

MA 110 WORKSHEET (3.4)

Name \_\_\_\_\_

1. You have decided to buy a new stereo system for \$2,500 and agreed to pay in 30 equal quarterly payments at 5% interest compounded quarterly on the unpaid balance. How much are your payments? Fill in the TVM Solver table and write your answer in sentence form.

<b>N =</b>
<b>I% =</b>
<b>PV =</b>
<b>PMT =</b>
<b>FV =</b>
<b>P/Y =</b>
<b>C/Y =</b>

2. You have purchased a new house and have a mortgage for \$70,000 at 9% compounded monthly. The mortgage will be repaid in equal monthly payments of \$629.81. How many years will it take to pay off the mortgage? Fill in the TVM Solver table and write your answer in sentence form.

<b>N =</b>
<b>I% =</b>
<b>PV =</b>
<b>PMT =</b>
<b>FV =</b>
<b>P/Y =</b>
<b>C/Y =</b>

Find the total amount paid in interest when the mortgage is paid off. You don't need the TVM Solver for this – just "plain old arithmetic" will give you the answer. Use your common sense and determine the answer.