

Paying Mortgages

EXAMPLE James obtained an \$84,000, 30-year balloon mortgage at 10.5% for 5 years. How much does James still owe after 5 years?

<i>Mortgage</i>	<i>Rate</i>	<i>Term in Years</i>
\$84,000	10.5%	30

Step 1: Look in the table. Find the percentage at 10.5% for 30 years. The percentage is 96.9%.

Step 2: Multiply \$84,000 by 96.9%

$$\begin{array}{r}
 \$ 84,000 \\
 \times \quad .969 \\
 \hline
 756\ 000 \\
 5\ 040\ 00 \\
 75\ 600\ 0 \\
 \hline
 \$81,396.00\emptyset
 \end{array}$$

The principal remaining at the end of his 5-year balloon mortgage is \$81,396.

Percentage of Mortgage Principal Left After 5 Years		
Rate	Term	
	20 Yrs.	30 Yrs.
10%	89.8%	96.6%
10.5%	90.3%	96.9%
11%	90.8%	97.2%
11.5%	91.3%	97.4%
12%	91.7%	97.7%
12.5%	92.2%	97.9%
13%	92.6%	98.1%
13.5%	93.1%	98.3%
14%	93.4%	98.4%
14.5%	93.7%	98.6%
15%	94.1%	98.7%
15.5%	94.4%	98.8%
16%	94.7%	99%

Directions Compute the principal remaining at the end of each 5-year balloon mortgage.

Mortgage	Rate	Term in Years	Remaining Principal	Mortgage	Rate	Term in Years	Remaining Principal
1. \$79,000	14.5%	30	_____	14. \$106,000	12%	30	_____
2. \$89,000	11.5%	30	_____	15. \$69,000	13%	20	_____
3. \$42,000	10%	30	_____	16. \$59,000	12%	30	_____
4. \$64,000	14%	30	_____	17. \$84,000	15.5%	30	_____
5. \$67,000	12.5%	20	_____	18. \$1,056,000	11%	20	_____
6. \$68,000	14%	30	_____	19. \$48,000	15.5%	30	_____
7. \$42,000	15%	30	_____	20. \$66,000	14%	20	_____
8. \$55,000	14%	30	_____	21. \$67,000	14.5%	30	_____
9. \$104,000	12.5%	20	_____	22. \$85,000	11.5%	30	_____
10. \$781,000	16%	30	_____	23. \$67,000	10.5%	20	_____
11. \$98,000	13.5%	20	_____	24. \$86,000	10.5%	30	_____
12. \$104,000	10.5%	30	_____	25. \$78,000	12%	20	_____
13. \$73,000	15%	30	_____	26. \$104,000	15.5%	30	_____

