

Points handout answers

	<u>Cost</u>	<u>New APR</u>
②		
Ⓐ	4000	4.9%
Ⓑ	5000	4.45%
Ⓒ	9000	5.725%
Ⓓ	5500	5.45%
Ⓔ	20,000	5.02%
③	15.49%	15.15%
	1572.29	1528.87

④ $\boxed{4.9\%}$ $\boxed{4.7\%}$
 2290.55 2252.24
 save \$38.33

⑤ a) 5.575% b) 270,000

⑦ a) 2086.62 with points
 b) 2205.52 ~~Q~~ points
 c) 63.9 months = 5.3 years

$$\frac{\$7600}{118.9} =$$

⑧	No points:	<u>Payment</u>
	↓ point	2084.84
	savings	<u>2072.77</u>
		12.07 / mo

Break-even: $\frac{2000}{12.07} = 165 \text{ mo}$

$\div 12$

* Break-even is longer 13.75 years than the loan - Don't get it.

- ④ ② 85.82 .
 - ⑥ 58.26 per month
 - ③ Interest earned
= 17406.45
- Don't buy points

$$\textcircled{5} \quad 3 \text{ points} = \$8100$$

$\$8100$ is 3% of total loan

$$1 \text{ point} = 2700$$

$$\frac{1\%}{100\%} = \frac{\$2700}{x}$$

$$\frac{8100}{x} = \frac{3}{100}$$

2 (a) Cost
4000

new rate
5.1

- .2

4.9%

(b) 5,000

4.95%

- .50
4.45%

C

$$\begin{array}{r} \text{rate} \\ \hline 6.100 \\ - .375 \\ \hline \end{array}$$

