

Mathematics 352

Quiz 4

February 25, 2013; 5 minutes

Name: _____

This quiz is *open-note*, but no books or calculators.

1. A home buyer can afford to spend no more than \$800/month on mortgage payments. Suppose that the interest rate is 9% and that the term of the mortgage is 20 years. Assume that interest is compounded continuously and that payments are also made continuously.

Determine the maximum amount that this buyer can afford to borrow.