

Mortgage Example 2 (Refinancing)



Mary has a \$135,000 mortgage with monthly principal and interest (P&I) payments of \$809.39. Her mortgage is a conventional 30-year mortgage with 0.5% per month interest.

After 120 months of payments, Mary has an opportunity to refinance. Her new mortgage is a 15-year mortgage with a 0.4% per month interest rate. What will her new monthly payments be?