

Comparison of 30-year loans at 60% and 80% of market interest rate.

Example Market rate of interest: 2.33% 2.33%

<u>Given</u>	<u>Interest Rate at 60% mkt</u>	<u>Interest Rate at 80% mkt</u>
Loan	1,000,000.00	1,000,000.00
Interest Rate	1.40%	1.87%
Term	30	30
Annual Payment	(\$41,050.15)	(\$43,833.88)
Lifetime Repayment	(\$1,231,504.55)	(\$1,315,016.48)
Lifetime Interest	(\$231,504.55)	(\$315,016.48)

Lifetime Interest Cost Differential:

Interest Cost at 80%	(\$315,016.48)	= 1.360736 or 36.1%
Interest Cost at 60%	(\$231,504.55)	