-the-road checking for repairs can be fraudulent. Quick fixes are often too expensive.

What to do: Get another opinion. Leave the station and check on its reputation. Talk to the owner.

3. You take your car in for its regular tune-up and maintenance. You take a list of things that need to be done. An hour later, you receive a telephone call and are asked to authorize extra repairs that total \$500. These repairs are not related to the tune-up or regular maintenance. But when the car is up on the rack, the mechanic sees that the work needs to be done.

Warning signals: Extra repairs are often not necessary. Authorizations for extra work are not requested by you.

What to do: Have another mechanic check to see if the repairs are needed. Check the reputation of the repair shop.

Comparison-shop at different places. Ask for references.