**Purchasing a Home**

Buying a home is the biggest single investment or purchase that most individuals make. This project is designed to give you some insight into the home-buying process and the associated costs.

Find all the costs associated with buying a home by making a 20% down payment and borrowing 80% of the cost of the home.

1. Decide how much your home will cost (and how much you’ll have to put down and how much to mortgage). Call a realtor to determine the cost of a home in your area (this could be a typical starter home, an average home for the area or your dream house). Ask the realtor to identify and estimate all the closing costs associated with buying your home. Closing costs include your down payment, attorney’s fees, title fees, and so on.
2. Call at least three different banks to determined mortgage loan rates for 15 years, 25 years, and 30 years and the costs associated with obtaining your loan. These associated costs of a loan are paid at closing and include an application fee, an appraisal fee, points, and so on.
3. For each bank and each different loan duration, develop a summary that contains:
4. an itemization and explanation of all closing costs and the total amount due at closing
5. the monthly payment
6. the total amount paid over the life of the loan
7. the amortization schedule for each loan (use a spreadsheet or financial software package).
8. For each duration (15 years, 25 years, and 30 years), identify which bank gives the best loan rate and explain why you think it is best. Be sure to consider what is best for someone who is likely to remain in the home for 7 years or less compared with someone who is likely to stay 20 years or more.

**Guideline of Group Report Preparation:**

* **Minimum Pages**: 10 Pages
* **Font**: Times New Roman, Font Size 12
* **Spacing**: 1.5 line spacing
* **Cover Page:** The cover page should consist of the names and matric numbers of all group members as well as the course name and course code.
* **Appendix**: You can attach any additional information which is relevant to your report under appendix (after the conclusion)

**Guideline of Group Report Submission:**

* The deadline for submitting your group report is **27th May 2016 (Friday)**, before **11.59pm**.
* Your submission should consist of **one** **hardcopy** and **one softcopy**, and the softcopy need to be submitted through **Morpheus system** before the due date.