

Name _____ Date _____

Buying a Condominium

A **condominium** is a building in which apartments are owned. You purchase an apartment just as you would purchase a house. As the owner of an individual condo, or apartment, you pay an additional monthly **maintenance fee** (also called **condominium dues**, or **Homeowners' Association (HOA) dues**) for the care of the building and the grounds. The maintenance fee may include utilities.

Village Park Condominiums

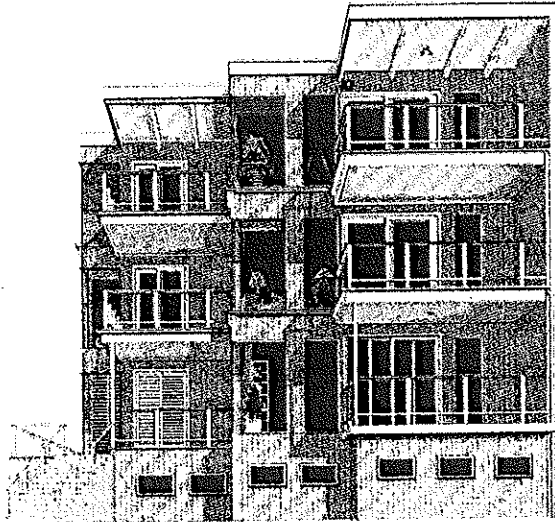
Unit 801

2 beds | 2.5 bath | 1894 Sq. Ft.

For Sale: \$167,000

[Pictures](#)

[Virtual Tours](#)



Unit Information:

MLS # 0000000000

Taxes: \$4,900/y

Views: Hill Country

Association Fees: \$250/m

County: Tompkin

Year Built: 2005

Unit Amenities:

General:

2-story

Utility Room

1 Fireplace

Region: Longacre

Appliances:

Disposal

Microwave

Dishwasher

Central A.C.

Garage:

2-car

attached

Roof: Composition shingle

Name _____ Date _____

Example 1: As your first home, you bought the small condo shown in the advertisement on page 91. How much did you put down? How much will you pay each month?

(**THINK:** Price = \$167,000; Down payment = 20%, or 0.2; Loan payment = \$800.99 per month; maintenance fee = \$250 per month)

Step 1 Find the down payment. $0.2 \times \$167,000 = \$33,400$

You put down \$33,400.

Step 2 Add to find the total monthly payment. $\$800.99 + \$250 = \$1,050.99$

You will pay \$1,050.99 per month.

Remember that you should be able to spend 28% of your gross monthly pay for housing. When buying a condominium, that 28% includes maintenance, mortgage payment, taxes, and insurance.

You can roughly estimate the gross monthly pay you will need to afford the condominium by just using the loan payment and the maintenance fee.

Example 2: The monthly payments for the condominium in Example 1 are \$1,050.99. Roughly estimate the least you could earn each month to afford the condominium.

(**THINK:** \$1,050.99 is about \$1,100; 0.28 is about 0.3.)

If monthly housing cost = $0.3 \times$ gross monthly pay,

Then gross monthly pay = monthly housing cost \div 0.3

= \$3,666.67

To afford the condominium, your gross monthly pay would need to be at least \$3,666.67. In fact, it would need to be more in order to cover the additional cost of taxes and homeowner's insurance.

Name _____ Date _____

Think About It

1. Why might someone choose to buy a condominium instead of a house?

2. Condominium maintenance fees are not fixed; they go up as expenses go up. What problems could this cause for the homeowner?

Practice

Remember to estimate whenever you use your calculator.

the downpayment and the total monthly payment for the condominium (mortgage plus maintenance fees):

Fox Run Condominiums \$178,000; HOA dues \$400/ mo; 20% down; \$853.76/mo	Cliffside Condos \$250,000; HOA dues \$550/mo; 20% down; \$1,073.64/mo	Tintara Condominiums \$100,000; HOA dues \$220/ mo; 3.5% down; \$578.56/mo
1. _____	2. _____	3. _____

Calculate the minimum gross monthly pay needed to afford the following condominium total loan and maintenance payments.

