Starter worksheet - Chapter 18

Financial Options - Weighing Up Mortgage Choices
A mortgage is usually the largest loan a person or household will take out in their lives in order to buy a home. It is repaid over a long period (25-35 years).

Activity: You are applying for a €500,000 mortgage with Bank A and Bank B - who offer different terms. **For each individual scenario, decide which bank you would use.**

Scenario 1

Bank A	Bank B
Monthly repayments are €2,100 per month	Monthly repayments are €2,300 per month
Reason:	

Scenario 2

Bank A	Bank B
Total repayments for the loan are €756,000	Total repayments for the loan are €720,000
Reason:	

Scenario 3

Bank A	Bank B
They offer 2% in cash for the value of the mortgage	They offer €2,500 in cash for new mortgages
Reason:	

Scenario 4

Bank A	Bank B
Fixed rate at 3% for 5 years	Variable rate (could rise or fall from 3%)
Reason:	

Scenario 5

Bank A	Bank B
Penalties and fees exist for overpayments	Allow user to make overpayments
Reason:	

Decision Time – Weighing Up All Information

👉 If you had a stable but tight income and valued certainty, which bank would you choose? Why?

👉 Overall, which bank would you choose and justify your answer using at least three factors.