UNIT 7 · WEEKS 9–10

Housing & Insurance

Student Workbook

Name:	________________________________ Date started: ______________ Date completed: ______________

What you will learn in this unit: The real cost of renting • Reading a lease • How mortgages work • Health insurance basics • Auto and renters insurance • Consumer rights and protection

Lesson 7.1 — Renting — The Real Cost of an Apartment

KEY VOCABULARY

Term	Write the definition in your own words
Gross rent	
Net rent	
Security deposit	
Lease	
Move-in cost	
30% rule	
Utility deposit	
Renter's market	

THE TRUE MOVE-IN COST

Landlords advertise monthly rent — but moving in costs much more upfront. Calculate the full move-in cost:

Move-in expense	Your estimate
First month's rent	$
Last month's rent (if required)	$
Security deposit (typically 1 month's rent)	$
Utility deposits (electric, gas, internet setup)	$
Moving costs (truck, boxes, supplies)	$
Total move-in cost:	**$**
Months of rent needed up front:	

THE 30% RULE

$2,200 × 0.30 = $_______________ maximum rent per month

Why do financial advisors warn against spending more than 30% of take-home pay on housing?

👥 **Meet the group:**

Joseph: found a $950/month apartment — "cheap!" He moved forward without calculating total move-in cost. First + last + deposit = $2,850. Plus $200 in utility deposits and a $180 truck rental. He needed $3,230 he didn't have.

Lucy: calculated move-in costs before applying. She listed every upfront expense and saved $3,400 before even touring apartments. When she found a $1,050/month unit she loved, she was ready.

Alex: looked for apartments with only a first month's deposit — no last month required — to reduce upfront cost. He found one after 3 weeks of searching.

Sofia: almost moved into an apartment, then realized she'd have to break her lease at her current place and pay a $700 early termination fee. She stayed.

What is Joseph's total shortfall and what is his most likely solution? What habit from Unit 3 (Emergency Fund) would have prevented his situation entirely?

✔ Lesson Finisher

1. Your monthly take-home pay is $2,400. Using the 30% rule, what is your maximum monthly rent?

a) $600

b) $720

c) $800

d) $960 (40% — many cities require this adjustment)

2. Why should you calculate total move-in costs — not just monthly rent — before deciding to move into an apartment?

3. Monthly rent is $1,150. The landlord requires first month, last month, and a security deposit equal to one month's rent. What is your total move-in cost before utilities or movers?

Lesson 7.2 — Reading a Lease

KEY VOCABULARY

Term	Write the definition in your own words
Lease	
Landlord	
Tenant	
Security deposit	
Early termination	
Subletting	
Notice period	
Lease renewal	

LEASE CLAUSE CHECKLIST

Before signing any lease, find and review every one of these clauses. Write what each says in your lease or "N/A" if not present.

Clause to find	What to look for / your notes
Lease term and start/end date	
Monthly rent amount and due date	

Late fee (amount and grace period)	
Pet policy	
Guest policy (how long guests can stay)	
Subletting/roommate rules	
Early termination fee	
Required notice period to vacate	
Maintenance and repair responsibilities	
Entry/inspection rights of landlord	

TRUE OR FALSE — WRITE T OR F AND EXPLAIN

Statement	T or F — Explain
A landlord can enter your apartment anytime they want.	
You can always sublet your apartment if you need to move early.	
Breaking a lease early has no financial consequences.	
If rent is not specified in the lease, the landlord can change it anytime.	
A verbal agreement from your landlord has the same legal weight as a written lease clause.	

Your lease ends August 31. Your new job starts September 1 in another city. Your lease has a 60-day written notice requirement. What should you do, and when?

Meet the group:

Sofia: signed her first lease without reading it. Six months later, her landlord sent a warning about her cat. She'd missed the "no pets" clause entirely. She has 30 days to remove the pet or vacate.

Alex: read every clause before signing. He found a maintenance clause that said the landlord was not responsible for appliance repairs. He negotiated in writing to have the broken dishwasher fixed before move-in. It's in an addendum signed by both parties.

Lucy: found a 75-day notice requirement — unusual, and more burdensome than average. She asked the landlord to reduce it to 60 days. The landlord agreed and updated the lease.

Joseph: needed to move out 3 months early. His lease had a 2-month early termination fee of $2,300. He hadn't read that clause. He paid it.

What is the single most expensive mistake in this scenario group, measured in dollars? What 10-minute habit would have prevented every problem except Joseph's?

