

Finance Review

1. Alice Cohen buys a two-year-old Honda from a car dealer for \$9,000. She put \$500 down and finances the rest through the dealer at 13% add-on interest. If she agrees to make 36 monthly payments, find the size of each payment.
2. First National Bank offers two-year CDs at 9.12% compounded daily, and Citywide Savings offers two-year CDs at 9.13% compounded quarterly. Compute the annual yield for each institution and determine which is more advantageous for the consumer.
3. Find the present value that will give a future value of \$9,280 at $9\frac{3}{4}\%$ compounded monthly for 2 years, 3 months.
4. At age 25, Carrie establishes an Individual Retirement Account (IRA). If she invests \$4000 per year for 30 years in an ordinary annuity, the account earns 7.75% per year, how much will she have in the account at age 55?
5. Joe wants to have \$30,000 five years from now to use for a down payment on a house. How much should he deposit each month into an ordinary annuity that pays an annual rate of 7.7% in order to achieve his goal?
6. Shirley Trembley bought a house for \$187,600. She put 20% down and obtained a simple interest amortized loan for the balance at $6\frac{3}{8}\%$ for 30 years.
 - a. Find the monthly payment.
 - b. Find the total interest.