

Rent vs. Own

Standard 10: Home Ownership and Renting

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Grade Level	7th – 12th Grade	**Time Frame**	200 minutes
Subject	Financial Literacy, Social Studies	**Duration**	3-4 class periods
Course	Personal Financial Literacy		

Essential Question

What are the differences between homeownership and renting? What are the responsibilities and benefits of owning versus renting a home or apartment?

Summary

In this lesson for personal financial responsibility and career exploration, students will evaluate the costs and benefits of renting versus buying a home. They will explore the differences between a mortgage document and a lease agreement. Students will read and identify the benefits and challenges of renting compared to homeownership. As an extension of the lesson, students will watch an interview with a loan officer to determine what is needed when purchasing a home.

Snapshot

Engage

Students share what they know about renting or homeownership through a sticky note activity.

Explore

Students investigate sample mortgage and lease agreements to begin identifying the elements of homeownership and renting.

Explain

Students read an article to deepen their understanding of homeownership and renting. Students create charts to graphically organize the benefits and responsibilities of each.

Extend

Students watch an interview with a bank loan officer and complete a 3-2-1 summary of the interview.

Evaluate

Based on the information learned in the lesson, students choose whether they would prefer to rent an apartment or own a home. An optional project, where students describe their ideal home or apartment, can also be used as an evaluation of the lesson.

Standards

ACT College and Career Readiness Standards - Reading (6-12)

CLR401: Locate important details in somewhat challenging passages
CLR402: Draw logical conclusions in somewhat challenging passages
WME402: Interpret most words and phrases as they are used in somewhat challenging passages, including determining technical, connotative, and figurative meanings

Oklahoma Academic Standards (Personal Financial Literacy (7th through 12th grade))

PFL.10: The student will explain and compare the responsibilities of renting versus buying a home.
PFL.10.1: Compare the costs and benefits of renting versus buying a home.
PFL.10.2: Explain the elements of a standard lease agreement (e.g., deposit, due date, grace period, late fees, and utilities).
PFL.10.3: Explain the elements of a mortgage (e.g., down payment, escrow account, due date, late fees, property taxes, potential early payment penalties, and amortization tables); types of lenders; and fixed or adjustable rate mortgage loans.

Attachments

- 3-2-1-Video-Chart-Rent-vs-Own - Spanish.docx
- 3-2-1-Video-Chart-Rent-vs-Own - Spanish.pdf
- 3-2-1-Video-Chart-Rent-vs-Own.docx
- 3-2-1-Video-Chart-Rent-vs-Own.pdf
- Benefits-and-Responsibilities-Chart-Rent-vs-Own - Spanish.docx
- Benefits-and-Responsibilities-Chart-Rent-vs-Own - Spanish.pdf
- Benefits-and-Responsibilities-Chart-Rent-vs-Own.docx
- Benefits-and-Responsibilities-Chart-Rent-vs-Own.pdf
- Benefits-and-Responsibilities-Chart-Teacher-Answer-Key-Rent-vs-Own.docx
- Benefits-and-Responsibilities-Chart-Teacher-Answer-Key-Rent-vs-Own.pdf
- Lesson-Slides-Rent-vs-Own.pptx
- My-Ideal-Home-or-Apartment-Rubric-Rent-vs-Own - Spanish.docx
- My-Ideal-Home-or-Apartment-Rubric-Rent-vs-Own - Spanish.pdf
- My-Ideal-Home-or-Apartment-Rubric-Rent-vs-Own.docx
- My-Ideal-Home-or-Apartment-Rubric-Rent-vs-Own.pdf
- Sample-Mortgage-Statement-Rent-vs-Own - Spanish.docx
- Sample-Mortgage-Statement-Rent-vs-Own - Spanish.pdf
- Sample-Mortgage-Statement-Rent-vs-Own.docx
- Sample-Mortgage-Statement-Rent-vs-Own.pdf
- Sample-Rental-Agreement-Rent-vs-Own - Spanish.docx
- Sample-Rental-Agreement-Rent-vs-Own - Spanish.pdf
- Sample-Rental-Agreement-Rent-vs-Own.docx
- Sample-Rental-Agreement-Rent-vs-Own.pdf
- What-Does-It-Take-to-Be-a-Homeowner-or-Renter-Rent-vs-Own - Spanish.docx
- What-Does-It-Take-to-Be-a-Homeowner-or-Renter-Rent-vs-Own - Spanish.pdf
- What-Does-It-Take-to-Be-a-Homeowner-or-Renter-Rent-vs-Own.docx
- What-Does-It-Take-to-Be-a-Homeowner-or-Renter-Rent-vs-Own.pdf

