

## ADDITIONAL TIME VALUE OF MONEY PRACTICE III

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**PROBLEM:** You take out a 30-year, 4.8% APR, \$623,000 mortgage. (a) Determine your monthly payments. After 14 years, you 'refinance' at APR = 3.5% for 25 more years. Essentially, after you make 14 years of payments, you effectively “replace” your remaining loan with a new one under these terms. (b) What will your new monthly payments be?