1.4/2006

- $13,500 SP
- $1200/yr taxes
- $320/yr taxes
- 28% down 3pts 10yo
- 4750/mo gross
- 420/mo more than 10

a) .28 (113,500) = 31780 down

b) 113,500 SF
   - 31,780 down
   - 81,720 mortgage

   X .03 3 points

   2451.60 cost of 3 points

c) $4750 per mo
   - 420 payments >10
   - 4830 adjusted monthly income

d) 4330
   .28

412,470 to the bank feels they can afford for housing.
2) \[ 20 \text{yr} \times \frac{81220}{100} = 8122 \text{ per year} \]
   \[ 8122 \text{ per year} \times \frac{9.66}{1000} = 789.42 \text{ per month} \]

f) \[ 789.42 \text{ per month} + 1200 \text{ taxes per year} = 2241.42 \text{ per month} \]

26.67 is the insurance

916.09 per month

320 \text{ per month} = 26.67 \text{ insurance} \]

3) Yes they can afford this home

Bank rate 2.12% per year

Cost = 916.09 per month

h) \[ i = \frac{r}{12} \]
\[ i = \frac{0.0212}{12} \]
\[ i = \frac{1}{60} \text{ per month} \]

\[ \frac{789.42}{1081.00} \cdot \left( 1 + \frac{i}{12} \right) \]

789.42 + i toward principal monthly.
30 yr $63,750
8.5% SP $25,000
$490.24 per mo \( p + i \)

\[
a) \quad \frac{490.24 \text{ per mo}}{360 \text{ mo}} = \frac{\$176,486.40 \text{ per i}}{1 \text{ yr}} \frac{1 \text{ yr}}{360 \text{ mo}} \frac{\$176,486.40 \text{ per i}}{1 \text{ yr}} = \frac{\$75,000}{63,750} \text{ down}
\]

\[
\frac{\$187,736.40 \text{ total paid for house}}{1 \text{ yr}} \frac{112,736.40 \text{ down}}{1 \text{ yr}} \frac{\$112,736.40 \text{ down}}{1 \text{ yr}} \frac{\$75,000}{63,750} \text{ down}
\]

\[
b) \quad \frac{187,736.40 \text{ per i}}{1 \text{ yr}} \frac{112,736.40 \text{ down}}{1 \text{ yr}} \frac{\$112,736.40 \text{ down}}{1 \text{ yr}} \frac{\$75,000}{63,750} \text{ down}
\]

\[
c) \quad \frac{490.24 \text{ per i}}{1 \text{ yr}} \frac{451.56 \text{ per i}}{1 \text{ yr}} \frac{38.68 \text{ per i}}{1 \text{ yr}} \text{ towards principal on p+payment}
\]
The "other" credit card problem

Unpaid balance method

11.4 29.31

Take practice test
Do #9 by the unpaid bal. method.

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Bal. due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 15</td>
<td>Balance</td>
<td>$400</td>
</tr>
<tr>
<td>Feb 20</td>
<td>Ch. $250</td>
<td>$650</td>
</tr>
<tr>
<td>Feb 26</td>
<td>Payment $150</td>
<td>$500</td>
</tr>
<tr>
<td>March 6</td>
<td>Charge $180</td>
<td>$600</td>
</tr>
<tr>
<td>March 15</td>
<td>Finance Charge</td>
<td>$605.20</td>
</tr>
</tbody>
</table>

Balance per month \( i = \frac{\text{pr} \times \text{time}}{\text{months}} \)

\[ i = \frac{400(0.013)(1)}{5} = \$5.20 \]

Unpaid balance is the unpaid balance from previous month.
The "other" APR problem
Like #9, 11

2500
48 mo
APR 4.5%

a) Finance Charge

Table

\[
\begin{array}{c|c|c}
\hline
\text{Period} & \text{Amount} & \text{Interest} \\
\hline
25 & 2500 & 4.5\% \\
48 & 9.46 & \\
\hline
\end{array}
\]

Finance charge is 9.46 for $2500 borrowed

\[
9.46 \times 48 = 454.24 \\
\]

\[
\text{Total Finance Charge} = 2276.50 \\
\]

\[
2500 \div 48 = 52.08 \text{ per mo.} \\
2734.50 + i \\
2276.50 = 57.01 \text{ per mo.}
\]
3450 cash SP.
25% down
$4,371/mo

a) FinCh.
3450
- 862.50
= 2587.50

b) Finance charge

\[
\frac{\text{FinCh.}}{\text{AmT. Financed}} \times 100 = \frac{2622.00p + i}{34,500} \times 100 = 1.33
\]

APR Table

1.5%

6 payments

APR = 4.5%
Test 3 Thursday
Ch 11

Last day for W is Thursday Apr 13