

Loan Review

Part I. Choose the best answer.

1. People who have loans usually get them from _____.

Parents

banks

friends

2. When a person gets a loan, the bank charges extra money called interest.

Interest

principal

savings

3. The loan must be paid on time or the bank charges a fine for late payments.

True

False

Part II Use the image to answer the following questions.

A Sample Loan

Jessica wants to buy a new car.

It will take her five years to pay off the loan.

Price of the car \$12,500

Interest paid \$2,707

Total cost of loan \$15,207



4. What is the price of Jessica's car?

\$12,500

\$2,707

15,207

5. What is the interest paid?

6. What is the total cost of the loan?

Part III - Use the image to answer the following questions

Jessica only uses her car loan to buy a car. Patrice has a credit card from her bank. Her credit card lets her buy things such as clothes or meals in restaurants. When Patrice uses her credit card, it is called a charge. Her bank pays the amount of the charge to the store and sends Patrice a bill.

<u>Anytown Boutique</u>	
8 West Mall	Anytown, USA 53778
CASHIER HENRIETTA	DATE 7/5/15
<u>Sales Receipt</u>	
ITEM	PRICE
SHOES	\$59.99
BLOUSE	\$23.89
SUBTOTAL	\$83.88
TAX	\$5.03
<u>TOTAL</u>	<u>\$88.91</u>
PAYMENT CREDIT CARD	
<input checked="" type="checkbox"/> Patrice Novak	
NOVAK, PATRICE	

7. What was the total amount that Patrice charged?

\$5.03 \$83.88 \$23.89 none of the above

8. Why do you think Patrice has a credit card?

9. Who pays the store when Patrice uses her credit card?

Patrice a charge her bank

10. What does her bank send Patrice when she uses her credit card?

11. when you exchange merchandise for merchandise

Barter loan

12. to borrow and pay back over time.

Part IV- Use the image to answer the following questions.

ACCOUNT NO. 1234567	PAYMENT NO. 45	DATE DUE 5/1	AMOUNT \$210.00
		IF PAID AFTER 5/15	AMOUNT \$240.00
LATE FEE: \$30.00 FINE ADDED TO PAYMENT			
<p>Jessica Engleman 15555 E. Washington Ave. Anytown, U.S.A. 53776</p>			
<p>Amount enclosed: two hundred ten and -----no/100</p>			
<p>Send to: Anytown Bank 601 1st Avenue Anytown, U.S.A. 53778</p>			

13. How much does Jessica pay on her car loan each month?

14. Jessica's car payment is the same each month? What kind of expense is it?

Fixed

variable

15. When is Jessica's car loan payment due"

May 1st

May 15th

16. What happens if Jessica's car loan payment is late?

she pays less

she pays more

nothing happens