Materials

- Lesson Slides (attached)
- Chart tablet, poster paper, or similar (2 separate pieces)
- Sticky notes (2 per student)
- 3-2-1 handout (attached, 1 per student)

- Benefits and Responsibilities Chart (attached, 1 per student)
- Benefits and Responsibilities Chart—Teacher Answer Key (attached)
- My Ideal Home or Apartment Rubric (attached, optional; 1 per student)
- Sample Mortgage Statement (attached, 1 per student)
- Sample Rental Agreement (attached, 1 per student)
- What Does It Take to Be a Homeowner or Renter? reading (attached, 1 per student)

20 minutes

Engage

Teacher's Note: Activity Preparation

Before you begin this part of the lesson, prepare two pieces of chart tablet paper, poster paper, or similar. Label one tablet paper with the word "Rent" and label one piece of tablet paper with the word "Own." Place the "Rent" chart tablet paper on one side of the room and the "Own" chart tablet paper on the opposite side of the room.

Use the attached **Lesson Slides** to guide the lesson.

As students walk into class, display the essential questions on **slide 3.** Pose the first essential question to students: "*What are the differences between homeownership and renting?*" Allow students a moment to think about this question.

Display **slide 4**. Have students turn to an Elbow Partner to discuss what they may know about renting an apartment or home and homeownership. Pass out two sticky notes to each partner. Ask partners to come up with one fact each of homeownership and renting as they discuss, writing one fact on each sticky note. Allow 5 minutes for partner discussion.

Have students place their sticky note responses on the appropriate chart tablet paper displayed around the room. Once all sticky notes are posted on the appropriate chart tablet paper, read aloud most or all of the responses for each.

Display **slide 5.** Read aloud the second essential question on the slide: "*What are the responsibilities and benefits of owning versus renting a home or apartment?*" Read aloud the explanation of benefits and responsibilities. As a class discussion, ask if students heard any benefits about renting when the sticky notes were read aloud. Additionally, ask if they heard any benefits about homeownership. Next, ask if they heard any sticky notes that mentioned responsibilities of renting; then, of homeownership.

You may have to repeat your reading aloud of several sticky notes from each chart tablet. Call on volunteers that may have possible responses to this second essential question.

Discussion Notes: Benefits and Responsibilities

At this point in the lesson, students may not yet be able to identify responsibilities or benefits. Students will be able to explore these topics further in the next phases of the lesson.

30 minutes

Explore

Combine partners into working groups of no larger than three or four. Tell students that they will be looking for more information about the differences between renting a home or an apartment and homeownership.

Distribute a copy of the attached **Sample Rental Agreement** to all students. Display **slide 6**. Tell students that, as they read through the rental agreement, they should use the Thinking Notes strategy to notate. This means they should star main ideas, put an exclamation point by important information, and add a question mark by any words or ideas that are confusing, new, or unknown. Give students 5-10 minutes to complete this task.

When students are finished, invite them to discuss their Thinking Notes with their groups. Ask students specifically to give special attention to the words or concepts they did not know or were confused by—in doing so, have them ask if anyone in the group can clarify their questions. Next, ask groups to define or summarize what a lease agreement is based on their observations and discussion.

After groups have had time to discuss, ask for groups to share with the class how they would define a rental or lease agreement. Then, with students' participation, address the information students annotated with a star, exclamation point, or question mark. Ask student volunteers to share their main ideas and then important information. Finally, ask students to share anything that they found confusing or new that they could not clarify within the group.

