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1) **Discuss one insurance product and comment on its benefits.**

TMB life saver 15/9

This insurance plan is a life insurance that also allows the investor to save the premium along with life coverage for 15 years. Also the plan repay the money annually and when if reach maturity. Receiving a maximum benefit of 130,000 if the investor holds it until mature date moreover the insurance plan gives the investor the tax benefits depend on the incomes. So the person with someone depending on his/her income should consider doing this insurance because there is a payment in case of decease.

2) **Which mortgage would result in higher total payments?**
Mortgage A: $970 a month for 30 years
Total payment = (amount of payment)*(number of months)*(number of years)
= ($970)*(12)*(30)
= $349,200

Mortgage B: 760 a month for 5 years and $1005 for 25 years
Total payment = ((amount of payment1)* (number of months1)*(number of years1)) + ((amount of payment2) *(number of months2)*(number of years2))
= (($760)*(12)*(5)) + (($1005)*(12)*(25))
= $347,100

So we conclude that plan A will result in a higher total payment. Even when we concern for the time value of money, since the amount of years discount back are the same.

3) **What are the two main types of consumer credit?**

1. Closed-End credit:
   Installment credit is a type of credit or loan that the lender knows the exact amount and when will it finish. The payment will include both interest and principal when the payment is done.
2. Open-End credit:

Non-installment credit or a revolving credit this is a type of credit that if you failed to pay the minimum payment, the lender will be charge at a higher rate than in closed-end credit. So this will be considered as a riskier credit type.

4) **What are the general rules of measuring credit capacity?**

2 measurements must be taken to consider Debt Payments to Income Ratio which monthly debt payment must not exceed 20% of the monthly income and Debt to equity ratio shouldn't go above 0.5.

5) **A few years ago, Michael Tucker purchased a home for $100,000. Today, the home is worth $150,000. His remaining mortgage balance is $50,000. Assuming that Michael can borrow up to 80 percent of the market value, what is the maximum amount he can borrow?**

Market value: $150,000

$150,000*0.8= $120,000

Since mortgage isn't count as debt, but as investment so $120,000 doesn't need to be deducted by the remaining mortgage.