Homework Check: none

Note: Prerequisite Skills

When budgeting, you have to determine which costs are fixed and which costs are variable. Fixed costs are costs that remain the same and are charged at regular intervals. Monthly rent or car payments are fixed costs. Variable costs are costs that change and may not occur on a regular schedule. Gasoline and maintenance costs are variable costs associated with owning a vehicle.

There are costs associated with owning or renting a home. When renting a home, the tenant pays the landlord for use of the property. These costs can include utilities and parking depending on the rental agreement. A tenant will usually pay extra for phone, cable and or internet services. When owning a home, the owner must buy the property usually by procuring a mortgage. The owner will pay property taxes, insurance, maintenance, and all services necessary. Regularly, it is more expensive to own a property than rent.

Homework: FCM 12 p. 484 # 1, 3, 7, 8, 10, 11, 12a