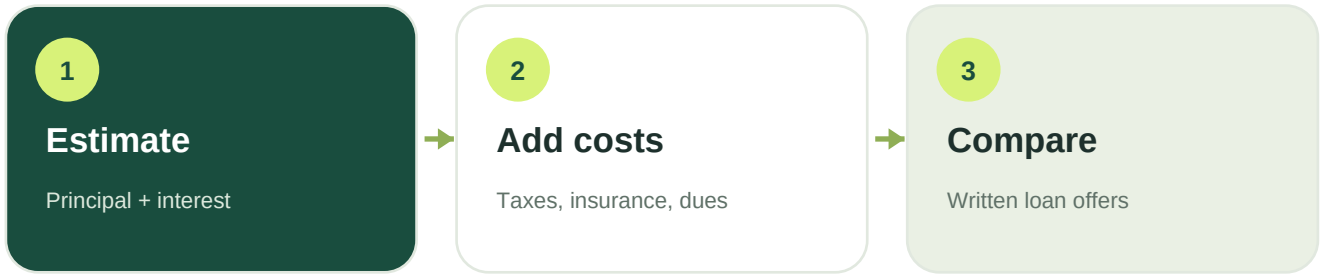
FREE HOME-BUYING GUIDE

Mortgage Calculator Guide

Understand the payment, plan for the bigger costs, and compare home-loan offers with a clearer picture.

Educational purposes only
This guide and its examples are not financial, legal, or tax advice, a loan offer, a preapproval, or a guarantee. Calculator results are estimates; verify your situation with current lender documents and qualified professionals.

Use the calculator as a first step. Estimate principal and interest, add property-specific costs, and compare written Loan Estimates before choosing a loan.



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What this guide helps you do
Use a mortgage calculator; understand the monthly housing budget; plan for cash to close; and prepare useful questions for lenders.

Your quick path

1. Estimate principal and interest with the loan amount, rate, and term.

2. Add taxes, insurance, mortgage insurance, HOA dues, utilities, and upkeep where applicable.

3. Compare written offers for the same type of loan and assumptions.

A mortgage calculator is not a lender quote, loan approval, or prediction of future costs.

1. Use the mortgage calculator

Enter the purchase price, down payment, annual interest rate, and loan term. The loan amount is generally the price minus the down payment. The calculator estimates fixed-rate principal and interest from those inputs. Optional monthly fields let you add your own estimates for taxes, homeowners insurance, mortgage insurance, and HOA or condo dues; those entries are added separately and are not verified.

Try these steps:

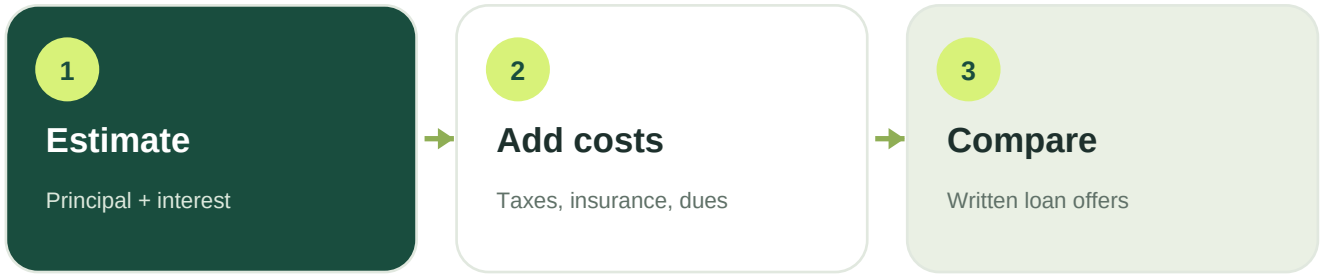
• Choose a price and down payment that leave room for closing costs and savings.

• Enter the rate and term from a written quote, or label your rate as an assumption.

• Review the monthly principal-and-interest payment and total loan interest.

• If available, enter monthly estimates for property taxes, homeowners insurance, mortgage insurance, and HOA dues; the calculator adds them to a separate housing subtotal.

• Add utilities, maintenance, and closing costs in your broader budget; they are not included in the calculator.



