80 points possible. (30 points answers, 50 points spreadsheet)

ANSWERS

- 1. \$108.28 Calculate the simple interest due on a three-month loan of \$5250 if the interest rate is 8.25%. (5 points)
- 2. \$840.89 Calculate the maturity value of a simple interest, 200-day loan of \$800 if the interest rate is 9.2% and using a 360-day year. (5 points)
- 3. \$7340.87 What is the compound amount when \$4200 is deposited in an account earning an interest rate of 7%, compounded monthly, for 8 years? (5 points)
- 4. \$21,949.06 A young couple wants to save money to buy a house. What principal must be deposited by the couple in order to have \$30,000 in 5 years? Assume the money earns 6.25% interest, compounded daily. (5 points)
- 5. 1.20% A stock that has a market value of \$40 pays an annual dividend of \$.48 per share. Find the dividend yield. (5 points)
- 6. \$1900.00 Suppose you purchase a \$5000 bond that has a 3.8% coupon and a 10-year maturity. Calculate the total of the interest payments you will receive. (5 points)
- 7. 6.40% Calculate the effective interest rate of 6.25% compounded quarterly. Round to the nearest hundredth of a percent. (5 points)
- 8. 4.6% Which has the higher annual yield, 4.4% compounded monthly or 4.6% compounded semiannually? (5 points)
- 9. \$60.61 Technology Pro offers a new computer for \$1899, including taxes. If you finance the purchase of this computer for 3 years at an annual percentage rate of 9.25%, find your monthly payment. (5 points)
- 10. Suppose you purchased 800 shares of stock at a price of \$31.82 per share and sold them for \$25.70 per share. (10 points)
 - a. Loss \$4,896.00 Ignoring dividends, what was your profit or loss on the sale of the stock?
 - b. \$226.16 If your broker charges 1.1% of the total sale price, what was the broker's commission?
- 11. Kalani Canfield purchases a high-speed color laser printer for \$6575. The sales tax is 6.25% of the purchase price. (15 points)
 - a. \$6,985.94 What is the total cost, including sales tax?
 - b. \$1,397.19 If Kalani makes a down payment of 20% of the total cost, find the down payment.
 - c. \$174.62 Assuming Kalani finances the remaining cost at an annual interest rate of 7.8% for 3 years, find the monthly payment.
- 12. \$60,083.40 The purchase price of a house is \$262,250. A down payment of 20% is made. The bank charges \$815 in fees plus 3.25 points. Find the total of the down payment and the closing costs. (5 points)
- 13. \$2,667.11 Zelda MacPherson obtains a 20-year loan of \$321,000 at an annual interest rate of 7.25%. Her annual property tax bill is \$1044 and her annual fire insurance premium is \$516. Find the total monthly payment for the mortgage, property tax, and fire insurance. (5 points)