Money Management

Mortgage Calculations

Go to <http://www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx> and use that calculator to answer the following questions.

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| **Answers** |  | **Question** |
|  |  | Loan Amount = $178,250; Interest rate 4.5%; Term 30 years;  What is the monthly payment? |
|  |  | Scroll to the bottom(you may have to click on Show/Recalculate Amortization Schedule) – How much interest do you pay over the 30 years of the loans |
|  |  | When will the loan be paid off? |
|  |  | When will the loan be paid off if you pay an additional $50 on the loan? |
|  |  | How many years sooner is you loan paid off with the additional $50 payment? |
|  |  | How much interest do you pay over 30 years with the additional $50 monthly payment? |
|  |  | How much money do you save by paying the additional $50 per month? |
|  |  | Now erase the $50 additional payment and change the interest rate to 3.5% - what is the monthly payment now? |
|  |  | Scroll to the bottom(you may have to click on Show/Recalculate Amortization Schedule) – How much interest do you pay over the 30 years of the loans |
|  |  | How much do you save if you are able to get a 3.5% interest rate instead? |
|  |  | If you have to pay $1700 per discount point and have to purchase 4 points – how much will you have to pay up front? |
|  |  | How much do you save overall then? |
|  |  | When will the loan be paid off if you pay an additional $50 on the loan? |
|  |  | How many years sooner is you loan paid off with the additional $50 payment? |
|  |  | How much interest do you pay over 30 years with the additional $50 monthly payment? |
|  |  | How much money do you save by paying the additional $50 per month? |
|  |  | How much is the monthly payment at 4.5% interest rate but a 15 year terms instead of 30 years? |
|  |  | How much interest do you pay with a 15 year loan? |
|  |  | How much do you save on interest? |
|  |  | How much do you save on interest if you pay an additional $50 each month? |

Which plan seems like the best?