UtahStateUniversity
COOPERATIVE EXTENSION

HOME OWNERSHIP
FACT SHEETS

The Real Mortgage Costs

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All examples below use the following information:
$100,000.00 Mortgage Amount, 9% Fixed Interest Rate for 30 Years

Payment Number	Interest	Total Interest	Principal	Balance	Total Payment
1st Year 1st Month	**$750.00**	$750.00	**$54.62**	$99,945.38	$804.62
1st Year 2nd Month	$749.59	$1,499.59	$55.03	$99,890.34	$804.62
1st Year 3rd Month	$749.18	$2,248.77	$55.44	$99,834.90	$804.62
≈	≈	≈	≈	≈	≈
29th Year 10th Month	$17.89	$189,646.45	$786.78	$1,591.56	$804.62
29th Year 11th Month	$11.94	$189,658.39	$792.68	$798.88	$804.62
29th Year 12th Month	$5.99	**$189,664.38**	$798.63	$0.24	$804.62

Did you know?

☞If you pay one extra payment each year on the loan above, it will cut **eight years** off the end of the loan and save you **$59,954.**

☞If you were to pay an extra twenty dollars a month on the loan above, it would be applied to the principal and cut off **four years** and save you **$24,522**.

☞If you were able to get an interest rate one percent lower on the loan above, it would reduce your monthly payments by **$71** and save you **$25,509** over the life of the loan.

☞Compared to a thirty-year loan, if you obtained a fifteen-year loan with an interest rate one-half percent lower, the payments would be $985 (only $180 higher than a thirty-year loan). Over the life of the loan you would save **$112,411** in interest and have the loan paid off in fifteen years verses thirty years.

(All of the above examples assume there is no prepayment penalty and the extra amount is applied directly toward the principal.)

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