

INSTRUCTOR: MR BRICE.

01/24/2019.

NOTES TAKER: ENOCK

- House price : \$ 150,000.
- Down payment :→ \$ 15,000.
savings; family/friends
- Mortgage (%) — Credit score.
- Next, think of the type of mortgage eg. (15/20/30) yrs

Using Amortization schedule calculator

Mortgage amount : \$ 135,000.

Mortgage term in years : 30 yrs.

Term in months : 360

Interest rate per year

4.5%

Monthly Payments: \$ 684.03

Total principal paid: \$ 135,000

Total interest paid: \$ 111,249.09.

Worksheet #2 - amortization

9. Think of an item you want to buy someday - this could be a car, boat, house, special musical instrument or anything else. Do a little research to find a price for your dream item.
10. Think about how long it would take you to pay off a loan for this item. Give a guess of that time.
11. If you are interested in buying a house or a car, find the interest rate on a mortgage or a car loan (as appropriate). If you want to buy a boat or a musical instrument, find the rate for a personal loan (these loan rates are usually higher).
12. Go to <http://bit.ly/2yU6yWn>. Use your estimated cost of your dream item, the interest rate you found and the time you think it would take you to pay off the loan on that website to answer each of the following:
 - (a) What is your monthly payment?
 - (b) In the first month, how much of that payment goes to the principle (the amount that you originally borrowed) and how much goes to interest?
 - (c) What is the total amount you will repay over the life of the loan?
 - (d) What is the total amount of interest you will pay over the life of the loan?
 - (e) If you made an extra monthly payment of \$50, how many monthly payments would you need to make on the loan to pay it off?
13. Use that same amortization table for this set up: You are paying off \$35,000 in student loans. Current rates are 4.45% annually on your loans. If you want to repay your loan in 10 years, what would your monthly payments be?
14. With that same set-up, what is the total amount of interest you would repay?
15. If you decide to repay the same loan, but in 20 years instead, what would your monthly payments be?
16. What is the total amount of interest you would pay on this 20 year loan?
17. Is your monthly payment on the 20-year repayment plan twice that on the 10-year loan? Why or why not?

Homework #1 - amortization

For each item below, use the loan amortization schedule.

1. What would the monthly payment be for a \$100,000 mortgage at 4% interest over 30 years?

Ans: \$477.00

2. Now find the monthly payment for a \$100,000 mortgage at 4% interest over *15* years.

Ans: \$740.00

3. When you cut the duration of the loan in half, does the monthly payment double?

Ans: ~~Yes~~ No

4. How much total interest gets paid over the life of the 15-year loan?

Ans: \$33,144.00

5. How much total interest gets paid over the life of the 30-year loan?

Ans: \$71,870.00

6. Can you explain your answer to # 3?