

# Mortgage Calculations

**Directions:**

Answer the following questions. Show your work.

1. The Andres family has \$40,000 for a down payment on a house and closing costs. They need a loan to cover the remaining expenses on a house they will purchase for \$150,000. The closing costs are five percent of the home value. How much will the mortgage or home loan be?
2. Would this payment require mortgage insurance? If so, how much more would they need to pay to avoid mortgage insurance?

## STUDENT ACTIVITY

3. How much will the monthly payment for the Riaz family's home loan of \$120,000 be if the loan is a 15 year loan with an interest rate with five percent 5% annual interest rate?

4. How much will the monthly payment for the Riaz family's home loan be if the loan was a 30 year loan with an annual interest rate of three percent?

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5. The Riaz family decides to go with the fifteen year loan. Make an amortization schedule for the first year of payments. Mr. Riaz receives a quarterly bonus, so he will pay an extra \$1,000 in March, June, September and December, make sure to include these in the schedule.

Month	Current Principal	Payment	Interest Payment	Principal Payment
January	\$120,000			
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				