

## Practice

A

■ For help with question 1, see Example 1.

Use the *Course Study Guide* at the end of the book to recall the meaning of the common payment periods.

■ For help with questions 4 and 5, see Example 2.

1. Determine how much each expense will cost for one year.
  - a) Monthly rent of \$1250
  - b) Bi-weekly mortgage payments of \$975.56
  - c) Semi-annual home insurance payments of \$328.14
  - d) Monthly cable bill of \$32.95
2. Classify each of the following as either fixed or variable expenses.
  - a) Monthly rent
  - b) Monthly charges for natural gas
  - c) Bi-weekly mortgage payments
  - d) Bi-monthly charges for water usage
3. Determine the total monthly housing cost.
  - a) Rent of \$650 plus \$88 for utilities
  - b) Rent of \$980 plus \$179 for utilities
  - c) Rent of \$320 plus a one-third share of \$150 for utilities
  - d) Rent of \$235 plus a one-quarter share of \$200 for utilities
4. Ashley broke a window in the apartment she rents. Explain whether she or her landlord is responsible for replacing it.



5. Paul is a landlord. He includes the cost of utilities in the rent he charges. Because utility costs are higher than Paul expected, he asks the tenants to pay an extra \$30 per month. Explain whether or not he can legally do this.

Use the following information to answer questions 6 to 8 and part a of question 9. Rob is a single parent who owns a 2-bedroom house.

Rob's Annual Housing Expenses	
Expense	Cost
Bi-weekly mortgage payments	\$607.79
Quarterly home insurance payments	\$68.75
Annual property taxes	\$1738.50
Water, sewer, and electricity bills (received bi-monthly)	\$180.45, \$164.32, \$156.74, \$149.76, \$167.23, \$185.18
Natural gas bills (received monthly)	\$123.02, \$99.47, \$64.82, \$70.51, \$24.16, \$19.79, \$23.09, \$21.58, \$22.14, \$36.44, \$78.58, \$112.56
Monthly phone and TV bill	\$62.95

- B**
6. Classify Rob's expenses as fixed and variable.
  7. How much does Rob spend each year on mortgage payments?
  8. What are Rob's total annual housing expenses?
  9. Some natural gas companies allow their customers to pay in twelve equal payments based on the previous year's bills. Adjustments are made later for actual usage levels.
    - a) Calculate Rob's monthly gas bill if he uses an equal payment plan.
    - b) Use the data in Case Study 3, page 480. Calculate Tom and Hyo-Jin's monthly gas bill if they use an equal payment plan.
    - c) Why might this plan appeal to some homeowners?



10. Use the data in Case Study 3, page 480. Tom and Hyo-Jin have a bachelor apartment in the basement of their home. To help with household expenses, they decide to rent it. They will include utilities in the monthly rent.
- They calculate their annual costs for heat, electricity, water, and sewage. They decide to charge \$350 plus one-quarter of these utility costs. What will the rent be?
  - They research other bachelor apartments in their neighbourhood. They find one that costs \$600 per month and another that costs \$570. Both are all inclusive. Is the rent they plan to charge reasonable? Justify your answer.

■ For help with questions 11 and 12, see Example 3.

11. Samayah is moving to Ottawa to attend college. She finds two apartments within walking distance from the campus. Both require her to sign a 1-year lease.

**Option 1** A 1-bedroom apartment in a low-rise.  
The rent is \$635 per month including heat, water, and parking.  
Samayah will have to pay for electricity.  
No smoking and no pets are allowed.

**Option 2** A 1-bedroom apartment that is the top floor of a house.  
The rent is \$650 a month including heat, electricity, water, and parking.  
No smoking is allowed, but pets are allowed.

- What would be the annual rent for each apartment?
- What additional expense will Samayah have in the first apartment?
- Which option would you recommend to Samayah? Justify your answer.

