

Group 1: Afzal, Johnson, and Morrison Nov. 30, 2015

**101 Goldenwood Drive, Slidell, LA 70461**



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After graduating from College I want to buy a house, so that my hard earned money ends up in my pocket and not that of a landlord. With a bachelor in Independent Studies and being female, I look forward to a salary between \$32,337 and \$63,013 (from: [www.payscale.com](http://www.payscale.com)). I expect to earn about \$35,000 per year at the beginning. As a ballpark estimate, the bank will lend me about three to five times that amount, which means between 105,000 and 175,000.

Looking for a combination of affordable housing and good public school education my eyes landed on the Northshore. In contrast to Mandeville, which has only the Causeway connection, Slidell and New Orleans are connected by three bridges; the I-10 Twin Span, the Highway 90 and the Highway 11 bridges. If a hurricane approaches you have three major escape routes, because Slidell is located on a big Interstate cross. The interstate I-59 goes north towards Chicago, and the I-10 is the southernmost transcontinental Interstate in the US, which stretches from Santa Monica, California to Jacksonville, Florida.

From Slidell it takes you 45 minutes to downtown New Orleans for fun and entertainment, or to the airport to fly away. In 20 minutes you are at the Stennis Space Center or in Michoud for work. And, in 30 minutes you can be at the Gulf Coast in Mississippi, enjoying outlet stores, the beach, or the Casinos. In Slidell you can basically take a swamp tour from your backyard if you choose to live at the water or you can take a tour within a short driving distance. You can use the public boat ramps to bring your own boat into the water or visit the public beach if you have none. Slidell has two bigger hospitals, and a ton of physicians, lots of restaurants, an amateur theatre, and three big parks with another huge one in the planning for old and young. The newly renovated public library offers not only all kinds of media, but also Internet access and a computer lab for Slidell residents. The best public schools are in the Eastern part of Slidell so I went looking there for houses. Honey Island Elementary School, Little Oak Middle School, Boyet Junior High School and Northshore High School all have either a rating of eight or nine out of ten (from the Zillow.com website).

I found fourteen houses on the market in the area I like best. Their prices range from \$150,000 to \$200,000. Some were too small, or too close to the interstate (therefore loud), and some had a price tag I did not feel comfortable with. Using [bankrate.com](http://bankrate.com)'s "How much House can I afford" I learned that with no debt payments, like credit card, car notes, or alimony payments, an estimated \$3,800 homeowner's insurance and real estate taxes, plus a down payment of 36,000, I can afford to buy a house of up to \$187,000.

My parents said they would lend me the 20% down payment at a Zero percent interest loan. So I decided to buy 101 Goldenwood, Slidell, LA 70461. It costs more than some of the other houses in the Willow Wood neighborhood, but it is recently renovated and remodeled. Hopefully there will be no major repairs or broken appliances to take care of in the near future.

My chosen home is a 1,892 square foot house with four bedrooms and three baths. It has an open floorplan and is situated on a fenced corner lot. What I like best is that the house has a Mother-in-law-suite with a separate entrance and handicapped-accessible shower. If money is ever short I might be able to rent it out for some time.

The house has new tile and wood laminate flooring, which are easy to clean. And, The kitchen has new stainless appliances, cabinets, granite countertops and glass tile backsplash. I like the sleek, modern feeling of the bathrooms; they have new tile tub surrounds, cabinets, granite countertops, and modern wash basins. The living room has a tiled fireplace surround with wiring in the mantel for a flat screen TV. The kitchen is open to the breakfast and living room. The master bedroom has a large walk-in closet with lots of shelving. New light fixtures and ceiling fans were installed in all bedrooms. The laundry room has cabinets and a granite-topped folding area. The home has all new energy-efficient windows and all new interior doors and trim, including crown molding. New central air conditioning system and attic insulation will keep me cool in the summer.

Within walking distance from 101 Goldenwood Drive are two supermarkets, three gas stations, two auto parts stores, one car shop, several doctor's offices, Ochsner Northshore medical center, several restaurants (Vietnamese, Italian, American, and more), pharmacies, a self-storage place, a hairdresser, a Bank, and a public playground. By car you need less than ten minutes to two different hospitals, the public library and any of the schools.

For a \$144,000 loan with a 20% down payment and an excellent credit score of above 740, I found (on Wednesday, Jul 8) on bankrate.com the offer of an interest rate of 4.080% by HSBC Bank USA. The effective interest rate of 4.113% is for a 30 year fixed mortgage. Fees payable are \$704.50, at 0 points; this means you don't prepay interest to receive a lower interest rate. The rate will be locked in for 60 days.

With my financial calculator, plugging in:  $N = 360$  for the 30 years,  $I/Y = 4.08/12 = 0.34$  for the monthly interest rate,  $PV = 144,000$  for the loan amount, and  $FV = 0$ , I calculated a mortgage payment of \$694.14 per month. I made an amortization table in Excel. If I don't change anything about this mortgage, I will have paid a total interest of \$105,887.58 for a loan of \$144,000.00 at the end of the 30 years.

For the first 13 years you have to pay more interest than you pay off from your principal balance. If you any additional money becomes available you should pay off some of your mortgage as early as possible. Early on is also a good time if you consider refinancing at a lower interest rate early. In the last years of the 30 year mortgage, you pay comparatively little interest, so it would make no sense to pay off the loan then.

Websites:

[http://www.payscale.com/research/US/Degree=Bachelor\\_of\\_Arts\\_%28BA%29\\_Interdisciplinary\\_Studies\\_%28IS%29/Salary](http://www.payscale.com/research/US/Degree=Bachelor_of_Arts_%28BA%29_Interdisciplinary_Studies_%28IS%29/Salary)

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<http://www.cbsnews.com/news/20-worst-paying-college-degrees-in-2010/>

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<http://www.bankrate.com/mortgage.aspx?ic id=home smart-spending mortgages globalnav>

[https://en.wikipedia.org/wiki/Slidell,\\_Louisiana](https://en.wikipedia.org/wiki/Slidell,_Louisiana)