How do people find a new place to live? Just like there are different types of homes a person can live in, there are also different ways that a person or family can pay to live somewhere.

Learn more about deciding where to live by watching this video and then expand your knowledge by completing this worksheet by yourself or with an adult!

Try It Yourself!

Think about where you want to live when you grow up. Do you want to rent or buy a home? How will you pay for it? Write your response in the box below, then decide if each statement describes renting or buying a home, or both. Afterwards, then answer the three questions at the bottom.

Response:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rent? Buy? Both?</th>
</tr>
</thead>
<tbody>
<tr>
<td>You may need to pay for insurance in order to live there.</td>
<td></td>
</tr>
<tr>
<td>You do not have to pay for repairs such as if the toilet leaks or the hot water heater breaks.</td>
<td></td>
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<tr>
<td>You may have to pay extra each month to have a pet.</td>
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<tr>
<td>You will pay interest on the money you borrow to do this.</td>
<td></td>
</tr>
<tr>
<td>You must pay taxes on the property.</td>
<td></td>
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<tr>
<td>You pay all of your moving costs, including boxing up items and moving them in.</td>
<td></td>
</tr>
<tr>
<td>You will have a property owner.</td>
<td></td>
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<tr>
<td>Someone may check to see if you have a habit of paying your bills on time.</td>
<td></td>
</tr>
<tr>
<td>You might use a loan called a mortgage to pay for the home.</td>
<td></td>
</tr>
<tr>
<td>The improvements you can make — such as painting rooms — may be limited.</td>
<td></td>
</tr>
<tr>
<td>This usually requires having money saved up in advance for what is called a down payment.</td>
<td></td>
</tr>
<tr>
<td>Before doing this people usually have the home inspected (to see if it has problems) and appraised (to know how much it is worth).</td>
<td></td>
</tr>
<tr>
<td>Your monthly payments may include utilities like water and electricity.</td>
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</tbody>
</table>
Vocabulary:

- **Buy**: To purchase a good such as a home or property
- **Down payment**: The first payment you make before you get a loan and promise to pay for the rest later
- **Interest**: Money paid at a specified rate for money that is borrowed, deposited in a bank, or owed to a lender
- **Loan**: An amount of money that is borrowed
- **Mortgage**: A loan used to purchase property
- **Rent**: Money paid in return for being able to use property or live in an apartment, house, etc., that belongs to someone else
- **Appraisal**: the act of estimating or judging the value of something or someone
- **Inspection**: involves checking something to see if it has problems

Please select the correct answer for each of the following questions.

1. Which of the following is **NOT** a place people commonly live?
   a. Tent
   b. Boathouse
   c. Log home
   d. Home store

2. People who buy a home often need to borrow money. A(n) ______ is a loan used to purchase a home.
   a. appraisal
   b. down payment
   c. inspection
   d. mortgage

3. Which of the following statements applies to **both** renting and buying?
   a. You do not have to pay for major repairs such as if the toilet leaks or the hot water heater breaks.
   b. You are responsible for paying taxes on the property.
   c. Someone may check your credit to see if you have a habit of paying your bills on time.
   d. You may have to pay extra each month to have a pet.
1. You may need to pay for insurance in order to live there. **Both:** Both buyers and renters can be required to have insurance.

2. You do not have to pay for repairs such as if the toilet leaks or the hot water heater breaks. **Renting:** One of the things many people like about renting is that someone else is responsible for repairs and maintenance.

3. You may have to pay extra each month to have a pet. **Renting:** Some renters have to pay a monthly fee to have a pet - especially larger dogs above a certain weight. There may also be an extra security deposit charge. This is money paid up front in case repairs need to be made when you leave because of an animal. For example, the carpet may need to be replaced.

4. You will pay interest on the money you borrow to do this. **Buying:** Most people must borrow money in order to buy a house. When we borrow money, we usually pay the lender what is called interest — a charge for borrowing the money.

5. You must pay taxes on the property. **Buying:** The owner of the property is responsible for paying taxes.

6. You pay all of your moving costs, including boxing up items and moving them in. **Both:** Whether you rent or buy, you will probably be responsible for the cost of moving in — and out. Some employers — including the military — may help pay for these costs for its employees.

7. You will have a property owner. **Renting:** The person who actually owns the property is the Property Owner.

8. Someone may check to see if you have a habit of paying your bills on time. **Both:** Buyers will have their credit checked before getting a loan. Renters may have their credit checked before a property owner decides to rent to them.

9. You might use a loan called a mortgage to pay for the home. **Buying:** A loan used for buying a home is called a mortgage.

10. The improvements you can make — such as painting rooms or upgrading the kitchen — may be limited. **Renting:** Most renters are limited with what improvements they can make. It is wise to know those rules, or renters can end up being charged fees if they do things they weren’t allowed to do.

11. This usually requires having money saved up in advance for what is called a down payment. **Buying:** Most people are required to provide a down payment — even if they are borrowing money to purchase a home. How much money needs to be saved up in advance will depend on the cost of the home and the rules of the lender.

12. Before doing this people usually have the home inspected (to see if it has problems) and appraised (to know how much it is worth). **Buying:** Paying to have a home inspected for damage or problems can help buyers know what costs they can expect in keeping up the house. An appraisal tells a buyer how much the house should be worth and if the price they are paying for it is fair.

13. Your monthly payments may include utilities like water and electricity. **Renting:** Every rental agreement is a little bit different. Some include utilities such as water, electricity, and trash pickup. Others do not.

**Answer key**

1. D - Home store
2. D - mortgage
3. C - Someone may check your credit to see if you have a habit of paying your bills on time


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