Homework – Complete worksheet

**Mortgages: Part 2**

Example 1

Consider the scenario from yesterday where a 25 year mortgage for $220,000 at a quoted interest rate of 3%/a cost $1041.14/month. What would be the monthly savings and total savings, if Sally had shopped around and found a 25 year mortgage with a cheaper interest rate of 2.75%/a?

**Example 2**

Ashlyn is purchasing a house for $250,000 with no downpayment. Consider two mortgage plans:

Plan 1 Plan 2

* 8%/a for the first 10 years 🡪 6%/a for the first 10 years
* 6%/a for the final 10 years 🡪 8%/a for the final 10 years

Which plan is better?

**Conclusion**