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Professor Boronow  
Finance I  
Chapter 6

1. \$1,538.27

2. \$15,023.75

3. \$433.376

4. \$3269.06

5. \$23,280.36

6. 9%

14.  $3000 * ((1 - (1+0.10)^{-12})/0.10)$

$3.000 * 6.8137 = 20,441.1$

21. A.  $FV = PV * (1 + R)^T$

a. 1)  $6\% = \$10,000 (.8900) = \$8,900$

$\$8,900 + \$10,000 = \$18,900$

Effective Discount = 5.5%

2)  $8\% = \$10,000 (.8573) = \$8,573$

$\$8,573 + \$10,000 = \$18,573$

Effective Discount = 7.1%

3)  $10\% = \$10,000 (.8264) = \$8,264$

$\$8,264 + \$10,000 = \$18,264$

Effective Discount = 8.7%

4)  $12\% = \$10,000 (.7972) = \$7,972$

$\$7,972 + \$10,000 = \$17,972$

Effective Discount = 10.1%

B. If Brandywine has higher rates than Branson then they will have bigger discounts.

22. I have no idea how to do this

34.  $\$650 (37.9740) = \$24,683.1$  can be borrowed

36. Amortization Schedule

Period	Beg Bal	Payment	Interest 6%	Prin Reduction	End Bal
1	\$10,000	\$2885.92	\$600	\$2,285.92	\$7,714.08
2	\$7,714.08	\$2885.92	\$462.84	\$2,423.08	\$5,291.00
3	\$5,291.00	\$2,885.92	\$317.46	\$2,568.46	\$2,722.54
4	\$2,722.54	\$2,855.92	\$162.35	\$2,722.54	\$0

42. Mortgage Loans

A. Monthly payments are \$1,834.41

B. If payments are increased by \$100 then number of months required to repay the loan is 298 so that means Adam would pay off his loan 62 months earlier (360-298).

C. Amount that will be refinanced is \$237,674.64. If monthly payments stay at \$1,834.41 then Adam will pay off his loan 91 months sooner (300-209).

D. In the tenth year of loan, if the loan is not refinanced then the interest would be \$17,732.68. If the loan is refinanced it would \$12,669.51 since the monthly payments would be changed to \$1,531.34.