Chap 7

Day 10 Practice

1. Corey is buying a $315,000 home. He has been approved for a 4.85% mortgage. He was required to make a 15% down payment and will be closing on the house on May 15. How much should he expect to pay in prepaid interest at the closing?
   1. *What is the down payment?*
   2. *How much do they need the loan for?*
   3. *Find the amount of the interest for one year by multiplying the APR as a decimal times the amount of the loan.*
   4. *Find the daily amount of interest.*
   5. *Find the number of days that the interest will have to be paid by taking the last day of the month you are closing in and subtracting the closing date.*
   6. *Find the prepaid interest by multiplying the number of days found in step e by the daily amount of interest found in step d.*
2. Debra is buying a $250,000 house. How much should she expect to pay in closing costs?
3. Maddy and Chris have been approved for a $300,000, 30-year mortgage with an APR or 4.25%. How much of their first monthly payment will go to interest and principal?
4. *Find the monthly payment.*

[**](http://api.gmath.guru/cgi-bin/gmath?M%3D%5Cfrac%7BP%5Cleft(%5Cfrac%7Br%7D%7B12%7D%5Cright)%5Cleft(1%2B%5Cfrac%7Br%7D%7B12%7D%5Cright)%5E%7B12t%7D%7D%7B%5Cleft(1%2B%5Cfrac%7Br%7D%7B12%7D%5Cright)%5E%7B12t%7D-1%7D)

1. *Find the amount of the monthly interest. Use I=prt.*
2. *Find the amount of the monthly principal.*