

Answer 1

a) A small house near the school. The house must have low payment per month because single parent has low monthly income and two school age children has high monthly expense.

b) A condominium near working place because condominium has cheaper monthly payment than a house. They can save for their children in the future.

c) A house in outskirts because it has low monthly payment and easy accessing to the downtown.

d) A house which near hospital because it necessary when something occur.

Answer 2

Assuming that inflation rate equal to zero, The mortgage A gives higher payment comparing to mortgage B. The mortgage A total payment is 29,100 and mortgage B total payment is 28,925.

Answer 3

Installment credit and revolving credit. The installment credit used for buying large appliance, car. It has low interest rate and same frequent of payment. The revolving credit will give a amount of credit to spend in a month and customer must pay the credit in end of the month.

Answer 4

Then first rule is debt payment to monthly income. The monthly expense must not excess 18% of your monthly income. The second rule is debt to equity. It come from liability divide by net worth.

Answer 5

The value of house is 150,000. Michael can borrow up to 80% which is 120,000. However, The remaining mortgage is 50,000. The maximum amount that he can borrow is 70,000.