

Math 131 - Quiz # 3- ID #

Name:

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- 1) Find the effective rate of interest equivalent to 9% compounded quarterly.
- 2) Which is better investment
  - a) 10% compounded monthly
  - b) 9% compounded semi-annually
  - c) 8.5% compounded continuously
- 3) John borrows \$ 2000 on Dec 21, 2000 at a simple interest rate of 7% .
  - a) What amount must be paid back on Dec 21, 2010 ?
  - b) What is the interest on the loan?
- 4) Find the present value of the following ordinary annuities  
\$ 1500 per month for 3 years at 13% compounded monthly.