AMDM
Credit and Loans Test Review

Name: _____
Date: _____ Class Prd: _____

1. Snow-House sells a $1,980 snow thrower on the installment plan. The installment agreement includes a 20% down payment. How much is the down payment?

.20(1980) = $396

2. Mark wants to purchase a drum set for $2,240. If he can save $90 per month, how long will it take him to save up for the guitar?

2240 ÷ 90 = 24.89

25 months

3. Lisa purchases a professional racing bicycle that sells for $3,000, including tax. It requires a $200 down payment. The remainder, plus a finance charge, is paid back monthly over the next 2 ½ years. The monthly payment is $111.75. What is the finance charge? 30 (111.75) = 3352.50

+200
3552.50 − 3000
= 552.50

$552.50

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4. What is the finance charge for a $4,000, two-year loan with a 8.5% APR?

$M = 4000\left(\frac{.085}{12}\right)(1+\frac{0.085}{12})^{12(2)} \div (1+\frac{0.085}{12})^{12(2)} - 1 = 181.82$

181.82(24) = 4363.68
− 4000
363.68

$363.68

5. What is the finance charge for a $6,500, three-year loan with a 6.2% APR?

$M = 6500\left(\frac{.062}{12}\right)(1+\frac{0.062}{12})^{12(3)} \div (1+\frac{0.062}{12})^{12(3)} - 1 = 198.33$

198.33(36) = 7139.88
− 6500
639.88

$639.88

6. Louis wants to take out a $14,000 loan with a 6.8% APR. He can afford to pay no more than $400 per month for loan payments. What would be the length of his loan? Round to the nearest tenth of a year.

$t = \frac{\ln(\frac{400}{14000}) - \ln(\frac{400}{14000} - \frac{0.068}{12}t)}{12\ln(1+\frac{0.068}{12})} = 3.3$

3.3 years

7. Tom and Kathy want to borrow $35,000 in order to build an addition to their home. Their bank will lend them the money for 12 years at an interest rate of 5 3/8 %. How much will they pay in interest to the bank over the life of the loan? 5.375%

$M = 35000\left(\frac{.05375}{12}\right)(1+\frac{0.05375}{12})^{12(12)} \div (1+\frac{0.05375}{12})^{12(12)} - 1 = 330.34$

X 12 X 12
= 47568.96
− 35000
12568.96

$12,568.96

8. If the APR on a credit card is 24.6%, what is the monthly interest rate? 24.6 ÷ 12 = 2.05%

9. Krysta has an average daily balance of $1,441.60. Her APR is 18%. What is the monthly interest rate? 1.5% What is her finance charge for this billing cycle? 18 ÷ 12 = 1.5

1441.60 (0.015) = 21.62

$21.62

10. Mrs. Fagin's daily balances for the past billing period are given below.
For five days she owed $233.49. For three days she owed $651.11.
For nine days she owed $991.08. For seven days she owed $770.00.
For seven days she owed $778.25.

233.49(5)
991.08(9)
778.25(7)
651.11(3)
770(7)
22878.25
31

a. What is the average daily balance?

$\frac{22878.25}{31} = \$738.01$

$738.01

b. What is the finance charge if her monthly percentage rate was 2.4%? .024(738.01) = 17.71

$17.71

11. Donna's average daily balance was $817.54 and her APR was 17.4%. What is her finance charge?

÷12 = 1.451

817.54(0.0145) = 11.85

$11.85

12. Tom's average daily balance was $15,000 and his monthly percentage rate was 2.13%. What was his finance charge?

15000(0.0213)
= 319.50

$319.50

13. The summary portion of Don's credit card statement is shown. Determine the New Balance amount.

Summary	Previous Balance	Payments/ Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
	2,541.23 −	500.00 +	1,437.15 +	5.00 +	8.78 =	3492.16	

$3492.16

14. Liz has a credit line of $10,000 on her credit card. Her summary is shown. What is her available credit balance?

Summary	Previous Balance	Payments/ Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
	5,325.60	1,000.00	2,015.12	0.00	9.56	6350.28	

$3649.72

10,000 − 6350.28 = 3649.72

15. Determine the new balance using the following summary statement.

Summary	Previous Balance	Payments/ Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
	725.30 −	200.00 +	350.12 +	0.00 +	12.12	887.54	

$887.54

16. Marcy's monthly periodic rate is 1.24%. What is her APR?

14.88%

Use the below credit card statement form #17 - 20

ACCOUNT INFORMATION							
Account Number	3-22767195			Billing Date	5 May	Payment Due	18 May
TRANSACTIONS						DEBITS / CREDITS (−)	
7 APR	124576893 Macy's						$676.00
15 APR	762938471 Bedford Auto Body Shop						$721.80
19 APR	309175832 Barnes and Noble Books						$93.15
27 APR	100445638 Payment						−$1,340.00
30 APR	876655411 FedEx						$115.75
3 MAY	998430828 TicketMaster						$450.95
SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	$978.00	$1,340.00	$2,057.65	$0.00			$115.00
Total Credit Line Total Available Credit	$ 3,000.00			Average Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate
					30	19.8%	1.65%

17. When is the payment for this statement due?
May 18
18. What is the minimum amount that can be paid?
$115.00
19. How many days are in the billing cycle?
30
20. What is the previous balance?
$978.00

Shannon Houston

720 Timber Trail Dr
Indianapolis, IN

ACCOUNT INFORMATION			
Account Number 15677289-02	Billing Date 6 Apr	Payment Due 30 Apr	
TRANSACTIONS			DEBITS / CREDITS (–)
9 Mar	Gingham Pastry Shop		$27.68
11 Mar	Corner Clothes		$127.35
16 Mar	Le Petite Menu		$87.40
22 Mar	Payment		- $190.60
26 Mar	Dutchess Pharmacy		57.30
28 Mar	Sparrow Jewelers		$325.90
4 Apr	Elder's Antiques		$870.21

SUMMARY	Previous Balance	Payments / Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
	$560.30			$0.00			$25.00

		Average Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate
Total Credit Line	$ 5,000.00				
Total Available Credit	$ 4,000.00				
Credit Line for Cash	$ 4,000.00				
Available Credit for Cash			30	15.6%	

21. What is Shannon's average daily balance?
$802.609

22. What is Shannon's monthly periodic rate? 15.6 ÷ 12 = 1.3
1.3%

23. What is Shannon's finance charge? 0.013(28% 30d) = 11.47
$11.47

24. What is Shannon's new balance? 560.30 + 802.609 = 1495.84 + 11.47 = 1877.01
$1877.01

25. What is Shannon's available credit? 5000 - 1877.01
$3122.99

560.30	+27.68 587.98	587.98	+127.35 715.33	715.33	715.33	715.33
715.33	+87.40 802.73	802.73	802.73	802.73	802.73	802.73
-190.60 612.13	612.13	612.13	612.13	+57.30 669.43	669.43	+325.90 995.33
995.33	995.33	995.33	995.33 April 1	995.33	995.33	+870.21 1865.54
1865.54	1865.54					

560.30 + 587.98(2) + 715.33(5) + 802.73(6) + 612.13(4) + 669.43(2) + 995.33(7) + 1865.54(3)
= 26460.09
30
= 882.69