

Mortgage Amortization Triangle

\$150,000 loan balance @ 3.75% on a 15 year note, using a constant P&I payment of \$1,090.50 per the Mortgage Factor Chart on page 251 of text.

	<u>January</u>	<u>February</u>
Beginning Balance	\$150,000	\$149,378.25
(X) Note Rate (annual)	<u>X .0375</u>	<u>X .0375</u>
= Annual Interest	\$5,625	\$5,601.68
Change to monthly ($\div 12$)	<u>$\div 12$</u>	<u>$\div 12$</u>
= Monthly Interest	\$468.75	\$466.81
Const. Monthly Payment (P&I)	\$1,090.50	\$1,090.50
(-) Less Monthly Interest	<u>-\$468.75</u>	<u>-\$466.81</u>
= Principal Reduction	= \$621.75	= \$623.69
Beginning Balance	\$150,000.00	\$149,378.25
(-) Less Principal Reduction	<u>- \$621.75</u>	<u>- \$623.69</u>
= New Principal Loan Balance	\$149,378.25	\$148,754.56