MAT 142 – Test #5 Review

Round each answer to the nearest cent. Ignore leap year.

1. You are going to take out a $4000 simple interest add-on loan at 6%, paid back over 50 months. How much would each monthly payment be?

2. What is the annual yield for 12.15% daily compounded interest?

3. On your credit card, you have an opening balance of $245.15 on May 1. On May 9th, you make a purchase for $35.56; on May 10th you make a purchase for $114.99; on May 18th you make a payment of $200. The statement period runs from May 1 – May 31. What is your average daily balance?

4. You hope to have $5600 in 5 years and are going to make a lump-sum investment into an account that pays 4.625% interest, compounded biweekly. How much would you have to invest today in order to achieve this?

5. You are going to invest $300 monthly into an annuity that pays 6 ½% (compounded monthly) to save up for a car. How much would the account be worth in 4 years? How much of this amount was interest?

6. You are going to purchase a home for $180,000. If you make a 10% downpayment and finance the rest through a 20-year mortgage with 5% interest, what would your monthly payment be? How much total interest would you pay?

7. Re-thinking about the mortgage in #5...
   a) What would your payments & total interest be if you put 15% down instead?

   b) What would the payments & total interest be with 10% down but for a 30-year mortgage instead?