Topic 6 / Section 4: Practice Problems

The price of a home is $330,000. You have $3,500 to put down. The bank charges 1.5 points at the time of closing with about $1,400 in additional fees. The cost of the home is financed with a 30 year fixed mortgage at 6.25% APR. Find the requested information below.

\[
\begin{align*}
\text{Home Price} &= \text{__________________________} \\
\text{Down payment} &= \text{__________________________} \\
\text{Loan amount} &= \text{__________________________} \\
\text{Points paid to lender} &= \text{__________________________} \\
\text{Total Cash at Closing} &= \text{__________________________} \\
\text{Monthly payment} &= \frac{A}{\left(1 - \frac{1}{1 + i^n}\right)} \times \frac{i}{1 - i^n} = \text{__________________________} \\
\text{Total paid over 30 years} &= \text{__________________________} \\
\text{Total interest paid} &= \text{__________________________} \\
\text{Do you need mortgage insurance?} &\quad \text{__________} \quad \text{If so, how much per year?} \quad \text{__________________________} \\
\text{Estimate the property taxes per year} &= \text{__________________________} \\
\text{Estimate the insurance per year} &= \text{__________________________} \\
\text{Find the total monthly payment including PMI, taxes and insurance} &= \text{__________________________}
\end{align*}
\]