

## Homework Solutions

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#### Exercise 26

(a) The hypotheses are

$H_0$  : The average price of a new house is \$280,000.

$H_1$  : The average price of a new house is greater than \$280,000.

(b) The direction of extreme is to the right, towards the higher prices.

(c) Use the  $H_0$  assumption that the prices are  $N(280000, 20000)$  and compute the probability of one costing more than \$325,000. The  $p$ -value is given by

$$\text{normalcdf}(325000, E99, 280000, 20000) = 0.01222.$$