Name:			Class:	Date:	ID: A
Finan	cial	Math Test 4			
True/F Indicat		ether the statement is true	e or false.		
	1.	A debit card is a type of	charge card where th	ne monthly bill must be paid in full.	
	2.	and the monthly periodic	rate is 1.85%. Her	's Mastercard was \$1,789, the avera finance charge can be calculated by he finance charge is $$1,789 \times 0.018$	multiplying the ending
- 51	3.	Taneeka borrowed \$12,0	00 for a car for 6 ye	ars at an APR of 7.25%. Her month	ly payment will be \$206.03.
	4.	Interest can be the mone bank. Interest can also be	y paid by a bank to a e the money paid to	a consumer as compensation for kee a bank for the use of their money.	ping their money in that
	5.	The Truth-in-Lending A	ct protects consume	rs from harassment from creditors.	
	6.	A FICO score is named a person with debt will rep		, Isaac, and Company. It summarize	es the probability that a
	7.	FICO scores range from score below 600 is consi		score above 770 is excellent, a sco	re above 700 is good, and a
	8.	The total interest on a fir	ve-year 5.2% loan w	vith a principal of \$10,000 is 10,000	\times 0.052 \times 5 = \$2,600.
	9.	Max found a car he wan offers him a car loan of	ts to buy that costs 57.3%. The length of	\$16,000. He can afford to pay \$250 his loan should be about 5 years so	a month for the car. His bank he can afford the payments.
	10.	Regina pays her credit c the APR is 11.2%. The	ard balance in full e finance charge on he	ach month. Last month her average er current month's statement is \$13.	daily balance was \$345 and 22.

Multiple Choice
Identify the choice that best completes the statement or answers the question.

11. Use the summary section of the monthly credit card statement below to calculate the finance charge.

SUMMARY	Previous Balance	Payments / Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
OUMBER	\$750.00	\$70.00	\$110.00	\$0.00	7	STRATE	\$40.00
				Average Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate
				\$805.00	30	15%	1.25%

\$33.54

c. \$10.06

b. \$12.98

d. \$9.38

- 12. Jerry buys a \$2,700 motorcycle on a deferred payment plan. There is no down payment and no interest for eighteen months. Jerry must make a minimum payment of \$75 a month. To avoid a retroactive APR of 21%, he must pay the balance in full before the 18 months has passed. If he pays \$75 each month, how much should he pay the last month to avoid the interest charges?
 - a. \$1,350

c. \$1,500

b. \$1,425

d. \$2,075

- 13. Mantago wants to borrow \$10,000 to buy a used car. He examined his budget and decides that he can afford a payment of \$200 a month. If his bank offers him an APR of 7.5%, how long should he borrow the money so he can afford his monthly payment?
 - a. 3.5 years

c. 4.5 years

b. 4 years

d. 5 years

14. Lisa made this spreadsheet to compare her options when she decided to purchase a living room set on an installment plan.

	Α	В	С	Đ	E	F
1	Purchase Price	Down Payment	Monthly Payment	Time in Months	Total of Payments	Finance Charges
2	\$2,300.00	\$200.00	\$125.00	24	\$3,000.00	\$ _
3	\$1,700.00	\$200.00	\$100.00	18	\$1,800.00	\$
4	\$2,500.00	\$200.00	\$140.00	20	\$2,800.00	\$

What spreadsheet formula should she input into F2?

a. E2 - A2 - B2

c. E2-A2

b. A2 - E2 + B2

- d. A2 + E2
- 15. Isabella wants to purchase a new refrigerator. When she applies for an installment loan at the appliance store, her loan application is turned down. What consumer law says that a lender must give her the reason, in writing, that she was denied the loan?
 - a. Truth-in-Lending Act

c. Fair Credit Reporting Act

b. Equal Opportunity Act

- d. Fair Debt Collection Practices Act
- 16. Yanni received her monthly credit card statement in the mail, the summary of which is shown below. When she calculated the new balance for the month, she arrived at a different amount than the credit card company. What should be the correct new balance?

SUMMARY	Previous Balance	Payments / Credits	Transactions	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$3,569	\$130.00	\$275.00	\$0.00	\$82.28	\$3,796.28	\$100.00
Total Credit Line Total Available Credit		\$ 10.000.00 \$ 6,203.72		Average Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate
				\$3,558.71	31	21%	1.75%

a. \$3,576.28

c. \$3,766.28

b. \$3,676.28

d. \$3,776.28

Name	:			ID: A				
	17.	Dr. Drake is thinking about retirement and decides to sail around the world once he retires. He buys a sailboat for \$125,000. He borrows the money at an APR of 7.5% for five years. What will his total interest be?						
		a. \$46,875.30	c.	\$25,284.61				
		b. \$36,875.40	d.	\$17,388.80				
	18. Jackson and Kate Jones do not pay their credit card in full each month, so they incur finance charg their last credit card statement, the average daily balance is \$875 and the monthly periodic rate is 2 What should be the finance charge on the statement? a. \$19.69 c. \$87.50 							
		b. \$20.25	d.	\$196.88				
	19.	What is the monthly periodic rate or	n a loan with an	APR of 18.6%?				
		a. 0.62%	c.	1.55%				
		b. 0.93%	d.	1.86%				
	20.	•	re of 710 and h	Bob has a credit score of 650 and has an interest rate of as an interest rate of 8.0%. What will be the total				

Short Answer

\$1,030.20

b. \$2,165.40

- 21. How does a credit card company calculate finance charges on a credit card?
- 22. Jim wants to buy a computer. The total cost is \$1,180. If he can save \$60 a month, how long will it take for him to save up for the computer?

c. \$2,195.60

d. \$3,195.80

- 23. Rick carries a balance on his credit card each month. Today is the first day of the new, 28-day billing cycle. The current balance is \$2,360 and the APR is 21%. Rick is buying a friend an expensive gift that costs \$1,500 that he plans to put on his credit card. This will be his only purchase this month. How much in finance charges can he save by making the purchase on the last day of the billing cycle versus the first day of the billing cycle?
- 24. Trey is taking out a loan for \$85,000. It is a 20-year loan with an APR of 5.85% What will his monthly payment be?