Discussion Notes: Rental Agreement

Students should be able to define a rental or lease agreement as a contract between the owner or landlord of the apartment with the renter or lessee. Emphasize that this contract defines what the responsibilities are for the renter or lessee in the agreement and what the responsibilities are for the landlord or owner of the apartment. Through the class discussion, students should gain some insight into the terms used in a lease agreement—tenant, premises, utilities, security deposit, written notices, and late fees.

Display **slide 7.** Distribute a copy of the attached **Sample Mortgage Statement** to all students. Give students 5-10 minutes to read through the mortgage statement on their own using the Thinking Notes strategy once more. Students should again star main ideas, put an exclamation point next to information they think is important, and put a question mark next to any new, unknown, or difficult-to-understand words or concepts. When students finish reading and annotating, invite them to discuss their Thinking Notes with their groups.

Again, ask students to give special attention to the words or concepts they did not know or were confused by, and to see if anyone in the group can clarify. Next, ask groups to define a mortgage based on their observations and discussion.

After groups have had time to discuss, ask for groups to volunteer and share how they would define or summarize a mortgage statement. Then, with students' participation, address the information students annotated with a star, exclamation point, or question mark. Clarify any confusion about terms or ideas.

Discussion Notes: Mortgage Statement

Students should be able to define a mortgage statement as *information provided by the lender of how much the homeowner owes monthly on their home loan and the total loan amount*. During the Thinking Notes share out, these are some of the facts that may be discussed: the statement includes the monthly mortgage payment, interest, and the balance left remaining on the home loan. On this statement, the homeowner is given different choices to make a payment.

As students share out facts about the statement, point out how the remaining loan or money amount owed by the homeowner changes if they pay the full amount, pay interest only, or pay the minimum amount. Explain that the lender makes their profit by the interest charged on the loan.

Ask students to find the percentage of interest rate charged on this home loan. (Answer: 4.75%.)

35 minutes

Explain

Display **slide 8.** Tell students that, depending on your lifestyle choices, renting and homeownership offer both benefits and responsibilities. Address these terms again by reading slide 8 aloud. Remind students that they just reviewed a lease agreement and mortgage statement—did anyone recognize a benefit of renting? Of owning a home? Did anyone recognize a responsibility or requirement of renting? Of homeownership? Call on any volunteers for their thoughts.

Pass out a copy of the attached **What Does it Take to Be a Homeowner or Renter?** reading and the **Benefits and Responsibilities Chart** handout to all students. Instruct students to read the article using the Stop and Jot strategy. Display **slide 9.**

As students read, have them "Stop and Jot down" any sentence or phrase that might contain benefits or responsibilities of either homeownership or renting. These should be recorded in the appropriate section of the chart. Give students 20-30 minutes to complete this task.

Once students have individually read the article and completed the chart, move to **slide 10,** and allow students to return to their previous groups for discussion. Students should compare their charts and add any missing information provided by the group.

Students should still have their Sample Mortgage Statement and Sample Rental Agreement. Have groups reexamine these documents. Ask groups to list any further benefits and responsibilities in their charts observed in the lease and mortgage samples, discussing this as a group.

Once student groups have completed their lists, have each group volunteer one statement with the class until one to two statements for each section of the chart have been shared as examples. A **Benefits and Responsibilities Chart (Teacher Answer Key)** is provided in the attachments to support this discussion.

Discussion Notes: Benefits and Responsibilities Chart

The answer key contains concepts mentioned in the reading as well as from the documents presented in the Explore activity. Students may not use the exact same language in their responses, but the ideas should be similar. Some concepts from the Sample Rental Agreement and Sample Mortgage Statement may be inferred through group discussion. As long as responses line up with basic principles of renting or homeownership, they should be considered correct.

35 minutes

Extend

The previous reading contained information about renting and homeownership. Explain to students that, to buy a home, a home buyer must ask for a loan from a bank or credit union. In this part of the lesson, students will watch a career interview with bank loan officer Cameron Brewer. Pass out a copy of the attached **3-2-1 Video Chart** handout to each student. Explain the 3-2-1 strategy to students, and ask them to use the strategy to fill out the 3-2-1 Video Chart as they watch the video. Once students are ready to begin, move to **slide 11** and view the ICAP video on the slide, "Banking - Cameron Brewer - Zoom Into Your Career."