✔ Lesson Finisher

1. Your lease requires 60 days' written notice before moving out. You want to leave July 31. When must you submit your notice?

a) July 1
b) June 1
c) May 31
d) It doesn't matter if you're paid up on rent

2. Name two lease clauses that are especially important to review before signing, and explain why each one matters.

Lesson 7.3 — Buying a Home — How Mortgages Actually Work

KEY VOCABULARY

Term	Write the definition in your own words
Mortgage	
Down payment	
Principal	
Amortization	
PMI (Private Mortgage Insurance)	
Fixed-rate mortgage	
Adjustable-rate mortgage (ARM)	
Equity	

THE MONTHLY PAYMENT BREAKDOWN (PITI)

PITI component	What it is
P — Principal	The portion that reduces your loan balance
I — Interest	The lender's fee for lending you the money
T — Taxes	Property tax (collected monthly and paid to government)
I — Insurance	Homeowners insurance (required by lender)
+ PMI (if applicable)	Required when down payment < 20% of home value

MORTGAGE MATH

Home price: $280,000. Down payment: 10% ($28,000). Loan amount: $252,000. Rate: 6.8%. Term: 30 years.

Estimated monthly P&I payment:	$1,644
Property tax (1.1% of home price ÷ 12):	$
Homeowners insurance (estimate):	$120
PMI (estimate $0.5% of loan/year ÷ 12):	$
Total monthly PITI+PMI:	**$**

PMI goes away when your equity reaches 20% of the original home value.

$280,000 × 0.80 = $_______________

(loan must be at or below this to request PMI removal)

CREDIT SCORE → INTEREST RATE CONNECTION

Credit score range	Illustrative rate	Monthly payment on $250,000 loan
760+	6.5%	$1,580
720–759	6.8%	$1,631
680–719	7.2%	$1,701
640–679	7.8%	$1,800
Below 640	8.5%+	$1,922+

Why does building excellent credit as a teen — years before you buy a home — directly affect how much you pay for it?

👥 Meet the group:

Lucy: built an 810 credit score by age 25 through consistent on-time payments and low utilization. Her mortgage rate: 6.5%. Monthly payment on a $250,000 loan: $1,580.

Alex: had a few late payments in his early 20s. His score at 25: 668. His rate: 7.8%. Monthly payment on the same $250,000 loan: $1,800. Difference: $220/month. Over 30 years: $79,200 more.

Joseph: can't qualify for a mortgage yet. His score is 592 after the credit card issues from Unit 4. He's renting for at least 2 more years while he rebuilds.

Sofia: has no credit score. Even with $80,000 saved for a down payment, no lender will approve her without credit history. She must start building now.

What is the total 30-year cost difference between Lucy's and Alex's mortgages on the same house? What decisions made at 17–20 led directly to this outcome?

✔ Lesson Finisher

1. PMI is required when:

a) You finance a home with less than 20% down

b) You miss your first mortgage payment

c) Your credit score is below 700

d) Your home value increases by 20%

2. Explain why a credit score built as a teenager can save or cost you tens of thousands of dollars on a mortgage you might take out at age 28.

Lesson 7.4 — Health Insurance Basics

KEY VOCABULARY

Term	Write the definition in your own words
Premium	
Deductible	
Copay	
Coinsurance	
Out-of-pocket maximum	
HMO	
PPO	
HSA (Health Savings Account)	

THE FOUR COST LAYERS

Cost layer	Definition
Premium	Monthly fee to keep coverage — paid whether you use it or not
Deductible	Amount YOU pay first before insurance kicks in
Copay / Coinsurance	Your share of costs after the deductible is met
Out-of-pocket maximum	The most you will ever pay in a single year — insurance covers 100% above this

PLAN COMPARISON

Feature	Plan A (HDHP + HSA eligible)	Plan B (PPO)
Monthly premium	$180	$340
Annual premium cost	$	$
Deductible	$4,500	$750
Out-of-pocket max	$7,000	$5,000
HSA eligible?	Yes	No
If you stay healthy (no major care):	Total cost = $	Total cost = $
If you hit full deductible:	Total cost = $	Total cost = $

What is the key factor that determines which plan is right for a given person?

👥 **Meet the group:**

Joseph: skipped health insurance for 8 months after aging off his parents' plan. "I'm healthy — waste of money." He fell off his bike, broke his collarbone, and spent 4 hours in the ER. Bill: $12,400. He had no insurance. He's on a payment plan.

Sofia: chose the cheapest monthly premium — $95/month — without reading the $6,500 deductible. She needed $2,200 in dental work. Her plan didn't cover dental. She also needed an MRI: $1,800 before insurance kicked in.

Lucy: chose an HDHP with an HSA. She contributes $200/month to her HSA tax-free. After 2 years with minimal health expenses, she has $4,200 invested in her HSA growing tax-free.

Alex: calculated break-even points for two plans before choosing. If healthy, Plan A saves $1,920/year. If he hits the deductible, Plan B saves $450. He chose Plan A and opened an HSA.

