

Complete the following.

1. Stan bought a stereo system for \$3750 on a special no-interest plan. He made a \$350 down payment and agreed to pay the entire purchase off in 1 year. The minimum payment is \$100. If he makes the minimum payment for the first 6 months and then increases his payment to \$175, how much will his last payment be? \$1925.

$$3750 - 350 - 6(100) - 5(175) = \underline{\hspace{2cm}}$$

2. Max created a spreadsheet for calculating installment purchases.

	A	B	C	D	E	F	G	H
	Purchase Price	Down Payment Percentage as a Decimal	Down Payment	Monthly Payment	Time In Years	Time in Months	Total of Monthly Payments	Finance Charge
1								
2			f			j	n	s

- a. Write a spreadsheet formula to compute the down payment in cell C2.  $= A2 \cdot B2$
- b. Write a spreadsheet formula to compute the time in months in cell F2.  $= E2 \cdot 12$
- c. Write a spreadsheet formula to compute the total of monthly payments in cell G2.  $= D2 \cdot F2$
- d. Write the spreadsheet formula to compute the finance charges in cell H2.  $= G2 - A2$

3. If you made a \$2300 purchase on a six-month layaway plan and had to pay a monthly payment of \$425, what is the sum of the monthly payments? What is the fee charged for the layaway plan?

$$\text{sum} = \$2550$$

$$\text{fee} = \$250$$

4. Chris made a \$5675 purchase. She has a two-year, no interest, no money down, deferred payment plan. She does have to make a \$125 payment for the first 23 months. What is the sum of these monthly payments?

\$ 2875.

b. How much must Chris pay in the last month of this plan?

\$2800.

5. A family is buying a \$144,000 home. They are taking out a 30-year mortgage at a rate of 4.5%. (Use the Finance App on the calculator).

a. Compute the monthly payment.

\$ 729.63

b. Find the total of all of the monthly payments for the 30 years.

\$ 262,666.80

c. What is the finance charge?

\$ 118,666.80

d. Which is greater, the interest or the original cost of the home?

the orig cost of house

e. Increase the payment by \$25/month. Use the Finance App and solve for N (number of payments). How does this compare to the original 30-year mortgage?

new pay ment \$754.63

$216 \times 754.63$   
\$ 163,000.

144 + mos.

216 fewer payments

$216 \times 729.63$  (157,600)

6. Sam did not pay last month's credit card bill in full. His daily balance fluctuated according to credits rec'd and charges made as follows:

Feb 1 - Feb 15	\$752.45	15 days
Feb 16 - Feb 20	\$402.45	5 days
Feb 21 - Feb 28	\$1079.58	8 days

$$\frac{15(752.45) + 5(402.45) + 8(1079.58)}{28}$$

a. What was his average daily balance? \$ 783.42

b. His APR is 23%. What is the monthly interest rate? 1.92  
 $\frac{23}{12}$

c. What is the finance charge for February?

$$1.92 \cdot 783.42 = \$14.88$$

7. Why is it good to know when the start of your billing cycle is? If you are planning to make a sizeable purchase that you will not pay off immediately, does it matter when you will make that purchase?

$$5(36.00) + 25(5036.00)$$

Arg daily balance? \$4202.67

$$\text{fin chrg} = \$84.05$$

APR 24%  
 monthly rate 2%

$$25(36.00) + 5(5036.00)$$

Arg daily balance? \$869.33

$$\text{fin. chrg} \$17.39$$

8. Complete the chart below. (A minimum payment of 20% or \$50 is required...whichever is less.)

Account Information

Transactions	Debits/Credits
5-Mar Pizza Ranch	\$25.63
5-Mar Payment	-\$65.00
7-Mar Scheels	\$145.85
9-Mar SFCS	\$250.00
15-Mar iTunes	\$23.00
19-Mar Gustaf's	\$15.90
25-Mar OG	\$90.00
30-Mar College Board	\$36.00

Summary	Previous Balance	Payments/Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$215.54	A. \$65.00	B. 586.38	\$0.00	C. \$3.77	D. \$970.69	E. \$53.00
			Avg Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate	
			F.	30	G.	1.75%	