



# IF I PAY \$5,000 MORE FOR THE HOUSE OF MY DREAMS, HOW MUCH WILL IT INCREASE MY MORTGAGE PAYMENT?

We get this question all the time! If I pay \$5,000 more for the house, how much will my monthly payment go up? Not as much as you might think! In general, think about \$5 per \$1,000 or \$20 per \$5,000 increase in the purchase price. Although it does differ slightly as interest rates fluctuate, this is the easiest way to estimate changes in monthly payment.

Here's an example of how the increase in purchase price affects your monthly payment:

Purchase Price	Loan Amount 5% Down Payment	Interest Rate	Principal & Interest Payment	Difference
\$250,000	\$237,500	3.0%	\$1,001	
\$255,000	\$242,250		\$1,021	+ \$20/Mo
\$260,000	\$247,000		\$1,041	+ \$40/Mo

And this next chart shows the slight difference in monthly payment if interest rates were to rise to 3.5%

Purchase Price	Loan Amount 5% Down Payment	Interest Rate	Principal & Interest Payment	Difference
\$250,000	\$237,500	3.5%	\$1,066	
\$255,000	\$242,250		\$1,087	+ \$21/Mo
\$260,000	\$247,000		\$1,109	+ \$43/Mo

The bottom line is that purchase price affects your monthly payment, but often not enough to lose your dream house over. The slight increase in monthly payments may be worth it!

