Math 114 Test 2 Review

1. Find the simple interest on $6000 at 1.2 % for 10 years.

2. Compute the future value on a principal of $2,400 with a simple interest rate of 1.5 % for 3 years.

3. Find the future value of a savings bond with a balance of $30,000, if interest is compounded quarterly for 15 years at a rate of 2.0 % per year.

4. Find the future value on a savings account with a balance of $3,000, if interest is compounded daily for 10 years at a rate of 1.2

5. Calculate the car payment on a car that cost $12,000, if you finance the car for 3 years at an interest rate of 9 % per year.

6. What would be your monthly house payment, if you would buy a $160,000 house and finance it over 15 years with an APR of 6.75 %

7. What would be your monthly house payment, if you would buy an $180,000 house and finance it over 30 years with an APR of 6.00 %. Calculate the payment for the same house using a 15 year loan with the same APR, which loan 15-year or 30-year has the least amount of interest.

8. Suppose you deposit $6,000 in a savings bond where interest is compound quarterly at a rate of 3 % per year. How many years would it take for your future value to grow to $10,000.

9. If the nominal rate on a CD is 4.5%, what is the effective rate? Assume monthly compounding, and round your answer to the nearest hundredth of a percent.

10. Suppose you deposit $6,000 in a savings bond where interest is compounded quarterly at a rate of 6 % per year. How many years would it take to save $12,000 ?

11. What is the present value of a payment of $25,000 due ten years from today, assuming an annual discount rate of 4.0%

Page 49 #1