

## **Business and Personal Finance © 2012**

### **Chapter 16: The Finances of Housing**

#### **Check Your Answers: Section Assessment**

##### **Section 2**

##### **Review Key Concepts**

1. Advantages include greater mobility, fewer responsibilities, and lower initial costs.
2. Disadvantages include few financial benefits, a more restrictive lifestyle, and the involvement of legal issues.
3. Cost is determined by location, living space, utilities, security deposit, and insurance.

##### **Higher Order Thinking**

4. Answers may include that by having your friend's name on the lease as well as your own, he will be legally responsible for ensuring that the rent is paid and the apartment is kept in good condition.

##### **21st Century Skills**

5. **Solve Problems** Questions should be based on the priorities. For example, if a student lists mobility as a priority, they should include a question about possible lengths of lease. If the condition of the unit is a priority, the student may include a question about what improvements or decorations are allowed. Note that some priorities, such as cost or being near public transportation may not be included in queries for the landlord as the student might already know the answers before going to visit the location.

##### **Mathematics**

6. **Sharing Costs** Total house payment =  $\$1,250 + \$275 = \$1,525$ ; Jerome's share of house payment =  $\$1,525 \times 50\% = \$762.50$ ; Saved/(Lost) per month =  $\$815 - \$762.50 = \$52.50$ ; Saved/(Lost) after one year =  $\$52.50 \times 12 \text{ months} = \$630.00$ .