

How to Buy a Home in the United States

Unit 3: Lesson 2: How to shop for a loan

Working with numbers

Solve the problems below. Use the Monthly Payment chart to find the answers to Problems B and C. The monthly mortgage payment includes the interest plus the principal.

Problem A: Buonlap has a mortgage of \$20,000. His mortgage contract says that he must pay for two points. What is the total amount he must pay for the points?

Problem B: Tran Nguyen bought a house for \$40,000. His down payment was \$5,000. He needed a \$35,000 mortgage. His bank gave him a \$35,000 mortgage loan payable over 30 years at 8 percent interest. How much are his monthly mortgage payments?

Problem C: Andre Moreau and his wife have found a house that costs \$50,000. The Moreaus want to pay \$10,000 as a down payment. How much money will they need to borrow? What will their monthly mortgage payments be if the interest rate is 9 percent on a 30-year loan?

Use Problems A, B, and C as examples to make up a problem of your own about monthly mortgage payments or points. Ask a classmate to solve it.

Monthly Payments on a 30-Year Fixed-Rate Mortgage
(Monthly payments shown include principal and interest only.
Real estate taxes and homeowners insurance are not included.)

Loan Amount	Interest Rates							
	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
\$25,000	158	166	175	183	192	201	210	219
\$30,000	190	200	210	220	231	241	252	263
\$35,000	221	233	245	257	269	282	294	307
\$40,000	253	266	280	294	308	322	336	351
\$45,000	284	299	315	330	346	362	378	395
\$50,000	316	333	350	367	384	402	420	439
\$55,000	348	366	385	404	423	443	462	483
\$60,000	380	399	420	440	462	483	505	527
\$65,000	411	432	454	477	500	523	547	570
\$70,000	442	466	489	514	538	563	589	614
\$75,000	474	499	524	550	577	603	631	658
\$80,000	506	532	559	587	615	644	673	702