

- c) How much interest (\$) does he pay in total over the life of the loan? Show work.
- d) Does your answer in c) make sense? If yes, just say so. If not, explain why not.
- e) What is the interest (\$) for the first month? Show work.
- f) Why isn't the answer in part e) equal to the answer in part c) divided by 360, i.e. the average interest (where I obtained 360 by the number of months)?

Part 2: Group Time

Work alone until I say it is "group time." Then you may work alone or in groups (or a combination!). The idea is to give you opportunities to communicate course content with your peers, since this is one of ASU's main educational goals: "Successful communicators interact effectively with people of both similar and different experiences and values." The only guidelines are that each person must eventually write up and turn in their own, the only resources you are allowed to use is each other, and you should spend the time inside the classroom effectively engaging.

PROBLEM 2 continued):

Instead of paying the required monthly payment of 546.20 from part b), beginning with the first payment, Yosef decides to pay \$600 each month. On Excel, we see the following:

Month #	Monthly Payment	Monthly Interest(\$)	Principle Paid	Loan Balance
277	\$600.00	\$6.01	\$593.99	\$473.73
278	\$600.00	\$2.66	\$597.34	(\$123.61)

- g) Use this Excel to determine how much he pays in total now. Show work.
- h) How much total interest (\$) does he pay over the life of the loan now? Show work.
- i) How much total interest (\$) did he save or lose by paying \$600 a month instead of the total interest of \$112,420 from 2c)? Show work.
- j) Does your answer in part i) make sense? If yes, just say so. If not, explain why not.
- k) Set up an equation with numbers that would have solved for how long it would take to pay off the loan this way (by paying \$600 each month over the entire life of the loan) if I didn't have the Excel chart to give me the answer, but **DO NOT SOLVE**.

