

Math 1313
Homework 11
Section 4.3

Use the following problem to answer questions 1 – 3.

Fred and Karen would like to have \$25,000 for a down payment towards the purchase of a new home in 5 years. An account at their bank pays 5.5% per year compounded monthly. How much must they deposit each month to have the desired funds in 5 years?

1. Identify the type of problem.
 - a. Present Value with compound interest
 - b. Future Value of an Annuity
 - c. Present Value of an Annuity
 - d. Amortization
 - e. Sinking Fund

2. Answer the question in the problem.
 - a. \$362.95
 - b. \$373.28
 - c. \$416.67
 - d. \$477.53
 - e. \$505.31

Use the following problem to answer questions 4 and 5.

A recently married couple is buying a condo. The original cost is \$475,733.76. They make a 15% down payment and finance the rest with a lending company. Their financing is for 25 years at 3.55% per year compounded monthly. Find their monthly payment?

3. Identify the type of problem.
 - a. Present Value with compound interest
 - b. Future Value of an Annuity
 - c. Present Value of an Annuity
 - d. Amortization
 - e. Sinking Fund

4. What was the down payment?
 - a. \$449,568.40
 - b. \$26,165.36
 - c. \$404,373.70
 - d. \$88,248.61
 - e. \$71,360.06

5. Answer the question in the problem
 - a. \$1,347.91
 - b. \$1,585.78
 - c. \$1,437.12
 - d. \$2,035.25

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- e. \$838.98
6. The choices for problem number 6 part a from the book are given below.
- a. Present Value with compound interest
 - b. Future Value of an Annuity
 - c. Present Value of an Annuity
 - d. Amortization
 - e. Sinking Fund
7. The choices for problem number 6 part b from the book are given below.
- a. \$356.75
 - b. \$312.15
 - c. \$333.33
 - d. \$3,826.79
 - e. \$295.12
8. The choices for problem number 10 part a from the book are given below.
- a. Present Value with compound interest
 - b. Future Value of an Annuity
 - c. Present Value of an Annuity
 - d. Amortization
 - e. Sinking Fund
9. The choices for problem number 10 part b from the book are given below.
- a. \$231.28
 - b. \$412,138.67
 - c. \$7,678.79
 - d. \$13,1574.89
 - e. \$2,138.69
10. The choices for problem number 20 part b from the book are given below.
- a. \$553.82
 - b. \$498.43
 - c. \$652.60
 - d. \$725.11
 - e. \$570.99