

Lesson 8-5

Linda wants to purchase a Leisure Heights condominium apartment. She will borrow \$233,500 from the Dutchess Savings Bank. The bank is presently offering a 30 year fixed rate mortgage with an APR of 6.3 percent. Her monthly maintenance fee will be \$222.

- a) What is the monthly mortgage payment to the nearest cent?
- b) What will be her combined monthly payment?

$$PMT = \frac{A(i)}{[1 - (1+i)^{-n}]}$$

$$\textcircled{a} \text{ PAMT} = \textcircled{1445.30}$$

$$\textcircled{b} 1445.30 + 222 = \textcircled{1667.30}$$

Linda wants to purchase a Leisure Heights condominium apartment. She will borrow \$100,000 from the Dutchess Savings Bank. The bank is presently offering a 20 year fixed rate mortgage with an APR of 2.8 percent. Her monthly maintenance fee will be \$413.

- a) What is the monthly mortgage payment to the nearest cent?

- b) What will be her combined monthly payment?

$$\textcircled{a} \text{ PMT} = 544.63$$

$$\textcircled{b} 544.63 + 413.00 = 957.63$$

Ethel rented an apartment from a landlord in Sullivan County. Her rent was \$1,389 per month until she moved out last week. The new tenants pay \$1,467 per month. Calculate the percent change to the nearest tenth of a percent.

$$\frac{1467 - 1389}{1389} = \frac{78}{1389}$$

$$5.6\%$$

Ethel rented an apartment from a landlord in Sullivan County. Her rent was \$2,100 per month until she moved out last week. The new tenants pay \$1,915 per month. Calculate the percent change to the nearest tenth of a percent.

$$\frac{1915 - 2100}{2100}$$

$$-8.8\%$$

The Tensers bought a mobile home for \$132,000. If they put a down payment of 21.8%:

a) How much must they borrow?

b) The Tensers take out a 25 year mortgage at an APR of 5.33 percent, what will the monthly payment be to the nearest cent?

$$\begin{array}{r} \textcircled{a} \text{ Cost} \\ - \text{Downpayment} \\ \hline \text{Loan} \end{array} \qquad \begin{array}{r} 132,000 \\ - 28,776 \\ \hline 103,224 \end{array}$$

$$\textcircled{b} \text{ PMT} = \textcircled{623.45}$$

Equity - how much of your house you own.

$$\text{Equity} = \text{current value} - \text{mortgage balance}$$

Your house is worth \$125,000,
but your mortgage balance is \$67,000.
What is your equity in your home?

$$\$125,000 - 67,000 = 58,000 \text{ equity}$$

Your house is worth \$77,000
but your mortgage balance is \$100,000
What is your equity in your home?

$$77,000 - 100,000 = -23,000$$

Negative equity

Negative equity means you owe more
than your house is worth.

You would need another \$23,000 to pay the bank if you sold your house for \$77,000.

You would not be able to sell unless you give the bank \$100,000

You buy a house for \$90,000 and make a downpayment of 10%. The value of the house is \$65,000 and you have paid down \$10,000 of the mortgage. What is your equity?

Cost	90,000
- Downpayment	- 9,000
<hr/>	<hr/>
Loan	81,000
Paid down	- 10,000
<hr/>	<hr/>
mortgage balance	71,000

Equity $65,000 - 71,000 = -6,000$

You buy a house for \$117,000 and make a downpayment of 12%. The value of the house is \$153,000 and you have paid down \$17,000 of the mortgage. What is your equity?

Cost	117,000
<u>- Downpayment</u>	<u>- 14,040</u>
Loan	102,960
<u>Paid down</u>	<u>- 17,000</u>
mortgage balance	85,960

$$\text{Equity } 153,000 - 85,960 = 67,040$$

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Payment #	Payment	Interest	Princ Red	End Principal
Beginning				350,000.00
1	3000.98	1822.92	1178.06	348821.94
2	3000.98	1816.78	1184.20	347,637.74