

Project 1: Buying a House

The purpose of this project is to help you understand purchasing a home. You will make a 10% down payment to avoid escrow costs and finance the balance over 30 years with a fixed loan rate of 4.5%. Payments and compounding will occur monthly. Round all dollar amounts to the nearest cent.

Find a home in Westchester that is between \$400,000 and \$1,000,000 by visiting <http://www.realtor.com> or <https://www.zillow.com> or some other online real-estate system.

- a. Indicate the Address of home
- b. What is the asking price of home
- c. What is the amount financed after 10% down payment
- d. Find the Monthly payment needed to finance home
- e. Find the total cost to repay loan if regular payments are made for the full 30 years (the loan does not include the down payment)
- f. What is the amount of interest paid if the loan goes full term?
- g. If you put 20% down payment and take a loan for the balance for 30 years. What will be the monthly payment?
- h. What happens to all the questions above if you take a loan only for 15 years?
- i. How much interest will you save if you pay back the loan in 15 years rather than 30 years?
- j. Reflection
Did this project enhance your understanding of annuity? What is your opinion about different terms of mortgage?