- Thomas Sowell

Problem 1. (10pt) Anwesh is comparing costs of homes in different areas. In a particular suburb, the house prices are approximately normally distributed with mean \$430,000 and standard deviation \$50,000. While in a particular rural area, the house prices are normally distributed with mean \$250,000 and standard deviation \$17,000. In which area would a house that costs \$290,000 cost more than the average house? Explain. In which area would a house that costs \$290,000 be more 'unusual'? Explain.

Problem 2. (10pt) Suppose you have the normal distribution N(224,46.9). Let X be a value randomly drawn from this distribution. Showing all your work, compute the following:

- (a) P(X = 220)
- (b) P(X < 200)
- (c) P(X < 300)
- (d) P(X > 300)
- (e) P(200 < X < 300)
- (f) The value Y that 'marks' the largest 8% of values for this distribution.