

Name \_\_\_\_\_

**Financial Math**  
**Purchasing a Home**

## How to Knock Seven Years Off of Paying Your Mortgage

***Something a lot of people forget: By sending in one extra mortgage payment to your lender each year, you can avoid a lot of compound interest to your mortgage loan amount. This allows you to pay off a 30 year mortgage in 23 years instead.***

Home Price: \_\_\_\_\_

Down Payment \_\_\_\_\_

Mortgage Payment \_\_\_\_\_

Mortgage Loan Amount \_\_\_\_\_

Assume a 30 Year Mortgage at a Rate of 5% (\$5.13 per thousand financed)

Monthly Mortgage Payment (Loan Amount Divided by 1000, then Multiplied by 5.13) \_\_\_\_\_

<p><b>Option 1: Paying it off in 30 Years</b></p> <p>Monthly Mortgage Payment _____</p> <p>Monthly Payment Multiplied by 12</p> <hr/> <p>This is your Yearly Mortgage Bill (How much you will be paying for your mortgage each year).</p> <p>Yearly Mortgage Bill Multiplied by 30</p> <p>_____</p> <p>This is your total loan payments</p> <p>Total Cost of House (Total Loan Payments + Down Payment)</p> <hr/> <p>In this scenario we made _____ payments</p>	<p>Option 2: Sending in 1 extra payment per year</p> <p>Monthly Mortgage Payment _____</p> <p>Monthly Payment Multiplied by 13</p> <hr/> <p>This is your Yearly Mortgage Bill (How much you will be paying for your mortgage each year).</p> <p><b>Good News:</b> Yearly Mortgage Bill Multiplied by <b>23</b></p> <hr/> <p>This is your total loan payments</p> <p>Total Cost of House (Total Loan Payments + Down Payment)</p> <hr/> <p>In this scenario we made _____ payments</p>
--	---