

Unit 7 Review: Annuities and Mortgages

Example 1: The **Future Value** of an annuity is given by the following equation:

$$FV =$$

- a) What is the payment amount? _____
- b) How many payments are made in total? _____
- c) If this was a 15 year term, how often are the payments made per year? _____
- d) If the interest was compounded semi-annually, what is the interest rate per year? _____
- e) Determine the FV.
- f) Determine the interest money received.

Example 1: Patrick arranged a \$100 000 mortgage at 5.25% per year compounded semi-annually for 15 years.

- A =
- r =
- i =
- N =
- n =
- PV =
- R =

What is the equivalent monthly interest rate?

Payment number	Monthly payment	Interest paid	Principal paid	Outstanding balance
0				\$100 000
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Unit 8 Review: Mortgages and Budgets

Example 1: identify two responsibilities of a tenant and landlord.

Example 2: List some strategies a homeowner can use to reduce the interest paid on a mortgage.

Example 3: For a monthly mortgage payment of \$1756.92, determine
 a) the accelerated bi-weekly payment.
 b) the sum of the payments for the **first year** under the accelerated bi-weekly payment plan.