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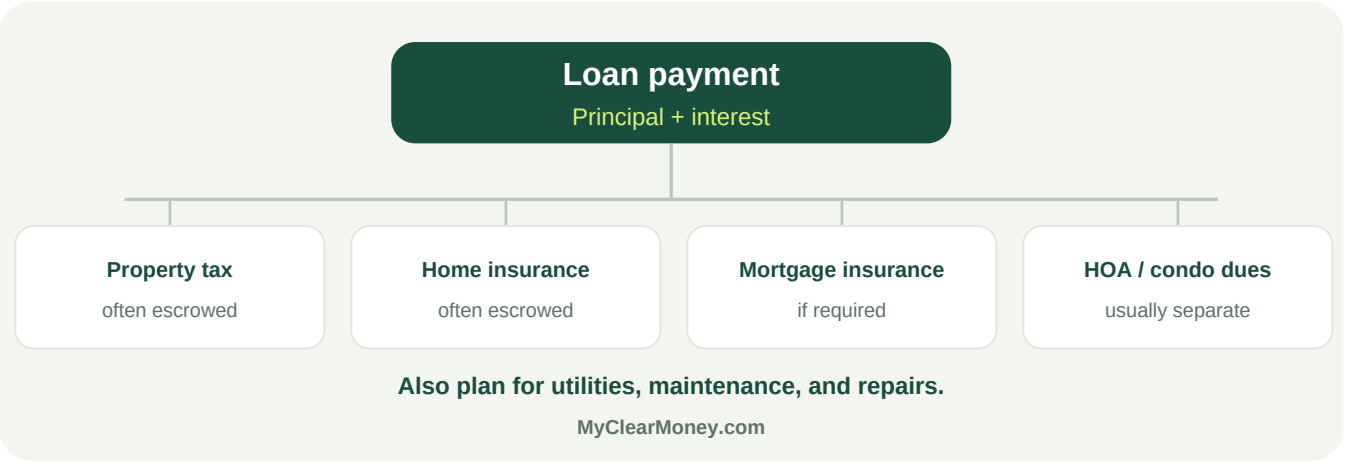
What the calculator does not decide
It does not determine whether you qualify, whether a home fits your budget, or which loan is best. Lenders review finances and the property before final underwriting.

2. Build the full monthly housing budget

Principal reduces the loan balance. Interest is the cost of borrowing. With a fixed-rate loan, the principal-and-interest payment is generally level, while the portion going to principal grows over time. The calculator lets you enter monthly estimates for property taxes, homeowners insurance, mortgage insurance, and HOA dues, then shows these separately from principal and interest. The estimates are not verified. Utilities and maintenance remain separate household costs.

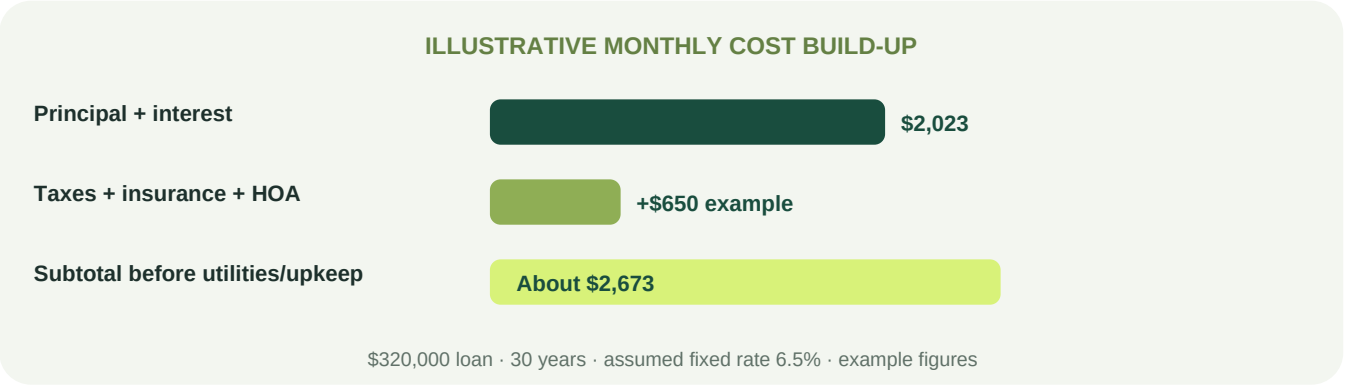


Costs to check

Cost	How to check it
Property taxes	Review local tax records and ask how future assessments may change.
Homeowners insurance	Ask for a property-specific estimate; coverage and premiums vary.
Mortgage insurance	Ask if it applies, its cost, and when it may end under this loan.
HOA / condo dues	Verify current dues and any announced special assessments.
Utilities and upkeep	Review utility history where available and plan for repairs.

3. Worked example

Suppose a home costs **$400,000** and the buyer plans an **$80,000 down payment**, leaving a hypothetical **$320,000 loan**. At an assumed fixed rate of **6.5%** over **30 years**, estimated principal and interest are about **$2,023 per month**.

