

Mortgage Calculator

Estimate your monthly mortgage payment based on your home price, down payment, loan term, interest rate, and other costs like taxes and insurance.

Total Principal
\$242,500

Total Interest Payments
\$307,574

Total Loan Payment
\$550,074

Payoff Date
Jun 2056

Home Price
\$250,000

Down Payment
\$7,500

3%

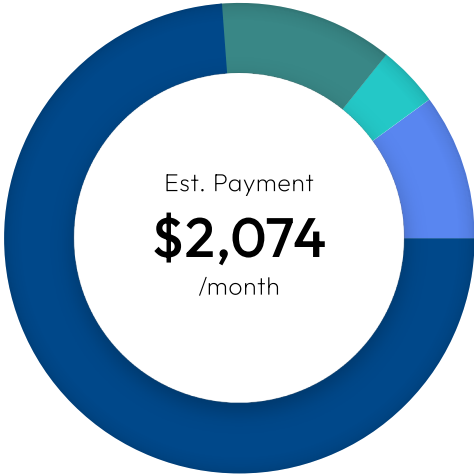
Interest Rate
6.47%

Loan Type
30-year fixed

Monthly Breakdown

Loan Amortization

Est. Payment
\$2,074
/month



Principal

\$221

Interest

\$1,307

Property Tax

\$250

HOA Fees

\$0

Home Insurance

\$88

Private Mortgage Insurance

\$208

Utilities

\$0

How to use the mortgage calculator

In the calculator above, fill out the following fields to estimate your monthly mortgage payment.

- Home Price** - Enter the expected purchase price of the home.
- Down Payment** - Input either a dollar amount or percentage of the purchase price. A higher down payment reduces the size of your loan.
- Loan Term** - Choose how long you'll take to repay the loan. Common options include 15, 20, and 30 years.
- Interest Rate** - Use the current average or your lender's quote.

6. **Homeowners Insurance** - Estimate the annual premium, typically 0.5% to 1% of the home's value.
7. **PMI** - Required if your down payment is less than 20%.
8. **HOA Fees** - Enter monthly dues if the property is part of a homeowners association.

What's included in a mortgage payment

A mortgage payment covers more than just repaying the loan; it includes several recurring housing costs that can vary by location and loan type.

- **Principal** - The portion of your payment that reduces the loan balance.
- **Interest Rate** - The lender's charge for borrowing the money.
- **Property Taxes** - Local taxes based on the assessed value of the home.
- **Homeowners Insurance** - Protects the property against damage or loss.
- **PMI** - Private mortgage insurance applies if your down payment is below 20%.
- **HOA Fees** - Monthly dues in managed communities or condo associations.

Mortgage payment formula

Your mortgage payment is calculated using a standard formula that accounts for the loan amount, interest rate, and loan term. Most calculators handle the math for you, but understanding the basics can help you see how each input affects the result.

The core formula to calculate monthly principal and interest is:

$$M = P \frac{r(1+r)^n}{(1+r)^n - 1}$$

Where:

- **M** = monthly mortgage payment
- **P** = principal loan amount
- **r** = monthly interest rate (annual rate ÷ 12)
- **n** = number of payments (loan term in months)

For example, a \$300,000 loan at a 6.5% interest rate over 30 years would result in a monthly principal and interest payment of about \$1,896.

Keep in mind this formula covers only principal and interest. Your full monthly payment will likely include taxes, insurance, and other costs shown in the calculator.

Try different mortgage scenarios

One of the most powerful uses of a mortgage calculator is testing how different financial decisions can affect your monthly payments — and help you understand what's realistic before you get a mortgage.

- Compare a 15-year vs. a [30-year loan](#) to see how the monthly payments and total interest differ.
- Adjust your [down payment](#) to see whether you can eliminate PMI.
- Change the interest rate to evaluate how credit score or market shifts affect affordability.
- Include, adjust or remove taxes, insurance, or HOA fees.

Understanding the loan term and interest rate

The length of your loan and the interest rate you receive are two of the biggest factors in determining your monthly payment and total mortgage cost.

Shorter loan terms like 15 years have higher monthly payments but cost less overall because you pay less interest. Longer terms like 30 years lower the payment but increase the total interest paid. Your interest rate depends on your [credit score](#), loan type, and market conditions.

Fixed-rate vs adjustable-rate mortgages (ARMs)

Choosing between a [fixed-rate and adjustable-rate mortgage](#) depends on your financial plans and how long you expect to own the home.

A fixed-rate mortgage keeps your rate and payment stable for the life of the loan. An adjustable-rate mortgage (ARM) offers a lower initial rate that adjusts over time. ARMs may suit short-term buyers or those planning to refinance, but they come with the risk of future rate increases.

How much should you spend on a mortgage?

Determining how much you can safely spend on a mortgage depends on your income, debt, and financial goals.

28/36 Rule

The 28/36 rule is a financial guideline that suggests spending no more than 28% of your gross monthly income on housing and 36% on all debts.

Example: If your gross monthly income is \$6,000, 28% would be \$1,680. Your total debt limit of 36% would be \$2,160.

Mortgage amortization explained

Amortization is the process of repaying your mortgage through regular monthly payments that cover both the principal and interest.

In the early years, most of your payment goes toward interest. Over time, more of the payment goes toward reducing the loan balance. An amortization schedule shows how your loan balance changes over time.

There are several strategies to reduce your mortgage payment without compromising your home purchase goals.

You can use the calculator to:

- Increase your down payment to reduce the loan amount.
- Choose a longer loan term to spread out the payments.
- Compare lenders to find lower interest rates.
- Avoid PMI by putting down at least 20%.
- Consider buying in an area with lower taxes or insurance costs.
- Explore down payment assistance programs, particularly if you're a [first-time homebuyer](#).

Common mortgage questions (FAQ)

These frequently asked questions help clarify important details about mortgages and monthly payments:

What does a mortgage payment include? ▼

How much should I spend on a home? ▼

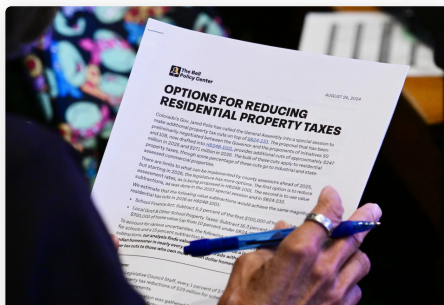
What is PMI, and when can I remove it? ▼

How does APR differ from interest rate? ▼

Can I buy a home with a lot of debt? ▼

What's the difference between prequalification and preapproval? ▼

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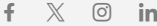
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