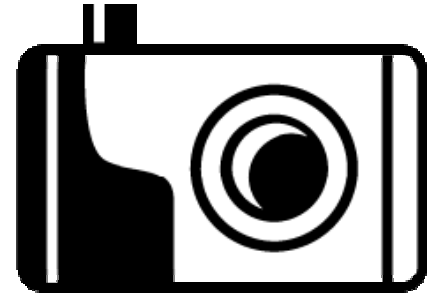


Name \_\_\_\_\_

Date \_\_\_\_\_

**Version 1: Installment Loans and Simple Interest Loans**

1. Mark Scott bought a digital camera through the store's installment plan. The camera sells for \$499.99. Determine the amount he financed if he made a 20 percent down payment.
2. Shianne and Penelope are planning to repaint their house. They estimate the total cost to be \$3499.58. They decide to pay 40% up front and finance the balance at 10% interest for 24 months.

Calculate the down payment.

Determine the amount financed.

Determine the monthly payment.

Calculate finance charge.

3. A desktop computer system has a cash price of \$1,500. To purchase it on an installment plan, you obtained a loan at an APR of 15% and promised to repay the loan for 36 months. Find the finance charge.
4. You are planning to purchase a digital audio player that sells for \$215.76. Your bank can lend you the money at 12% for 24 months. Your insurance company can lend you the money at 18% for 36 months. Determine the loan that would cost you less.
5. James Lorenzo wants to purchase a house in Atlanta that sells for \$587,000. His credit union can lend you the money at 12% for 12 months. His bank can lend him the money at 15% for 24 months.

How much will each loan cost?

Which cost will cost him less?

How much less would it cost?

TABLE

|      | MONTHLY PAYMENT ON A \$100 LOAN |         |         |         |
|------|---------------------------------|---------|---------|---------|
| APR  | ANNUAL PERCENTAGE RATE          |         |         |         |
| Term | 10%                             | 12%     | 15%     | 18%     |
| 6    | \$17.16                         | \$17.25 | \$17.40 | \$17.55 |
| 12   | 8.79                            | 8.88    | 9.03    | 9.17    |
| 18   | 6.01                            | 6.10    | 6.24    | 6.38    |
| 24   | 4.61                            | 4.71    | 4.85    | 4.99    |
| 30   | 3.78                            | 3.87    | 4.02    | 4.16    |
| 36   | 3.23                            | 3.32    | 3.47    | 3.62    |
| 42   | 2.83                            | 2.93    | 3.07    | 3.23    |
| 48   | 2.54                            | 2.63    | 2.78    | 2.94    |

