

Mortgage Cost Calculations

Part 1 - Find an online mortgage calculator and input values to help answer the questions. Use Home A and Home B to answer the following questions. You will have to choose an amortization period and the terms of the loan (closed versus open).

1. Calculate how much a potential buyer will need to pay each month if they have a \$80,000.00 down payment.

2. Find the current interest rate on mortgages. What is the best rate? What are the terms of the loan (length of time, closed versus open)? Is it a financial institution with a good reputation? (must be in Ontario).

3. Considering both the length of the term and if it is a closed versus open mortgage, what is the average interest rate at the financial institution you chose?

4. When a buyer pays 2% interest rate per year, how much interest are they paying? How much principal have they paid each year?

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Part 2 - A potential buyer is considering the condominium (Home C) because it looks a little cheaper. Calculate how much they will pay each month to the bank with the same \$80,000.00 deposit. When they have the monthly payment, consider the maintenance fees.