

Chapter 8 Review**Numeric Response**

1. You obtain a \$6,000 Loan @ 9% APR for 4 years. Calculate the monthly payment, maturity value, and finance charge for this loan. (use the chart on p. 799 in the textbook)

2. Arthur Senn obtained a simple interest installment loan of \$6,370 at 9% for 12 months. His monthly payment is \$557.38. After 9 payments, the balance is \$1,643.52. If he pays off the loan on the next payment, what will the final payment be? How much will he save by paying off the loan early?

Short Answer

3. Manuel Fraser's bank granted him a single-payment loan of \$9,650. He agreed to repay the loan in 146 days at an exact interest rate of 7.75 percent. What is the maturity value of the loan?
4. Dana Thacker's bank granted her a single-payment loan of \$10,450. She agreed to repay the loan in 75 days at an ordinary interest rate of 8.25 percent. What is the maturity value of the loan?
5. Steve Mason purchased a storage shed for \$3,074. He made a 43 percent down payment and financed the rest. What amount did he finance?
6. Yoki Chan purchased a diamond bracelet for \$1,087. She made a 48 percent down payment and financed the rest. What amount did she finance?

Figure 8.1. Use this table with the question(s) below, as needed.

MONTHLY PAYMENT ON A \$100 LOAN				
Term in Months	Annual Percentage Rate			
	8.00%	10.00%	12.00%	14.00%
6	17.06	17.16	17.25	17.35
12	8.70	8.79	8.88	8.98
18	5.91	6.01	6.10	6.19
24	4.52	4.61	4.71	4.80
30	3.69	3.78	3.87	3.97
36	3.13	3.23	3.32	3.42
42	2.74	2.83	2.93	3.03
48	2.44	2.54	2.63	2.73

7. Use Figure 8.1. Ethel Weber purchased a bedroom set with an installment loan that has an APR of 12 percent. The bedroom set sells for \$2,650. The store financing requires a 15 percent down payment and 42 monthly payments. What is the finance charge?

8. Use Figure 8.1. Lawrence Wagner purchased a log splitter with an installment loan that has an APR of 10 percent. The log splitter sells for \$997. The store financing requires a 10 percent down payment and 36 monthly payments. What is the finance charge?

Figure 8.2. Use this table with the question(s) below, as needed.

MONTHLY PAYMENT ON A \$100 LOAN				
Term in Months	Annual Percentage Rate			
	15.00%	16.00%	17.00%	18.00%
6	17.40	17.45	17.50	17.55
12	9.03	9.07	9.12	9.17
18	6.24	6.29	6.33	6.38
24	4.85	4.90	4.94	4.99
30	4.02	4.07	4.11	4.16
36	3.47	3.52	3.57	3.62
42	3.07	3.12	3.18	3.23
48	2.78	2.83	2.89	2.94
54	2.56	2.61	2.66	2.72

9. Use Figure 8.2. Chin Lee purchased a freezer with an installment loan that has an APR of 15 percent. The freezer sells for \$1,432. The store financing requires a 10 percent down payment and 12 monthly payments. What is the finance charge?
10. Carl Lock took out a simple interest loan at 12.75 percent interest for 12 months. His previous balance is \$942.36. What is his final payment if the loan is paid off with the next payment?
11. Christina Fox took out a simple interest loan at 5 percent interest for 12 months. Her previous balance is \$200. What is her final payment if the loan is paid off with the next payment?
12. Anthony Frank took out a simple interest loan at 11.75 percent for 6 months. His previous balance is \$3,333.12. What is the interest for the next payment?
13. Gilbert Siegel obtained a \$1,500 loan at an interest rate of 10 percent. The monthly payment is \$131.85. How much of the first monthly payment is for principal?
14. Miryam Ghorashy obtained a \$1,500 loan at an interest rate of 10 percent. The monthly payment is \$131.85. What is the new principal after the first payment?
15. Katherine O'Donnell obtained a personal loan of \$3,000 at 14 percent for 24 months. The monthly payment is \$144.00. What is the interest for the first payment?

Figure 8.3. Use this table with the question(s) below, as needed.

APR Term	10.00%	10.25 %	10.50 %	10.75 %	11.00 %	11.25 %	11.50 %	11.75 %	12.00 %	12.25%
Finance Charge per \$100 of Amount Financed										
6	\$2.94	\$3.01	\$3.08	\$3.16	\$3.23	\$3.31	\$3.38	\$3.45	\$3.53	\$3.60
12	5.50	5.64	5.78	5.92	6.06	6.20	6.34	6.48	6.62	6.76
18	8.10	8.31	8.52	8.73	8.93	9.14	9.35	9.56	9.77	9.98
24	10.75	11.02	11.30	11.58	11.86	12.14	12.42	12.70	12.98	13.26

16. Use Figure 8.3. Kira Ramin obtained a \$3,000 loan to pay for a used car. She agreed to make 12 monthly payments of \$266.22. What is the APR?
17. Use Figure 8.3. Kelly Kim received an installment loan of \$5,000. She agreed to make 24 monthly payments. Her finance charge is \$554. What is the APR?

Chapter 8 Review Answer Section

NUMERIC RESPONSE

1. ANS:

$$60 \times 2.49$$

$$\$149.40/\text{mo.} \times 48 = \$7,171.20$$

PTS: 1

2. ANS: \$1,655.85, \$16.29

PTS: 1

SHORT ANSWER

3. ANS:

\$9,949.15

PTS: 1

DIF: Average

REF: Section 8-1

4. ANS:

\$10,629.61

PTS: 1

DIF: Average

REF: Section 8-1

5. ANS:

\$1,752.18

PTS: 1

DIF: Average

REF: Section 8-2

6. ANS:

\$565.24

PTS: 1

DIF: Average

REF: Section 8-2

7. ANS:

\$519.50

PTS: 1

DIF: Average

REF: Section 8-3

8. ANS:

\$145.98

PTS: 1

DIF: Average

REF: Section 8-3

9. ANS:

\$107.76

PTS: 1

DIF: Average

REF: Section 8-3

10. ANS:
\$952.37
- PTS: 1 DIF: Average REF: Section 8-5
11. ANS:
\$200.83
- PTS: 1 DIF: Average REF: Section 8-5
12. ANS:
\$32.64
- PTS: 1 DIF: Average REF: Section 8-5
13. ANS:
\$119.35
- PTS: 1 DIF: Average REF: Section 8-5
14. ANS:
\$1,380.65
- PTS: 1 DIF: Average REF: Section 8-4
15. ANS:
\$35.00
- PTS: 1 DIF: Average REF: Section 8-4
16. ANS:
11.75%
- PTS: 1 DIF: Average REF: Section 8-4
17. ANS:
10.25%
- PTS: 1 DIF: Average REF: Section 8-6