1. The Homers are buying a house that sells for $155,000. They obtain a 30-year mortgage at 9.5%. The bank charged 2 pts. at the time of closing. Their monthly mortgage payment including principal and interest is $1030.45. The down payment was $50,000.
   a. Determine the total amount the Homers will pay for their house.
   b. How much of the cost will be interest?
   c. How much of the first payment will go towards the principal?

2. Bill’s gross monthly income is $5,280. He has 14 remaining payments of $240 per month on a car. The taxes and fire insurance are $285 per month.
   a. What is the maximum monthly payment the bank says Bill can afford?
   b. He would like to get a 30-year $140,000 mortgage at an 8.5% interest rate. Does he qualify for this?