What did Joseph's 8-month "saving" on premiums actually cost him? What specific calculation would have shown Sofia that her "cheap" plan was expensive?

✔ Lesson Finisher

1. You pay $200/month in premiums. Your deductible is $3,000. You have an unexpected $800 medical bill. How much do you pay out of pocket?

a) $0 — you've been paying premiums

b) $800 — you haven't met your deductible yet

c) $200 — just one month's premium

d) $3,000 — the full deductible applies immediately

2. In your own words, explain the "triple tax advantage" of an HSA and why it is valuable for a young, healthy adult.

Lesson 7.5 — Auto & Renters Insurance

KEY VOCABULARY

Term	Write the definition in your own words
Liability coverage	
Collision coverage	
Comprehensive coverage	
Deductible	
Underinsured motorist	
Renters insurance	
Personal property coverage	
Liability limit	

AUTO INSURANCE COVERAGE TYPES

Coverage type	What it covers
Liability — Bodily injury	Injuries YOU cause to OTHERS in an accident
Liability — Property damage	Damage YOU cause to OTHERS' property
Collision	Damage to YOUR car from a collision (regardless of fault)
Comprehensive	Non-collision damage: theft, weather, vandalism, animals
Uninsured / Under-insured motorist	Protects you if the at-fault driver has no or insufficient coverage

LIABILITY LIMITS

Auto liability limits are written as three numbers, e.g. 50/100/50: $50,000 per person / $100,000 per accident / $50,000 property damage.

Scenario: You cause an accident injuring two people. Medical bills: $45,000 each. Property damage: $18,000. Your policy: 50/100/50.	
Per-person limit covers:	$50,000 each — both medical bills are covered
Total accident limit check:	$90,000 total — within $100,000 limit
Property damage:	$18,000 — within $50,000 limit
If one person's medical bills had been $80,000:	You would owe $_______________ personally

RENTERS INSURANCE

Typical annual cost:	$180–$360/year ($15–$30/month)
Personal property covered:	$20,000–$30,000 (your stuff: laptop, clothes, furniture)
Liability covered:	$100,000 (if someone is injured in your apartment)
Value calculation:	$20,000 in possessions ÷ $240/year premium = __________ years of coverage per dollar lost

A friend says "I don't need renters insurance — my stuff isn't worth much." Name two reasons they might be wrong even if their possessions have low value.

👥 Meet the group:

Alex: carries the minimum state-required liability coverage (25/50/25) to save money on premiums. He causes an accident; one person's medical bills total $74,000. His policy covers $25,000. He is personally liable for $49,000. He doesn't have $49,000.

Joseph: has no renters insurance. A pipe in his building bursts and floods his apartment. His laptop ($1,200), TV ($600), gaming setup ($800), and clothes ($1,400) are destroyed. Total loss: $4,000. He recovers: $0.

Lucy: pays $18/month for renters insurance. She's had it for 2 years and never filed a claim. Total paid: $432. She sleeps fine knowing her $14,000 in possessions are covered.

Sofia: keeps her possessions minimal. She has no renters insurance either, but her total personal property is worth approximately $1,800. The math is different for her than for Joseph.

What is the specific dollar gap between Alex's coverage and his liability? At what level of personal possessions does renters insurance clearly become "worth it" versus optional?

✔ Lesson Finisher

1. Your auto liability policy is 25/50/25. You cause an accident with $60,000 in damages to one person. How much do you owe personally?

a) $0 — your policy covers all accidents up to $50,000

b) $25,000 — one person maximum, then insurance stops

c) $35,000 — the gap between the $60,000 bill and your $25,000 limit

d) $10,000 — your deductible applies

2. Name the two things renters insurance covers beyond just your personal belongings, and explain why the liability coverage may matter more than the property coverage.

Lesson 7.6 — Consumer Rights & Protection

KEY VOCABULARY

Term	Write the definition in your own words
CFPB	
Fair Credit Reporting Act (FCRA)	
Fair Debt Collection Practices Act	
Chargeback	
Fraud alert	
Credit freeze	
Identity theft	
Arbitration clause	

YOUR RIGHTS UNDER FEDERAL LAW

Right	The law that gives you it
Free credit report (once/year per bureau)	FCRA
Dispute inaccurate information on your credit report	FCRA
Require debt collectors to verify a debt in writing	FDCPA
Dispute unauthorized credit card charges	Fair Credit Billing Act
Receive a refund for goods not delivered as promised	FTC Consumer Protection

