**AWM 11 – Unit 3 – Quiz 2 \_\_\_\_**

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1) What is a finance charge? *(1 mark)*

A) The charge for using an ATM to get a cash advance on your credit card

B) The tax paid on any purchase made with a credit card.

C) The monthly payment to a credit card agent for an unpaid balance.

D) The total amount of interest paid to borrow a sum of money.

2) A customer has a credit card with a $10 000.00 credit limit. If he purchases a refrigerator for $1276.00 and a washing machine for $1125.00 on his card, what is his available credit remaining? *(1 mark)*

A) $7448.00 B) $7599.00 C) $7750.00 D) $9849.00

*Complete the following. SHOW ALL YOUR WORK FOR FULL MARKS.*

3) Calculate the interest due on an unpaid credit card balance of $267.45 at a rate of 19.5% for 57 days. Assume simple interest is used in the calculation. *(2 marks)*

4) Manuel has an outstanding credit balance of $1117.00 on a credit card. The minimum monthly payment is 7% or $20.00, whichever is more. How much is his minimum monthly payment? *(2 marks)*

5) A store has a new snowboard for sale for $639.98. Your payment options are:

Option 1: Pay cash of $639.98 plus 12% tax.

Option 2: Pay 10% down payment, then 6 monthly payments of $115.00 (no tax)

Option 3: No down payment, and then 24 monthly payments of $35.00 (no tax)

How much does each option cost?

Which payment plan offers the best deal? *(4 marks)*

6) Using the table below, calculate the total amount paid for a $2490.00 loan at an interest rate of 6.25% per annum for 3 year(s). *(2 marks)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PERSONAL LOAN CALCULATOR:**  **MONTHLY PAYMENT PER 1000.00 BORROWED**  **(INTEREST COMPOUNDED MONTHLY)** | | | | | |
| *Interest rate (%)* | *Term in years* | | | | |
|  | ***1*** | ***2*** | ***3*** | ***4*** | ***5*** |
| 6.00 | 86.07 | 44.32 | 30.42 | 23.49 | 19.33 |
| 6.25 | 86.18 | 44.43 | 30.54 | 23.60 | 19.45 |
| 6.50 | 86.30 | 44.55 | 30.65 | 23.71 | 19.57 |

7) Melanie borrowed $150.00 from a payday loan store and agreed to repay it in 21 days at an interest rate of 2.15% per day. How much will she have to repay in total including the amount she borrowed? Assume simple interest is used in the calculation. *(2 marks)*