

Make sure that you clearly label each problem and each important quantity in each problem. Your answer should be easy to find.

1. Calculate the simple interest due on a six-month loan of \$2550 if the interest rate is 6.25%. ( 5 points ) Answer: \$79.69
2. Calculate the maturity value of a simple interest, 300-day loan of \$1800 if the interest rate is 5.2% and using a 360-day year. ( 5 points ) Answer: \$1,878.00
3. What is the compound amount when \$2200 is deposited in an account earning an interest rate of 5.15%, compounded quarterly, for 9 years? ( 5 points ) Answer: \$3,486.85
4. A young couple wants to save money to buy a house. What principal must be deposited by the couple in order to have \$25,000 in 4 years? Assume the money earns 7.25% interest, compounded daily(exact). ( 5 points ) Answer: \$18,707.13
5. A stock that has a market value of \$62.35 pays an annual dividend of \$.84 per share. Find the dividend yield. ( 5 points ) Answer: 1.35%
6. Suppose you purchase a \$3000 bond that has a 4.8% coupon and a 7-year maturity. Calculate the total of the interest payments you will receive. ( 5 points ) Answer:\$1,008.00
7. Calculate the effective interest rate of 5.25% compounded daily (ordinary). Round to the nearest hundredth of a percent. ( 5 points ) Answer: 5.390%
8. Which has the higher annual yield, 3.4% compounded monthly or 3.6% compounded semiannually? ( 5 points ) Answer:3.45%, 3.63% 3.60 yields the higher effective interest rate
9. Technology Pro offers a new computer for \$899, including taxes. If you finance the purchase of this computer for 2 years at an annual percentage rate of 7.25%, find your monthly payment. ( 5 points ) Answer:\$40.35
10. Suppose you purchased 1800 shares of stock at a price of \$13.82 per share and sold them for \$25.70 per share. ( 10 points )
  - a. Ignoring dividends, what was your profit or loss on the sale of the stock? Answer: \$21,384.00
  - b. If your broker charges 1.01% of the total sale price, what was the broker's commission? Answer: \$467.23
11. Kalani Canfield purchases a high-speed color laser printer for \$2575. The sales tax is 6.75% of the purchase price. ( 15 points )
  - a. What is the total cost, including sales tax? Answer:\$2,748.81
  - b. If Kalani makes a down payment of 15% of the total cost, find the down payment. Answer: \$2,336.49
  - c. Assuming Kalani finances the remaining cost at an annual interest rate of 5.8% for 2 years, find the monthly payment. Answer: \$103.34
12. The purchase price of a house is \$232,250. A down payment of 20% is made. The bank charges \$915 in fees plus 2.75 points. Find the total of the down payment and the closing costs. ( 5 points ) Answer: down payment=\$46,450.00 Closing costs=\$6,024.50 Total= \$52,474.50
13. Zelda MacPherson obtains a 30-year loan of \$312,000 at an annual interest rate of 4.25%. Her annual property tax bill is \$2044 and her annual fire insurance

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Practice

Finance

Name: \_\_\_\_\_

premium is \$416. Find the total monthly payment for the mortgage, property tax, and fire insurance. ( 5 points ) Answer: \$1,739.85