

THE TRUE COSTS OF A MORTGAGE

When it comes down to it, buying a home is an exciting time. However, you'll want to make sure that your decision is not putting your overall financial health or stability at risk, as **the final price you'll pay is vastly greater than what a home is listed for.**

Below, we'll break down some of the common expenses associated with a traditional mortgage:

Example Mortgage Expenses for a \$250,000 Home

(Based on a 3% downpayment and a rate of 4.625% APR on a traditional, fixed-rate 30-year mortgage.)

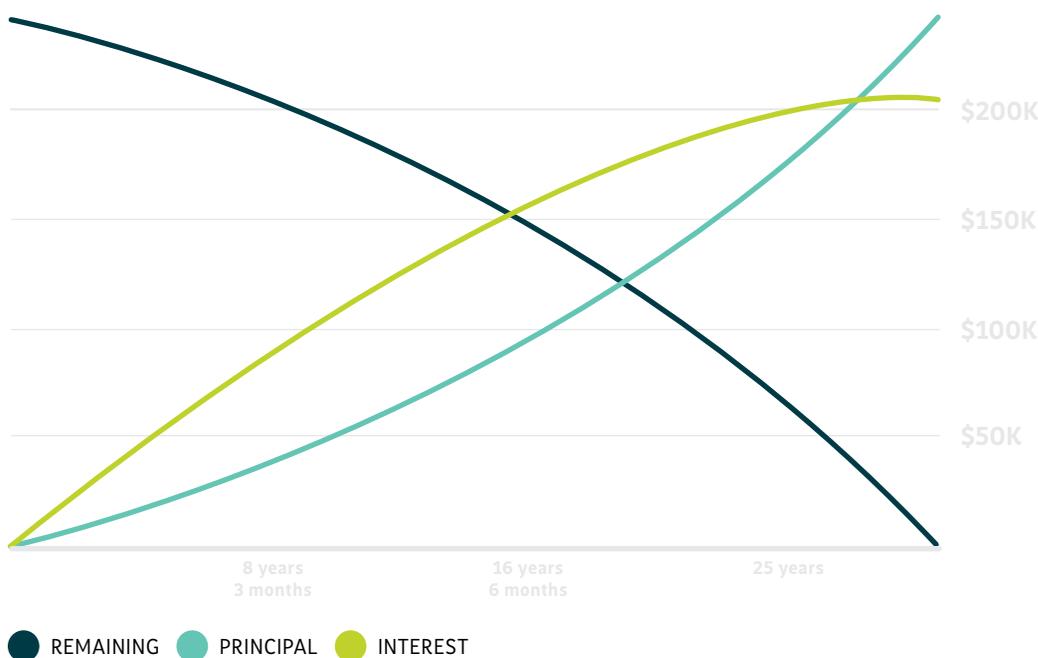
EXPENSE	ONE-TIME	MONTHLY	OVER LENGTH OF MORTGAGE	RUNNING TOTAL
Inspection	\$300 - \$500			\$500
3% Downpayment	\$7,500			\$8,000
Other Closing Costs	\$5,951			\$13,951
Principal		Varies**	\$242,500	\$256,451
Interest		Varies**	\$206,343	\$462,794
Taxes		\$250	\$90,000	\$552,794
Homeowner's Insurance		\$100	\$36,000	\$588,794
Private Mortgage Insurance		\$104 - \$208	\$6,552 - \$13,104	\$601,898
				\$601,898

*Estimate is based on averages for 2018 and is for educational purposes only. Expenses will vary from person to person depending on credit history, property location, housing type, age of home, size of property, etc. and can be expected to rise with inflation.

Yes, you read that right. That \$250,000 more than doubled in cost when looking at the other expenses associated with a mortgage alone. This doesn't even take into consideration what you pay in utilities, which will largely vary based on the city you live in and what service providers are available to you. If you opt to live in a townhome, co-op, or condo, you could also have fees tacked on (like association fees) to maintain the grounds.

**WHY DO MONTHLY PRINCIPAL AND INTEREST VARY?

Interest is calculated based off of the outstanding amount of your loan. Because of this, you'll pay more in interest charges toward the beginning of your loan. Overtime, this will flip and you'll pay more toward your principal in your monthly mortgage payment. Review the table and graph below to see how this works in relation to the example above for a \$250,000 home.



FIRST PAYMENT	
Interest	Principal
\$935	\$312
LAST PAYMENT	
Interest	Principal
\$5	\$1,241

