

**Group Quiz – Chapter 4: Consumer Credit**

Name \_\_\_\_\_

Date \_\_\_\_\_ Period \_\_\_\_\_

*Please answer all questions and show work where necessary.*

1) Amanda wants to save up for an iPad. The price of the iPad with tax is \$675. If she can save \$80 per month, how long will it take her to save up for this purchase?

Instead of saving up, Amanda decides to buy the same iPad on credit so that she can take it home today. She is required to put 10% down and pay \$59 per month for 1 year.

2) How much is the down payment?

3) How much will she end up paying for the iPad that originally cost \$675?

4) What is the finance charge?

5) Tony wants to buy a car stereo on an installment plan that requires a 15% down payment and \$38.50 per month for 10 months. If the stereo costs \$400 including tax and installation, what will Tony pay in finance charges?

Use the Monthly Payment Formula to get information about a loan of \$5000. Assume that this is a 4 year loan with an annual percentage rate of 7.25%.

6) What are the monthly payments?

7) What is the total amount of the monthly payments?

8) What is the finance charge for this loan? (The cost of borrowing money)

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9) Andrea is taking out an \$8,500, 4 year loan with an APR of 6.5%. What is the monthly payment for this loan?

10) How much MORE would she pay over the life of the loan if she increased the time to 5 years?