A

Mr. and Mrs. Alan Bell obtain a 25-year, $110,000 conventional mortgage at 10.5% on a house selling for $160,000. Their monthly mortgage payment, including principal and interest is $1038.40.

a) Determine the total amount the Bells will pay for their house.
b) How much of the cost will be interest?
c) How much of the first payment on the mortgage is applied to the principal?

B

Kim invested a sum of money 4 years ago in a savings account that has since paid interest at the rate of 6.5% per year compounded monthly. Her investment is now worth $19,440.31. How much did she originally invest?

C

Tim pays $320 per month for 4 years for a car, making no down payment. If the loan borrowed costs 6% per year compounded monthly, what was the original cost of the car? How much interest will be paid?

D

Tom and Jerri paid $10,000 down toward a new house. They also have a 30-year mortgage for which they pay $1,100 per month. If interest is 6.35% per year compounded monthly, what did the house that they purchased originally cost?

E

James and Peter are the same age. From age 35 to 50, Peter deposits $300 at the end of each month into a tax-free retirement account. Then he makes no withdrawals or further contributions. James does not begin making deposits into a retirement account until age 45. He then makes deposits of $450 at the end of each month into the same type of account until age 60. Both accounts earn interest at the rate of 5.8% compounded monthly. At age 60, who ends up with the bigger nest egg?

F

Kelly wishes to buy a car that costs $32,998. The car dealer tells her that they can finance the car at 6.25% per year compounded monthly for 5 years. She decides to secure the loan from the dealer. How much will her monthly payments be?

G

You plan on buying equipment worth $30,000 in 3 years. Since you firmly believe in not borrowing, you plan on making monthly payments into an account that pays 4.00% compounded monthly . How much must your payment be?

An Individual Retirement Account (IRA) has $20,000 in it and the owner decides not to add any more money to the account other than interest earned at 8% per year compounded monthly. How much will be in the account 35 years from now when the owner reaches retirement age?