

Conditions of Mortgages

Assume you have purchased a new home worth \$275,000.

You have signed onto a mortgage with a 25 year amortization period at 2.89% interest.

$$N = 25 \times 12 = 300$$

Complete the table below to determine your monthly payment based on each down payment.

Then, determine the total cost of the home at the end of the amortization period.

Down Payment (%)	Down Payment (\$)	PV Mortgage Amount	Monthly Payment	ALL Total Cost Payments + Down Payment
5	13,750	261,250	1221.66	340,248
10	27,500	247,500	1157.36	374,708
15	41,250	233,750	1093.06	369,168
20	55,000	220,000	1028.76	363,628
50	137,500	137,500	642.98	330,394

Assume you have purchased a new home worth \$350,000.

You have signed onto a mortgage with a 25 year amortization period and will be making a 20% down payment.

Fill in the blanks and then complete the table below to determine your monthly payment based on each percent interest.

Total number of payments: $25 \times 12 = 300$ (N)

Down Payment: $350,000 \times 0.20 = 70,000$

Mortgage Amount: $350,000 - 70,000 = 280,000$

Interest Rate (%)	Monthly Payment	ALL Total Cost Payments + Down Payment
2.89%	1309.33	462,799
2.94%	1316.48	464,944
3.00%	1325.09	467,527
3.29%	1367.10	440,130