4. \$980 _____

5. \$1,250 _____

6. \$2,200 _____

7. \$2,780 _____

8. \$3,550 _____

9. \$4,000 _____

Name _____ Date _____

Solve.

10. Pete bought a condominium for \$187,600. He put 20% down and pays \$899.80 per month. The maintenance fee is \$350 per month. Find the down payment and the total monthly payment.

11. Lorraine's condo cost \$175,000. She put 20% down and pays \$751.55 per month. The monthly maintenance fee is \$278. Find the down payment and the total monthly payment. _____
12. Colleen wants to buy a condominium with monthly payments of \$1,010. Roughly estimate the minimum gross monthly pay she needs to afford it. _____

Extension

Planning Ahead for Maintenance Fees

Brian wants to buy the condominium described in the advertisement. He thinks that the maintenance fee will go up 40% over the next 2 years.

1. If Bryan is right, what will the maintenance fee be in 2 years?

2. Assuming his mortgage rate is fixed, what will his monthly payment be in 2 years?

Cloverleaf Condos: \$287,450
Financing with 20% down: \$1,234.47/mo.
Maintenance: \$150/mo



in value because of its location, its commuting distance to a city, its nearness to various attractions, and the state of the economy. Houses depreciate due to factors affecting the overall economy.

More Practice

1. \$47,338.20
2. \$193,385.36
3. \$187,550
4. \$199,517.76
5. \$353,394.14
6. \$99,497.44
7. \$418,500
8. 15%
9. \$525,706.25
10. \$137,200

Extension

1. Ed's house
2. \$17,675.49

Pages 93-94

Think About It

1. Condominiums tend to be less expensive, and their taxes tend to be less, as well.
2. Assessments of needed maintenance can unexpectedly add thousands of dollars to a condo-dweller's expenses.

Practice

1. \$35,600, \$1,253.76
2. \$50,000, \$1,623.64
3. \$3,500, \$798.56
4. \$3,500
5. \$4,464.29
6. \$7,857.14
7. \$9,928.57

8. \$12,678.57
9. \$14,285.71
10. \$37,520; \$1249.80
11. \$35,000; \$1,029.55
12. about \$3,400

Extension

1. In 2 years, maintenance fees will be \$210.
2. In 2 years, the monthly payment will be \$1,444.47.

Pages 96-98

Think About It

1. The monthly payment per \$1,000 for 11% (\$9.53) is about \$0.80 more than for 10% (\$8.78). You can mentally multiply $50 \times \$0.80$ to get \$40 extra per month at 11%.

Practice

1. \$1,326.75
2. \$995.68
3. \$1,575.20
4. \$939.75
5. \$876.66
6. \$24,800
7. \$99,200
8. \$907.68
9. \$8,970
10. \$80,730
11. \$779.85
12. \$28,086
13. \$65,534
14. \$642.89
15. \$11,976
16. \$67,864
17. \$570.74
18. \$2,160
19. \$1,720
20. \$5,395
21. \$3,361.25

22. \$3,876.25
23. \$37,800
24. \$151,200
25. \$858.82
26. \$28,970
27. \$260,730
28. \$1,720.82
29. \$117,900
30. \$275,100
31. \$1,771.64
32. \$119,750
33. \$359,250
34. \$2,270.46

Extension

1. \$778.65
2. \$643.86
3. \$1,267.20
4. \$980.00
5. \$693.12
6. \$834.62
7. \$1,627.08
8. \$1,829.42
9. \$2,040.54
10. \$592

Pages 100-102

Think About It

1. Tax rate increases when costs increase, or when a locality loses property from its tax rolls.
2. Banks earn interest on the money they hold until taxes are paid.

Practice

1. \$76,000
2. \$88,500
3. \$172,900
4. \$129,285
5. \$310,791
6. \$2,391.96
7. \$2,099.02
8. \$1,975.68
9. \$2,323.56
10. \$5,242.56
11. \$721
12. \$824
13. \$878
14. \$780
15. \$945
16. \$87,500
17. \$52,250
18. \$87,750; \$2,886.98
19. \$71,920; \$3,042.22
20. \$804.58
21. \$712.52

