

Figure 19.1: An Example of a PBL Project

Should Our Family Invest in Rental Real Estate?

The Problem: Your father recently inherited \$35,000 and is considering investing in a duplex. He intends to rent out each side and use the income to build a long-term investment to pay for your college education. Your father knows construction and will evaluate the condition of the property overall. However, he asks you to give him an educated judgment on all costs and rental income. He needs evidence to show that the rent he generates will cover all costs and allow him to save enough money to fund your college account each year. He then asks that you compare that net rental income to the estimated interest income of 4 percent that he might generate if he invests the funds in the stock market.

Driving Question: Should the family purchase a duplex rental property?

Necessary Artifacts:

Worksheet/Excel Sheet of Purchase Costs: Include down payment of 20 percent on a duplex costing \$80,000. What will be borrowed? How much are closing costs?

Worksheet/Excel Sheet of Operating Costs: Include information on mortgage note, estimated maintenance costs (at 15 percent of the rental payments), yearly taxes and insurance, and other potential costs.

Worksheet/Excel Sheet of Potential Income: What is the rental income from two-bed/two-bath apartments in that area of town? Estimate yearly rental income.

Written Log of Weekly Accomplishments: Your father asks you to present him a progress report each week during those two months.

Final Product: The final project must include the first three artifacts above (on computer) and a written document that summarizes all of that information and answers the question. This project is due in two months and will be presented to the family in a family meeting.
