1. The following loan is a simple interest amortized loan with monthly payments. (Round your answers to the nearest cent.)

   $5000, 9 \frac{1}{2} \%, 4 \text{ years}

   (a) Find the monthly payment.

   $\_ \_ \_ \_ \_ $

   (b) Find the total interest.

   $\_ \_ \_ \_ \_ $

2. Wade Ellis buys a new car for $16,583.33. He puts 10% down and obtains a simple interest amortized loan for the rest at $11 \frac{1}{2} \% \text{ interest for four years. (Round your answers to the nearest cent.)}$

   (a) Find his monthly payment.

   $\_ \_ \_ \_ \_ $

   (b) Find the total interest.

   $\_ \_ \_ \_ \_ $

   (c) Prepare an amortization schedule for the first two months of the loan.

<table>
<thead>
<tr>
<th>Payment Number</th>
<th>Principal Portion</th>
<th>Interest Portion</th>
<th>Total Payment</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td>$ _ _ _ _ _ $</td>
</tr>
<tr>
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<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
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<tr>
<td>2</td>
<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
<td>$ _ _ _ _ _ $</td>
</tr>
</tbody>
</table>

3. Shirley Trembley bought a house for $181,600. She put 20% down and obtains a simple interest amortized loan for the rest at $6 \frac{3}{8} \% \text{ for thirty years. (Round your answers to the nearest cent.)}$

   (a) Find her monthly payment.

   $\_ \_ \_ \_ \_ $

   (b) Find the total interest.

   $\_ \_ \_ \_ \_ $

   (c) Prepare an amortization schedule for the first two months of the loan.
(d) Most lenders will approve a home loan only if the total of all the borrower’s monthly payments, including the home loan payment, is no more than 38% of the borrower’s monthly income. How much must Shirley make to qualify for the loan?

$\text{per month}$

4. Dennis Lamenti wants to buy a new car that costs $15,861.26. He has two possible loans in mind. One loan is through the car dealer; it is a four-year add-on interest loan at \( \frac{7.3}{4} \) and requires a down payment of $1,000. The second is through his bank; it is a four-year simple interest amortized loan at \( \frac{7.3}{4} \) and requires a down payment of $1,000. (Round your answers to the nearest cent.)

(a) Find the monthly payment for each loan.
- Dealer: $\text{ }$
- Bank: $\text{ }$

(b) Find the total interest paid for each loan.
- Dealer: $\text{ }$
- Bank: $\text{ }$

(c) Which loan should Dennis choose? Why?
- Dennis should choose the car dealer loan since the interest is less.
- Dennis should choose the bank loan since the interest is less.

5. Investigate the effect of the interest rate on home loans by finding the monthly payment and the total interest for a thirty-year simple interest amortized loan of $150,000 at the following rates. (Round your answers to the nearest cent.)

(a) 6% payment $\text{ }$
total interest $\text{ }$

(b) 7% payment $\text{ }$
total interest $\text{ }$

(c) 8% payment $\text{ }$
total interest $\text{ }$

(d) 9% payment $\text{ }$
total interest $\text{ }$

(e) 10% payment $\text{ }$
Some lenders offer loans with biweekly payments rather than monthly payments. Investigate the effect of this on home loans by finding the payment and total interest on a thirty-year simple interest amortized loan of $150,000 at 13% interest. (Round your answers to the nearest cent.)

(a) if payments are made monthly
payment $ 
total interest $ 

(b) if payments are made biweekly
payment $ 
total interest $ 

Assignment Details