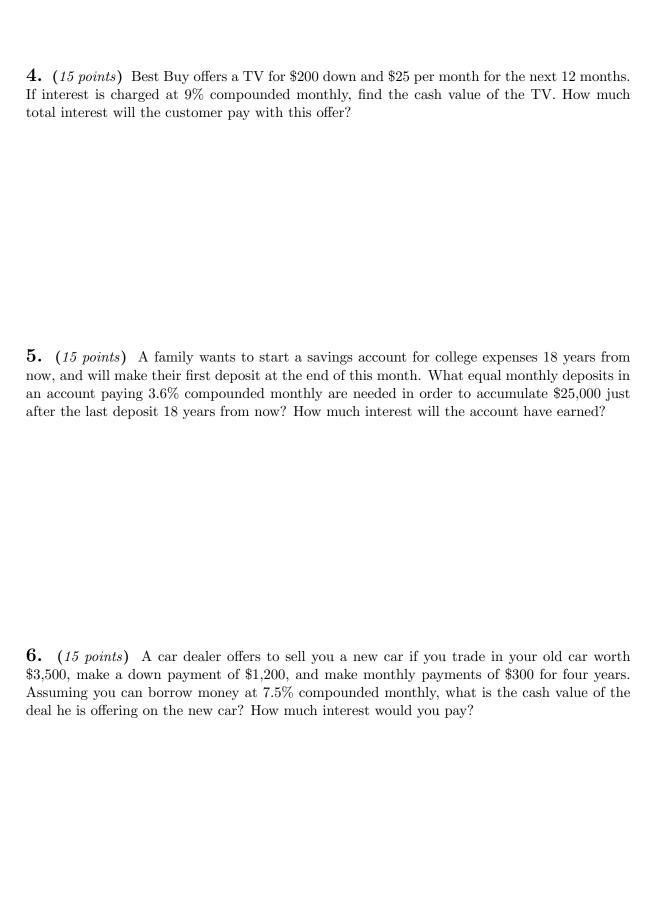
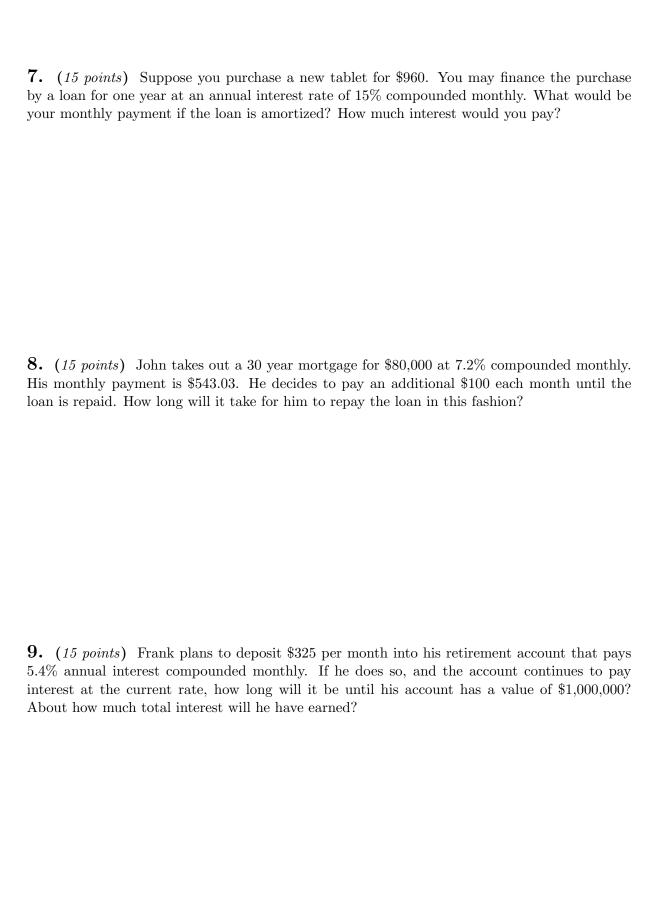
To receive full credit for this 125 point test (maximum points possible being 150), you must show ALL work. And plainly list all variables you use.

1. (15 points) Suppose you want to buy a computer for \$5,000 to play Skyrim on. But you took an arrow to the knee and can't afford it out of pocket due to your medical expenses. Luckily Dell lets you make 24 equal monthly payments at 9% annual interest compounded monthly. What is your monthly payment? How much interest will you pay?

2. (15 points) In your own words, describe the difference between compound interest problems in Chapter 1 material, and compound interest problems in chapter 2 material.

3. (15 points) For the past ten years your uncle has been depositing \$500 at the end of each year in the savings account that pays 3.5% compounded annually. What was the value of the account just after the tenth deposit? How much interest had been earned?





- 10. (15 points) Suppose you decide to purchase a home with a selling price of \$115,000 by paying 20% down and financing the remaining balance with monthly payments over 30 years at 7.2% interest, compounded monthly
- A) What is the amount you will finance?
- B) What will be your monthly payment? How much interest is your first payment?
- C) What is the total amount of interest you will pay if you make the 30 years of payments?