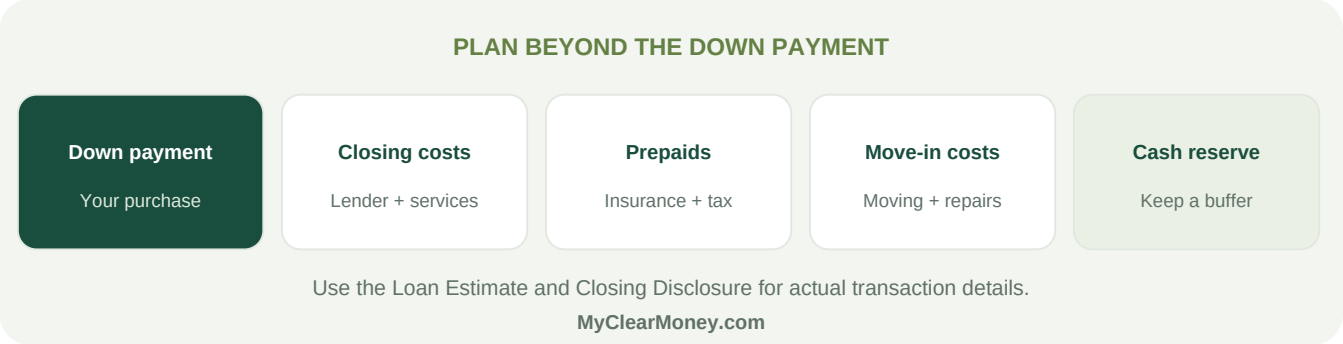


To illustrate the optional monthly fields, enter $400 for property taxes, $150 for homeowners insurance, $0 for mortgage insurance only if that is accurate for the loan, and $100 for HOA dues. These entered estimates add $650 to principal and interest for a separate estimated housing total of about $2,673, before utilities and upkeep. This is a hypothetical example, not a property estimate.

The takeaway
The calculator keeps the loan payment separate from user-entered housing costs. Use current property-specific amounts and written lender documents before making a decision.

4. Plan for cash to close

A down payment is not the only cash needed for a purchase. The Loan Estimate includes estimated closing costs and estimated cash to close. Amounts depend on the loan, property, location, timing, negotiated credits, and other transaction details.



Plan for: down payment and any deposit; lender, title, settlement, appraisal, inspection, and government charges; prepaid insurance, taxes, interest, or escrow; moving, utility setup, immediate repairs, and a cash reserve. Use the lender's documents for transaction-specific amounts. Some costs may be paid earlier or offset by credits, so review the itemized figures instead of adding rough estimates twice.

5. Compare written mortgage offers

When you are ready to compare offers, ask lenders for Loan Estimates using the same loan type and features. Compare more than the interest rate: points, fees, lender credits, loan features, and rate-lock status matter too.

Compare	Questions to ask
Loan type and term	Are the loan type, term, down payment, and property assumptions comparable?
Rate and APR	Is the rate locked? Are points included? What costs affect APR?
Monthly payment	What is principal and interest? What is the total with taxes, insurance, and mortgage insurance?
Upfront costs	Compare origination charges, services, points, lender credits, and cash to close.
Loan features	Can the rate or payment change? Is there a balloon payment or prepayment penalty?
Time horizon	Review the Loan Estimate comparisons and consider how long you expect to keep the loan.

A preapproval is an early assessment, not final approval or a guarantee that a loan will close. Ask the lender what has been reviewed and what remains. Read the Loan Estimate and Closing Disclosure, and ask about any differences you do not understand.

6. Before you move forward

• Set a comfortable monthly payment range that leaves room for savings and repairs.

- Estimate taxes, insurance, HOA dues, utilities, and upkeep for the property.
- Plan for closing, moving, urgent repairs, and reserves after closing.
- Compare multiple written offers using the same loan type and assumptions.
- Ask about points, rate locks, mortgage insurance, escrow, and payment changes.
- Verify the Loan Estimate and Closing Disclosure and resolve questions promptly.

Explore your own numbers
Mortgage calculator: myclearmoney.com/mortgage-calculator.html
Home affordability calculator: myclearmoney.com/home-affordability-calculator.html
Watch the mortgage calculator video tutorial.
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Sources and further reading

Consumer Financial Protection Bureau (CFPB):

Shopping for a mortgage · Loan Estimate explainer · Compare Loan Estimates · Mortgage costs · Down payments and loan terms

Educational information only. This guide and its examples are not individualized financial, legal, or tax advice, loan offers, underwriting, or guarantees. Rates, costs, eligibility, and circumstances vary. The example uses a simplified fixed-rate amortization estimate and hypothetical added costs. Verify all amounts with property-specific records and current lender documents. MyClearMoney has not received an individualized professional review of this guide. No paid product recommendation or affiliate link appears in this guide.

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