

ZMATH 2010c.00461

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Algebra, home mortgages, and recessions.

Math. Teach. (Reston) 103, No. 5, 356-363 (2009).

Summary: The current financial crisis and recession in the United States present an opportunity to discuss relevant applications of some topics in typical first-and second-year algebra and precalculus courses. Real-world applications of percent change, exponential functions, and sums of finite geometric sequences can help students understand the problems in the housing market, which are the root of the current economic crisis. The federal government is undertaking numerous and expensive steps to remedy these problems, including several multibillion-dollar "bailouts," increased regulation of the financial sector, the purchase and guarantee of toxic assets consisting of delinquent and defaulted home mortgages, and assistance to home owners in default. This article outlines remedies to home mortgage problems that can be understood through the concepts, algorithms, and tools learned in these secondary school courses. (Contains 4 figures and 1 table.) (ERIC)

Classification: M30 F80

Keywords: financial mathematics; economics; mathematical applications; secondary school mathematics; credit; debt; interest calculation; money management