

LESSON 7 C Name _____ Amortization & Mortgage Multiple choice questions

Place the letter of the answer to the right of the ? _____ All answers are grouped together.

In figure 1

Figure 1

- 1) What is the amount of the monthly payment? _____
 - a. 833.33
 - b. 1,073.64
 - c. 251.56
 - d. 186,511.57
 - e. 246.38
- 2) What is the amount of principal Paid in week 12? _____
- 3) What is the amount of the total Interest to be paid? _____

| INPUTS: | | RESULTS: | | Original | with add'l payments |
|---------------------|------------|-----------------------|--------------|--------------|---------------------|
| Loan Amount: | 200,000.00 | Final Payment: | 1-Aug-2048 | 01-Aug-2048 | |
| Term (years): | 30 | Loan Reduced By: | 0 months | | |
| Interest Rate: | 5.000% | Total Interest Paid: | \$186,511.57 | \$186,511.57 | |
| First Payment Date: | 9/1/2018 | Total Interest Saved: | none yet | | |
| Monthly Payment: | \$1,073.64 | | | | |

| Monthly Amortization Schedule: | | | | | | |
|--------------------------------|-----------|----------------|---------------|----------------|------------------------------|-------------------|
| Payment | Date | Payment Amount | Interest Paid | Principal Paid | Additional Principal Payment | Principal Balance |
| 1 | 9/1/2018 | 1,073.64 | 833.33 | 240.31 | 0.00 | 199,759.69 |
| 2 | 10/1/2018 | 1,073.64 | 832.33 | 241.31 | 0.00 | 199,518.38 |
| 3 | 11/1/2018 | 1,073.64 | 831.33 | 242.32 | | 199,276.06 |
| 4 | 12/1/2018 | 1,073.64 | 830.32 | 243.33 | | 199,032.74 |
| 5 | 1/1/2019 | 1,073.64 | 829.30 | 244.34 | | 198,788.40 |
| 6 | 2/1/2019 | 1,073.64 | 828.28 | 245.36 | | 198,543.04 |
| 7 | 3/1/2019 | 1,073.64 | 827.26 | 246.38 | | 198,296.66 |
| 8 | 4/1/2019 | 1,073.64 | 826.24 | 247.41 | | 198,049.25 |
| 9 | 5/1/2019 | 1,073.64 | 825.21 | 248.44 | | 197,800.81 |
| 10 | 6/1/2019 | 1,073.64 | 824.17 | 249.47 | | 197,551.34 |
| 11 | 7/1/2019 | 1,073.64 | 823.13 | 250.51 | | 197,300.83 |
| 12 | 8/1/2019 | 1,073.64 | 822.09 | 251.56 | | 197,049.27 |

In Figure 2

Figure 2

- 4) What is the amount of the monthly payment? _____
 - a. 501.07
 - b. 874.81
 - c. 1,319.91
 - d. \$115,903.95
 - e. 1
 - f. Figure 1
 - g. Figure 2
- 5) What is the amount of the total interest Saved? _____
- 6) What is the amount of the total interest to be paid after additional payments? _____
- 7) What is the number of months reduced after additional payments? _____
- 8) What is the principal amount paid the 7th month? _____
- 9) Which figure has the smaller Monthly Payment? _____

| INPUTS: | | RESULTS: | | Original | with add'l payments |
|---------------------|------------|-----------------------|--------------|--------------|---------------------|
| Loan Amount: | 200,000.00 | Final Payment: | 1-Aug-2038 | 01-Jul-2038 | |
| Term (years): | 20 | Loan Reduced By: | 1 months | | |
| Interest Rate: | 5.000% | Total Interest Paid: | \$116,778.75 | \$115,903.95 | |
| First Payment Date: | 9/1/2018 | Total Interest Saved: | \$874.81 | | |
| Monthly Payment: | \$1,319.91 | | | | |

| Monthly Amortization Schedule: | | | | | | |
|--------------------------------|-----------|----------------|---------------|----------------|------------------------------|-------------------|
| Payment | Date | Payment Amount | Interest Paid | Principal Paid | Additional Principal Payment | Principal Balance |
| 1 | 9/1/2018 | 1,319.91 | 833.33 | 486.58 | 100.00 | 199,413.42 |
| 2 | 10/1/2018 | 1,319.91 | 830.89 | 489.02 | 50.00 | 198,874.40 |
| 3 | 11/1/2018 | 1,319.91 | 828.64 | 491.27 | 50.00 | 198,333.13 |
| 4 | 12/1/2018 | 1,319.91 | 826.39 | 493.52 | 25.00 | 197,814.61 |
| 5 | 1/1/2019 | 1,319.91 | 824.23 | 495.68 | 100.00 | 197,218.92 |
| 6 | 2/1/2019 | 1,319.91 | 821.75 | 498.17 | 200.00 | 196,520.76 |
| 7 | 3/1/2019 | 1,319.91 | 818.84 | 501.07 | | 196,019.68 |
| 8 | 4/1/2019 | 1,319.91 | 816.75 | 503.16 | | 195,516.52 |