

Question 5

(25 marks)

- (a) A couple agree to take out a €250 000 mortgage in order to purchase a new home. The loan is to be paid back monthly over 25 years with the repayments due at the end of each month. The bank charges an annual percentage rate (APR) which is equivalent to a monthly rate of 0.287%.

Using the amortisation formula, or otherwise, find the couples' monthly repayment on the mortgage. Give your answer in euro correct to the nearest cent.



