

Unit 10 Housing Costs Lesson 1 Mortgage Loans

Obj: Compute the down payment and mortgage loan amount

Today we are going to learn how to figure down payment amount and calculate the amount of the mortgage loan.

Important Formulas

Down Payment = Selling Price X % Down Payment

Mortgage Loan Amount = Selling Price - Down Payment

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Example 1: Don & Mindy Smart have found a home they would like to purchase. They have agreed to buy the home for \$189,000. The bank where they are getting their loan from requires that they have a 10% down payment. Find the amount of the down payment and the amount of the mortgage loan they will need.

Step 1: $\$189,000 \times 10\% = \underline{\$18,900.00}$ - Down Payment

Step 2: $\$189,000 - \underline{\$18,900} = \underline{\$170,100.}$ - Mortgage Loan

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Example 2: The Jennets bought a home for \$147,500.
(We do) They made a down payment of 20 percent.
What is the down payment? What is the mortgage amount?

$$\begin{array}{l} \text{Down Payment} \\ \$147,500 \times 20\% = \$29,500 \\ \$147,500 - 29,500 = \$118,000 \\ \text{Mortgage} \end{array}$$

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Example 3

(We Do)

The Quintos bought a home for \$232,000. They saved so they could make a 30% down payment. What is the down payment? What is the mortgage amount?

$$D.P. = \$232,000 \times 30\% = \boxed{\$69,600.00}$$

$$M = \$232,000 - 69,600 = \boxed{\$162,400}$$