

Buying a Home



Name: _____

Date: _____

Instructions: No answer bank: show your working for the money maths. Number the steps in order, answer the case study questions, explain the key terms, then write full-sentence answers and plan the extended answer.

1. Money maths (show your working)

Question	Working and answer
15% deposit on €200,000	
Mortgage needed on £150,000 with 10% deposit	
£750 a month for 25 years total	
Total interest: £225,000 paid on £135,000 borrowed	
Rent £800 a month for 25 years	

Did you know?

- The word mortgage comes from old French meaning 'death pledge': the deal 'dies' when paid off or if payments fail.
- Lenders often check that payments are affordable if rates rise.
- In the UK, first-time buyers may pay less Stamp Duty.
- About two thirds of homes in England, and around seven in ten in Italy, are owner-occupied.

Background

When you rent, you pay a landlord each month to live in a home they own. Renters usually pay a security deposit at the start, returned at the end if the home is kept in good condition. Good points: easier to move, repairs are usually the landlord's job, less money needed at the start. Downsides: rent can rise, the landlord may sell, and rent money doesn't buy you a share of the home.

2. Steps in order

Number the steps 1 to 6 (1 = first).

1	Check: Work out what you can afford
2	Legal: Legal checks and paperwork, with a solicitor or notary
3	Agree: Get a mortgage offer
4	Move in: Get the keys and start monthly payments
5	Save: Save a deposit
6	Offer: Make an offer on a home

4. Key terms

Key term	What does it mean? Give an example.
Rent	
Landlord	
Deposit	
Mortgage	
Notary	

3. Case study

Tayo's cousins rent a flat for €900 a month. They have saved €25,000. A similar flat costs €180,000. A lender offers a mortgage for the rest at 4% over 25 years (about €818 a month). Buying fees are about €8,000.

Case study: rent or buy?

- How much deposit can they put down after fees?

- How much would they borrow?

- What else should they consider?

5. Think it through

- Explain two reasons house prices differ between places.

- Explain one consequence of interest rates rising for homeowners.

6. Longer answers (full sentences)

1. Work through the £150,000 example step by step.

2. What is equity and how does it grow?

3. Why do lenders check affordability?

4. Explain in your own words: Why do people pay back much more than the price of the home over a mortgage?

7. Extended answer

Extended answer: 'Buying a home is always better than renting.' How far do you agree?

Plan: introduction · point for (example) · point against (example) · conclusion with your judgement.
