



Home Sweet Mortgage

LESSON 16: STUDENT ACTIVITY SHEET 2

It's time to find your dream home—but don't forget, you will need a way to pay for it too. Let's look into what an ideal home in your area costs and explore the differences in payment amounts across a variety of mortgages.

Imagine that you would like to purchase a \$275,000 home. Using 20% as a down payment (or \$55,000), determine the monthly mortgage payment for your dream home using the loan terms below. Hint: Read the Loan Calculator tip at right for a tool that will help you make the calculations.

A. 15-year mortgage term with a 3% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

B. 20-year mortgage term with a 6% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

C. 30-year mortgage term with a 5% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

Which mortgage would you choose and why?



STUDENT TIPS

Check out these websites to get a feel for the prices of homes you like in your area:

- Homes.com
- Trulia.com
- RealEstate.com

Loan Calculator:

To calculate your mortgage payments, use the Practical Money Skills How Much Will Your Loan Really Cost calculator at practicalmoneyskills.com/costofloan. Remember that mortgage term is the amount of time it will take to pay off the mortgage, and the interest rate is the amount the bank will charge for loaning you the money.