Your job prospects were not looking so good when you received your undergraduate degree, so you decided to stay at Ole Miss to get a law degree. You have just graduated law school and must now begin to pay back your student loans. Assume that you have accumulated $25,000 in student loans, the going interest rate on student loans is 4% per year, and that you will make 10 years of monthly payments to retire this debt.

1. What is the amount of your monthly payments?

2. How much in total will you pay?

3. You would like to pay off your loan in seven rather than ten years. How much additional must you pay each month in order to pay off your loan in seven years?