Unit 7 Quiz — Housing & Insurance

Teen Money Independence · Lessons 7.1 – 7.6

Name:

Date:

PART 1 — MULTIPLE CHOICE (2 POINTS EACH)

Circle the best answer.

1. Joseph skipped renters insurance to save $18/month. His neighbor's pipe burst and destroyed his TV and laptop ($2,200 total). How much does Joseph recover from his own insurance?

A. $2,200 — the building's policy covers all tenants
B. $2,200 minus his deductible
C. $0 — he has no renters insurance
D. $1,100 — he is responsible for 50% of shared-building damages

2. Lucy has an 810 credit score. Alex has a 668. They apply for the same mortgage. Which statement is most likely true?

A. They receive identical rates because the loan amount is the same
B. Lucy qualifies for a lower interest rate, saving tens of thousands over the loan term
C. Alex qualifies for a lower rate because newer borrowers get introductory offers
D. Credit score only affects credit cards, not mortgages

3. You want to leave your apartment on July 31. Your lease requires 60 days' written notice. When must you submit your notice?

A. July 1
B. June 30
C. June 1
D. May 31 — 60 days before July 31

4. PMI (Private Mortgage Insurance) is required when:

A. Your credit score drops below 700 after closing
B. You finance a home with less than 20% down
C. You miss your first mortgage payment
D. Your home's value increases by 20% after purchase

5. You have a health insurance plan with a $250/month premium and a $2,500 deductible. You have an unexpected $800 medical bill. How much do you pay out of pocket for the bill?

A. $0 — you have been paying premiums all year

B. $250 — your monthly premium counts toward the bill

C. $800 — you have not yet met your deductible

D. $2,500 — the full deductible applies to the first claim

PART 2 — SHORT ANSWER (5 POINTS EACH)

> 👥 All four friends are 22 and living independently.
> Lucy signed her first lease after reading every clause, has renters insurance from day one, and an HSA-eligible health plan.
> Joseph skipped renters insurance to save $18/month — a pipe burst above his apartment destroyed his TV and laptop ($2,200).
> Alex rents month-to-month while saving for a condo down payment.
> Sofia just opened a bank account and got a secured credit card — she still has no health insurance.

Use the scenario above to answer Question 2.

1. Joseph "saved" $18/month by skipping renters insurance but lost $2,200. Calculate the net cost of his decision in dollars. How many years of premiums would it have taken to equal his loss?

2. Explain the difference between a health insurance premium, a deductible, and a copay. Use a specific example that shows when each applies.

PART 3 — MATH PROBLEM (10 POINTS)

1. A home costs $280,000. A buyer puts 10% down. (a) What is the down payment amount? (b) What is the loan amount? (c) PMI is 0.85% of the loan amount annually — what is the monthly PMI payment? (d) At what loan balance can the buyer request PMI removal (80% LTV)? At what original home value does that trigger?

Show your work:

SCORE

Multiple Choice	Short Answer	Math	Total
/10	/10	/10	/30

Grader notes: