

Name: _____ Date: _____

BLM 5-4

Amortization Period and Interest Rate

1. Use a TVM solver or an online mortgage calculator to determine the monthly payment for each situation.

Fixed Rate Mortgage Amount	Annual Interest Rate Charged	Amortization Period	Monthly Payment
a) \$165 000	4.5%	10 years	
b) \$165 000	4.5%	15 years	
c) \$165 000	4.5%	20 years	
d) \$165 000	4.5%	25 years	

- e) Compare the payments. How important is the amortization period to you if you need a mortgage? Justify your answer.

- f) What is the impact of paying off a mortgage more quickly?

- g) What is the impact of paying off a mortgage more slowly?



Name: _____ Date: _____

BLM 5-4

(continued)

2. Use a TVM solver or an online mortgage calculator to determine the monthly payment for each situation.

Fixed Rate Mortgage Amount	Annual Interest Rate Charged	Amortization Period	Monthly Payment
a) \$225 000	3.5%	25 years	
b) \$225 000	4.6%	25 years	
c) \$225 000	7.5%	25 years	
d) \$225 000	9.4%	25 years	

- e)** Compare the payments. How important is the interest rate to you when you need a mortgage?

