

## Loans and Lines of Credit

### Practice Questions

1. Use the amortization table in your formula booklet to complete the following chart:

Amount of Loan	Annual Interest Rate	Amortization Period (years)	Monthly Payment
\$5 000	10.5%	4	
\$13 500	9.25%	1	
\$7 800	11%	5	
\$10 750	10.25%	3	

2. Bea Reddy requires a personal loan of \$5000 to purchase appliances. Her financial institution offers her a one-year loan at a fixed interest rate of  $9\frac{3}{4}\%$ .
- How much must Bea pay her financial institution each month?
  - How much does Bea pay in interest at the end of the year?
3. Bea Wright requires a personal loan of \$15 000 for home renovations. Her financial institution offers her a five-year loan at a fixed interest rate of  $10\frac{1}{4}\%$ .
- How much must Bea pay her financial institution each month?
  - How much does Bea pay in interest at the end of the five years?
4. Alan Key wants to buy a customized mountain bike. He finds one that he likes for \$3 500 including taxes. He takes out a personal fixed rate loan for two years at 8.25%.
- How much will it cost him each month?
  - How much will he pay in interest?
5. Trina has decided to buy a sewing machine for her summer business. The one she has picked out will cost \$1 675 including taxes. She takes out a personal fixed rate loan at 6.5% and wants to pay this off in two years.
- What will she pay each month?
  - How much will she have paid in interest at the end of two years?