IDENTITY THEFT RESPONSE PLAN

Step	Action
1	Place a fraud alert with one credit bureau (they notify the others automatically)
2	Review all three credit reports at annualcreditreport.com for unauthorized accounts
3	File a report with the FTC at identitytheft.gov
4	Consider placing a credit freeze to block all new account openings
5	Contact each affected financial institution directly to dispute fraudulent accounts

DISPUTING A CHARGE

You see a $189 charge from a company you don't recognize on your credit card statement. Fill in each step:

Step 1:	Check your records — could it be a subscription you forgot?
Step 2:	
Step 3:	
Step 4:	
Key advantage: using a CREDIT card (not debit) for this:	

SCAM RECOGNITION

Scenario	LEGIT or SCAM — explain one red flag
"Your bank called — verify your account by pressing 1 and giving your PIN."	LEGIT / SCAM
Email from your credit union with your name, asking you to log in via a link.	LEGIT / SCAM
Text: "Your package could not be delivered. Pay $3 to reschedule."	LEGIT / SCAM
A job posting on LinkedIn with a salary 40% above market — no interview required.	LEGIT / SCAM

👥 Meet the group:

Lucy: noticed an unfamiliar $189 charge on her credit card. She called her card issuer, disputed it as fraud, and had a provisional credit on her account within 48 hours. The charge was reversed permanently 10 days later.

Sofia: uses only her debit card for everything. She had the same type of fraudulent charge ($240). With a debit card, the money was already gone from her bank account. Recovery took 3 weeks and required a police report.

Joseph: got a text: “Your package couldn’t be delivered. Pay $3.99 to reschedule.” He clicked the link and entered his debit card. The “$3.99” was actually a $349 subscription and his card number was stolen.

Alex: froze his credit reports as a precaution after a data breach at a company he used. It cost nothing and took 10 minutes. No new credit can be opened in his name without his unfreeze code.

What specific feature of a credit card (vs. debit card) made Lucy’s dispute faster and safer than Sofia’s? What two actions would have protected Joseph before he clicked that link?

✔ Lesson Finisher

1. Under the Fair Credit Reporting Act, how often can you get a free copy of your credit report from each major bureau?

a) Once every 5 years
b) Once per year at annualcreditreport.com
c) Twice per year if you have a dispute
d) Only if you’ve been denied credit

2. Explain in your own words why using a credit card (and paying it off in full each month) offers better fraud protection than using a debit card.

Unit 7 Review — Housing & Insurance

Review your notes from all six lessons before starting.

PART 1 — UNIT SUMMARY

Lesson	Key concepts
7.1 Renting	Move-in cost = first + last + deposit + utilities • 30% rule for rent • Save before you search
7.2 Reading a Lease	Every clause has consequences • Negotiate before signing, not after • Get all agreements in writing
7.3 Mortgages	PITI + PMI = true monthly cost • Credit score built at 17 affects mortgage rate at 27 • Every 0.5% rate difference = thousands over 30 years
7.4 Health Insurance	Premium + deductible + coinsurance = true cost • HDHP + HSA = triple tax advantage • Skipping coverage is the most expensive choice
7.5 Auto & Renters	Minimum liability = maximum personal risk • Renters insurance covers property AND liability • $180/year for $20,000 in coverage is a good deal
7.6 Consumer Rights	FCRA = free annual credit report + dispute rights • Credit cards offer better fraud protection than debit • Credit freeze is free and powerful

PART 2 — KEY TERMS REVIEW

Term	Your definition
Security deposit	
30% rule	
PMI	

PITI	
Deductible	
Out-of-pocket maximum	
Renters insurance	
Credit freeze	

PART 3 — THE GROUP WEIGHS IN

👥 **Meet the group:**

All four friends are 22 and making their first year of fully independent decisions. Same month, same challenges:

Lucy: signs her first lease (she read every clause), has renters insurance starting day one, an HDHP plan with an HSA she contributes to monthly, and a 3-month emergency fund. Her financial foundation is solid.

Joseph: skipped renters insurance to save $18/month. His upstairs neighbor's pipe burst and destroyed his TV and laptop ($2,200). His building's insurance doesn't cover his possessions. He recovers $0.

Alex: is renting month-to-month (no lease) while he saves for a condo down payment. Higher monthly cost, but maximum flexibility. He has collision coverage on his car but minimum liability — a calculated risk.

Sofia: finally opened a bank account and got a secured credit card this year. She's building credit for the first time. She's still avoiding health insurance because she doesn't understand how to choose a plan.

Discussion: What is the exact dollar value of Joseph's "saving" $18/month on renters insurance over one year versus what he lost? What is the single most impactful next step for Sofia?

PART 4 — REFLECTION

The housing cost I underestimated most before this unit:	
The insurance I would buy first as a new independent adult:	
One consumer right I will use in my lifetime:	