

Use the amortization spreadsheet on the web again, this time entering the interest rate and number of payments for a 15 year loan.

Amortization Schedule monthly payment for a 15 year mortgage \$1,405.70
(Note: if this is more than 2 or 3 cents different from your calculation, check your numbers!)

Total interest paid over 15 years \$72,126

Total amount paid \$233,026

Number of first payment when more of payment goes toward principal than interest 5th

Suppose you paid an additional \$100 towards the principal each month. How long would it take to pay off the loan with this additional payment and how will this affect the total amount of interest paid on the loan? [If you are making extra payments towards the principal, include it in the monthly payment and leave the number of payments box blank.]

Length of time to pay off loan with additional payments of \$100 per month 163

Total interest paid over the life of the loan with additional \$100 monthly payments \$64,700.29

Total amount paid with additional \$100 monthly payments \$245,613.29

Compare this total amount paid to the total amount paid without extra monthly payments. How much more or less would you spend if you made the extra principal payments?

If we add an extra \$100 a month we

save \$7,412.74 overall.

Part III: Reflection

Did this project change the way you think about buying a home? Write one paragraph stating what ideas changed and why. If this project did not change the way you think, write how this project gave further evidence to support your existing opinion about buying a home. Be specific.

This project helped me better understand how expensive and time consuming pay off a home is. It also showed me the importance of paying off loans as soon as possible so you pay less in interest. With the tools this project has given me, I should be better prepared to tackle home ownership in the future by budgeting and better understanding how much it will cost.