Amortizing Mortgage Loan

You consider to buy a new home for a Purchase Price of **400,000 USD**. You have 150,000 USD in your savings account. Therefore, you require another 250,000 USD from a Bank (Amortizing Mortgage) to realize the Deal. Your local Bank quotes the following Mortgage terms:

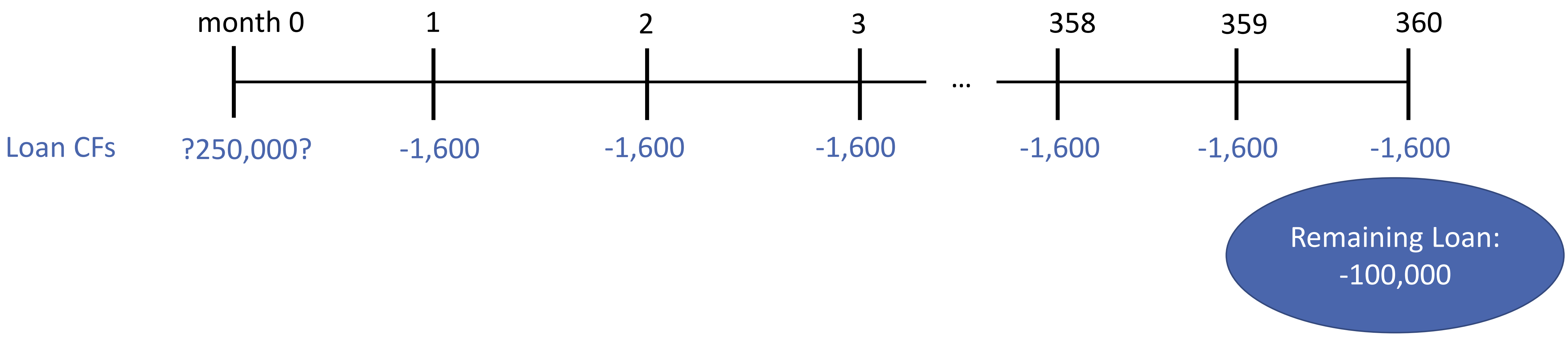
- Initial Loan Amount shall **not exceed 75% of Purchase Price**.
- Fixed interest rate: **5.0%** p.a. (compounded monthly)
- Initial Term with fixed interest rate is **30 years**
- Outstanding Loan Amount after 30 Years shall **not exceed 100,000 USD**
- Loan payments (interest & amortization) shall be made **monthly in arrears**
- Monthly loan payments shall **not exceed 1/3** of your current available monthly income of **4,800 USD**

Calculate the **effective annual interest rate**.

Maximize the Loan Amount (and minimize the funding required from your savings account)!

Calculate **interest component**, **amortization component** and **outstanding loan balance** throughout the term and **visualize**!

Amortizing Loan – Similar to the Annuity Payout Phase



An amortizing loan is a stream of equal cashflows that occurs at equal intervals over a given period. Loan Payments consist of interest component and amortization component.