

amortization schedule. We can use a free amortization spreadsheet on the web.

The web address is: <http://www.bretwhissel.net/amortization/amortize.html>. Enter the **amount of the loan**, i.e. the selling price minus the down payment, the **interest rate**, and the appropriate **number of years**. Check the box to show the schedule.

Amortization Schedule monthly payment for a 30 year mortgage \$968.35
(Note: if this is more than 2 or 3 cents different from your calculation, check your numbers!)

Total interest paid over 30 years \$167,706.00

Total amount paid \$348,606.00

Notice that the amount of the payment that goes towards the principal and the amount that goes towards the interest are not constant. What do you observe about each of these values?

The amount of the principal goes up & the amount of the Interest goes down.

Number of first payment when more of payment goes toward principal than interest 194
Chart

As already mentioned, these payments are for principal and interest only. You will also have monthly payments for home insurance and property taxes. In addition, it is helpful to have money left over for those little luxuries like electricity, running water, and food. As a wise home owner, you decide that your monthly principal and interest payment should not exceed 35% of your monthly take-home pay. What minimum monthly take-home pay should you have in order to meet this goal? Show your work for making this calculation.

Show work here

$$.35 \times 968.35 = \$2,766.71$$

Minimum monthly take home pay = \$2,766.71