

## Chapter 8 Practice Test

Name: \_\_\_\_\_

Date: \_\_\_\_\_

### True/False

Indicate whether the statement is true or false. *If false provide the correct answer. Show your work.*

- \_\_\_\_\_ 1. The length of a room is 21 feet. If a floor plan has a scale of  $\frac{1}{2}$  inch = 2 feet, then the length of the room on a floor plan is 5.25 inches.
- \_\_\_\_\_ 2. According to financial experts, a renter should allow no more than 25% of their gross income for rent.
- \_\_\_\_\_ 3. A security deposit is used by a landlord to provide protection for the tenants.
- \_\_\_\_\_ 4. Front-end ratio is the ratio of monthly housing expenses to all expenses.
- \_\_\_\_\_ 5. Aja made a 20% down payment on a house and was approved for a \$185,000 mortgage. Therefore, she should expect her closing costs to be about \$3,700 to \$12,950.
- \_\_\_\_\_ 6. Nathan's bedroom has a width of 13 feet, a height of 9 feet, and a length of 14 feet. The level of insulation,  $i$ , is 10 and the exposure,  $e$ , is 18 because the outside wall faces south. For this room, Nathan should purchase an air conditioner with a BTU rating of about 5,000 BTUs.

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### Multiple Choice

Identify the choice that best completes the statement or answers the question. Show your work to verify the answer.

- \_\_\_\_\_ 7. How is a condominium different than a single-family dwelling?
- a. Occupants pay rent to the landlord who owns the property.
  - b. Occupants are investors who own shares in the entire property and not individual units.
  - c. Occupants individually own both the home and the land.
  - d. Occupants jointly own the common parts of the property and individually own their own units.
- \_\_\_\_\_ 8. There are 15,000 shares in Marybeth's co-op. If Marybeth owns 2% of the cooperative corporation, how many shares does she own?
- a. 400
  - b. 300
  - c. 200
  - d. 100
- \_\_\_\_\_ 9. The McQuires pay a monthly mortgage payment of \$938. They also pay a semi-annual property tax bill of \$3,298 and semi-annual homeowner's insurance of \$840. The property tax and insurance are paid monthly into an escrow account to their lender. What is their monthly payment to their lender?
- a. \$1,283.16
  - b. \$1,518.6
  - c. \$1,627.67
  - d. \$1,672.66
- \_\_\_\_\_ 10. Zane received a quote to move his belongings to his new house. The estimate from the mover is \$675 for 6 hours of packing and 5 hours of moving. Zane thinks he can reduce his cost by doing some of the packing and moving himself. If he does, the cost will decrease to \$425 for 4 hours of packing and 3 hours of moving. If the mover charges a set hourly rate for packing and another set hourly rate for moving, what are these hourly rates?
- a. packing: \$50; moving: \$75
  - b. packing: \$40; moving: \$80
  - c. packing: \$80; moving: \$40
  - d. packing: \$75; moving: \$50
- \_\_\_\_\_ 11. What is NOT another word for renter?
- a. lessee
  - b. boarder
  - c. tenant
  - d. landlord

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- \_\_\_\_\_ 12. Gretchen is refinishing her gazebo that is in the shape of a regular octagon. The length of one side is 3 feet and the apothem is 3.5 feet. What is the area that Gretchen will be refinishing?
- |                 |               |
|-----------------|---------------|
| a. 10.5 sq feet | c. 42 sq feet |
| b. 24 sq feet   | d. 63 sq feet |
- \_\_\_\_\_ 13. Kate and Ashton have been approved for a \$200,000 15-year mortgage with an APR of 5.5%. How much of their first monthly payment will go to interest?
- |               |             |
|---------------|-------------|
| a. \$1,634.17 | c. \$916.67 |
| b. \$1,147.57 | d. \$717.50 |
- \_\_\_\_\_ 14. Angela has a monthly gross income of \$3,000 and her expenses are \$1,200. What is her back-end ratio?
- |        |        |
|--------|--------|
| a. 25% | c. 40% |
| b. 30% | d. 45% |

### Short Answer

15. Jamal has been approved for a \$125,000 loan, 30-year mortgage with an APR of 5.3%. He made a 10% down payment and is closing on April 5th. How much should he expect to pay in prepaid interest at closing?
16. Ben and Jane have been approved for a \$220,000 loan, 30-year mortgage with an APR of 5.82%. What will be their total interest for the 30 years?

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17. Nancy is buying a house and made a list of her expenses: mortgage payments, utilities, closing costs, pre-paid interest, origination fee, and insurance payments. Separate each of the six expenses as either a recurring or a non-recurring cost.
  
18. Casey has a backyard that is a 50-by-50-foot square. She turned over an irregularly-shaped plot of soil to plan a garden. To find the area of the garden, 1,500 random points are generated and 420 of the points land inside the irregularly-shaped garden. What is the area of the garden?
  
19. Nina owns a condominium where she paid \$2,340 in maintenance fees this year. If her property taxes are 18% of this amount, how much did Nina pay in property taxes?
  
20. Garrett and Erin are borrowing \$170,000 to purchase a new home. They have been approved for a 30-year loan with an interest rate of 5.75%. What will be their monthly payment?
  
21. Craig and Tammy recently sold their home for \$225,000. Their loan balance is \$135,680. What is their equity before paying seller's expenses?