Embedded video

https://youtube.com/watch?v=myF01pusOi4

After students watch the video and complete the handout, conduct a class discussion about what they learned. Call on volunteers first to share facts they learned in the video. Next, ask students to share one of the banking careers discussed in the video. Finally, call on volunteers to share any questions they still have. Try to answer all questions or call on students to research questions raised on their own, then share with the class.

Discussion Notes: 3-2-1

Students should learn that a potential home buyer meets with a loan officer, who reviews their application for a loan. The loan officer's evaluation includes a good credit history, ability to repay the loan, and ability to make mortgage payments. Potential applicants can be turned down for a loan. Primarily, potential homebuyers need 20% of a down payment of the total loan, with the other 80% financed through the bank. Mr. Brewer's typical day includes meeting with people who want to start businesses. He discusses the importance of the location of the business and that applicants have a successful business plan.

Three careers mentioned in the video are loan officer, teller, and loan analyst. Students should be able to discuss at least two of these three careers.

Students may still have lingering questions about homeownership, renting, banking loans, or banking careers. Allow students to share their questions and discuss as many as possible.

15 minutes

Evaluate

Optional: My Ideal Home or Apartment

If time permits, consider having students participate in this additional project, where each student can research a home or apartment in their area and research the details, costs, and benefits of becoming a homeowner or renter there.

Display **slide 12** and go over the details of the project. Pass out a copy of the attached **My Ideal Home or Apartment Rubric** to each student. Move to **slide 13,** and go over the final product's requirements as a class.

Give students the choice of creating a mini-poster or a slide presentation using PowerPoint or Google Slides. Allow two additional days for this project: one day for research and one day for presentations.

Note that certain websites exist specifically to find local apartments for rent or homes for sale. Students who choose renting an apartment as their project can find available local apartments at Rent.com or Apartment List. Students who choose buying a house can find homes at sites such as Zillow or Realtor.com.

If this project is not an option for your classroom due to time constraints, you may choose to hide slides 12-13. To do so, navigate to the editing view of the Lesson Slides. Then, in the left-hand column, right-click on slide 12 and select "Hide Slide" in the menu. Repeat with slide 13.

Optional Modification for Distance Learning

If conducting this lesson in an online or distance learning environment, you may choose to invite students to create their mini-posters on a site like Canva. To allow students to present their mini-posters, you can upload students' posters to a site such as VoiceThread.

Move to **slide 14.** Designate one side of the room as "Renters" and the other side of the room as "Homeowners". Ask students to reflect on all they have learned about both and ask students to choose the **best** reason to be a renter or the **best** reason to be a homeowner. Have students move to the side of the room that reflects their choice.

Have students discuss their choice with like-minded students in their groups. Call on one representative from each side to share a summary of the group discussion.

Additional assessments for this lesson include the Thinking Notes, Benefits and Responsibilities Chart, the 3-2-1 Video Chart, and the optional My Ideal Home or Apartment project.

Teacher's Note: Looking for Hands-on Financial Literacy?

Mind Your Own Budget (MYOB) is a comprehensive game-based learning application for financial literacy. Mind Your Own Budget is aligned with the OK Passport and National Standards for Financial Literacy. Through game-playing, students encounter everyday financial tasks such as making and keeping a budget, paying recurring and emergency expenses, managing financial accounts, and using financial instruments. Each scenario presents a new challenge and teaches new concepts while building on important budgeting basics. To find out more, go to K20 Digital Game-Based Learning or email k20center@ou.edu.

Resources

- K20 Center. (2020, July). Banking - Cameron Brewer - Zoom Into Your Career [Video]. YouTube. https://youtu.be/myF01pusOi4
- K20 center. (n.d.). 3-2-1. Strategies. https://learn.k20center.ou.edu/strategy/117
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