

Colorado Mortgage Calculator

Purchasing a home in Colorado Springs is probably the single largest purchase you will make in your lifetime, and the mortgage process can certainly be overwhelming. While Springs Homes is not a mortgage provider, we are here to help guide you through the homebuying process.

We want you to feel equipped to make informed decisions about your home loan and down payment. Using our mortgage calculator for your Colorado Springs purchase is a great first step toward becoming a savvy home-buyer.

How Much House Can You Afford?

Before making an offer on a home, you'll want to make sure that you are comfortable with the monthly mortgage payment. Start by taking a look at your budget. How much are you currently spending on housing? Is that still a reasonable payment amount when you consider potential maintenance costs, HOA fees, and homeowners' insurance?

Once you have decided on a payment amount that makes sense for you, you can start exploring available homes. Our Colorado mortgage payment calculator will give you an estimated monthly payment based on a home's sale price, helping you determine a reasonable budget for your home purchase.

When you are ready to move forward with a loan, we can put you in touch with a preferred mortgage lender, who can review loan options with you.

Lowering your Interest Rate

If you speak to a lender and aren't happy with the quoted loan's interest rate, there are steps you can take to lower interest rates and get the most out of your loan.

Credit score, down payment amount, and overall debt will affect your loan's interest rate (in addition to the current housing market). Consider taking some time to improve your credit score, reduce debt, and save up for a larger down payment before purchasing a home. You may even want to speak to a financial advisor to help you prepare for your home purchase.

Reducing the Term on your Loan

Paying off your home early or opting for a shorter mortgage term will also reduce the amount of interest you pay over the life of the loan. If you are able to make larger monthly payments, consider opting for a 15 or 20 year loan instead of a 30-year.

If that doesn't make sense for your financial situation, you can periodically make extra payments to reduce your loan term. Try making an extra payment each year, rounding your payments up to the nearest hundred, or devoting any extra cash from tax returns or work bonuses toward paying off your loan.

How Large of a Loan can you Qualify for?

Your budget will not only be determined by the monthly payment you can afford, but also by how large of a loan your lender will approve. Fidelity Bank offers a [great online resource](#) that will give you an estimated mortgage loan amount.

Lenders usually have a maximum monthly payment that you can qualify for based on your annual income, credit score, and any fixed monthly expenses, such as car payments, credit card debt, and student loans. The size of the buyer's down payment will also affect the amount of principal a lender is willing to offer.

How to Use Our Mortgage Calculator

To calculate your monthly mortgage payment with our tool, you'll choose an interest rate, length of loan, and down-payment amount. You'll then see your monthly payment for principal and interest. Don't forget to include monthly taxes and insurance costs to get an accurate total.

This calculator works for any popular fixed-rate loan, such as VA loans, FHA loans, conventional loans, and USDA loans. If you are looking into an adjustable-rate mortgage, we suggest speaking directly to a lender or broker.

Step 1—Enter the total loan amount. This will be the home price minus any concessions made by the seller.

Step 2—Enter your down-payment. The larger your down-payment, the lower your monthly payment will be. A bigger down-payment will also lower the interest rate on the loan.

Step 3—Enter the current interest rate. You can usually find this information online, but you can also contact us to be put in touch with a lender who has access to the current rates.

Step 4—Enter the term of the loan. Typical mortgage loan terms are either 15 years or 30 years.

Step 5—Enter taxes, home insurance, and private mortgage insurance. Taxes and insurance can make a big impact on your house payment.

Step 6—View your payment. Our calculator even breaks down the amortization schedule for the loan and reveals how much you will pay in interest and principle each month.

Please note: the payment estimate you receive does not include exact numbers on items like private mortgage insurance, homeowners insurance, property taxes, and HOA fees. The calculator is a useful starting point, but to get exact numbers, you should talk with qualified professionals, such as mortgage bankers, mortgage brokers, or loan officers.

How to Calculate your Payment on your Own

If you are curious about how our calculator works or would like to crunch the numbers yourself, we'll break down the formula for you.

Taxes

Let's start with property taxes. The mill levy or tax rate will determine how much you owe in yearly taxes. In Colorado, you are not taxed on your actual property value, but on your assessed home value. The assessment rate is 7.15% as of 2021, so you would multiply your home's actual value by this percentage to get your assessed property value.

You would then multiply the assessed value of your home by the decimal equivalent of the mill levy, which will equal your property taxes. You can check out the [Douglas County Assessor's Office site](#) for more information.

Mortgage Payment

If the property tax calculation feels easy for you, the formula for mortgage payments gets a little more complicated. The formula looks like this: $M = P [i(1 + i)^n] / [(1 + i)^n - 1]$. Let's break down the variables.

"M" means monthly mortgage payment, which is what we want to calculate.

"P" is the principal amount, which simply refers to the total amount of money that you are borrowing from your lender.

"i" is the monthly interest rate. If your lender lists interest rates as an annual figure, you'll need to divide it by 12 to calculate the monthly amount.

Lastly, "n" stands for number of payments. If you have a 30-year mortgage, for example, you'll multiply 30 by 12 to discover that you will make 360 payments over the course of the loan.

Now you're ready to punch those numbers into your own calculator (unless you want to try it in your head).

Insurance

The final piece of your mortgage payment will be insurance costs. Homebuyers typically need two types of insurance—homeowners' and private mortgage insurance (PMI).

Homeowners' insurance protects you from theft, accidents, and natural disasters that cause damage to your property, whereas PMI protects the lender if you can't make your payments. Insurance is typically included in your total monthly mortgage payment and held in an escrow account by your lender until it is due.

Make sure to factor homeowners association fees into your budget.

Let us Help!

At Springs Homes, we are consistently developing self-help tools for home buyers and sellers. Relocating buyers love our [Neighborhood Matchmaker Quiz!](#)

Beyond that, we have a great team of realtors that want to connect with you. Contact us with any questions about mortgages or the home-buying process. We're happy to help!