

QUESTION 1**0.5 points**

Save Answer

Tim's salary is \$40,000 a year. This is his gross yearly salary; his salary before taxes is deducted. What is his gross monthly income?

QUESTION 2**0.5 points**

Save Answer

Suppose 25% of his salary is taken out for taxes. How much tax does Tim pay each month?

QUESTION 3**0.5 points**

Save Answer

Compute Tim's monthly take-home pay. This is his net pay; the actual amount available to Tim from his paycheck.

QUESTION 4**0.5 points**

Save Answer

This requires the monthly payment formula: $\frac{Amt \times R(1+R)^t}{(1+R)^t - 1}$ where $R=APR/12$.

He finds a house for \$135,000. Tim can afford a down-payment of \$10,000.

What is the size of the mortgage he needs to obtain from the bank to purchase his house?

QUESTION 5**1 points**[Save Answer](#)

If Tim has good credit, he will be able to finance the mortgage amount at 5%, compounded monthly for 30 years. How much will his monthly mortgage payment be?

QUESTION 6**1 points**[Save Answer](#)

The bank also offers a different scenario: finance the mortgage amount at 4.375%, compounded monthly for 15 years. How much will his monthly mortgage payment be?

QUESTION 7**1 points**[Save Answer](#)

If Tim does not have good credit, he will be able to finance the mortgage amount at 7%, compounded monthly for 30 years. How much will his monthly mortgage payment be?

QUESTION 8**1 points**[Save Answer](#)

The bank offers a different scenario where he finances the mortgage amount at 6.5%, compounded monthly for 15 years. How much will his monthly mortgage payment be?

QUESTION 9**0.5 points**[Save Answer](#)

Tim does not have good credit, so he decides to go with 30 year loan. How much will his monthly mortgage payment be?

QUESTION 10**0.5 points**[Save Answer](#)

Property taxes are \$3025 a year. The bank will spread this amount over 12 months and include it into your monthly mortgage payment. This is called ESCROW. How much is Tim's escrow payment?

QUESTION 11**0.5 points**[Save Answer](#)

Now that you bought your own home, you need to protect it. You purchase homeowner's insurance, which is a yearly charge of \$325. You budget for monthly payments. How much is your monthly homeowner's payment?

QUESTION 12**0.5 points**[Save Answer](#)

Water, electricity, trash pickup, and natural gas are other expenses that cost additional money each month. Tim spends \$30 per month for water and trash, \$60 per month for electricity, and \$44 per month for natural gas. How much does he spend total for these utilities?

QUESTION 13**0.5 points**[Save Answer](#)

Tim's cell phone bill is \$55 a month. TV service and internet cost \$90 a month. How much does he pay for these services?

QUESTION 14**1 points**[Save Answer](#)

A general rule for savings is you should save at least 8% of your take-home income. Tim decides to save 5% of his take-home income. How much is he putting towards his savings each month?

QUESTION 15**0.5 points**[Save Answer](#)

Another rule of thumb is you should have at least 3 months worth of your take-home income in your savings in case you lose your job or an emergency occurs. How much is 3 months worth of take-home income?

QUESTION 16**0.5 points**[Save Answer](#)

Let's not forget about food. After a month of tracking his food spending, he finds he spends \$75 on restaurants and \$180 on groceries.

QUESTION 17**1 points**[Save Answer](#)

Tim borrows \$5,000 to buy a car and have it paid off in 6 years. Since he does not have good credit, he finances the car at 4.5%. What is his monthly car payment?

QUESTION 18**0.5 points**[Save Answer](#)

Now that you have a car, you have to purchase car insurance. You buy a policy that costs \$800 per year. You pay your insurance bill monthly. What is his monthly car insurance payment?

QUESTION 19**0.5 points**[Save Answer](#)

You can't drive your car without purchasing gas. After tracking a month's worth of spending, Tim finds he spends \$100 a month in gas. Tim finds he spends \$60 a month on new clothes and \$80 a month on entertainment. What is his monthly cost for these items?

QUESTION 20**0.5 points**[Save Answer](#)

Tim also has some credit debt. He currently spends \$75 per month on his credit cards. After graduating from college, Tim started paying back his student loans. His monthly student loan payment is \$105 per month.

QUESTION 21

5 points

Save Answer

Monthly Budget Flow Chart

Income	
Job	
Taxes (reduces income)	-
Total Income	

Monthly Budget Summary	
Total Income	
Total Expenses	
Net	

Home Expenses	
Mortgage	
Escrow	
Homeowner's Insurance	
Electricity	
Gas/Oil	

Daily Living	
Groceries	
Clothing	
Dining/Eating out	
Entertainment	
Total Living Expenses	

Water/Trash	
Phone	
Cable / Internet	
Total Home Expenses	

Transportation	
Car Payment	
Car Insurance	
Fuel	
Total Transportation	

Savings	
Transfer to Savings	
Total Savings	

Obligations	
School Loans	
Credit Cards	
Total Obligations	

QUESTION 22**1 points**[Save Answer](#)

You need to use <http://www.math.niu.edu/courses/math101/current/loan.html>.

Regarding Tim's mortgage: If Tim pays his monthly mortgage payment for the entire 30 years, how much does Tim pay in interest?

QUESTION 23**1 points**[Save Answer](#)

Suppose Tim takes \$45 from his available income after expenses (from Question 21) and adds that amount to his mortgage payment every month. Assuming this is the amount he will apply to every mortgage payment, how much money does he save in interest?

QUESTION 24**1 points**[Save Answer](#)

How does this extra amount affect the length of the loan? i.e. How many months are taken off the length of the loan?

2 points Save Answer

[illegible]

2 points Save Answer