

6.4 Worksheet [Personal Loans and Monthly Payments]

1. Richard's car insurance of \$1400.00 was due in two days and he did not have the cash available. He went to a payday loan store for a loan. He had to repay the store \$1635.20 within 14 days.

a) What was the daily interest rate for the loan?

b) What was the annual interest rate for the loan?

2. Hayden borrowed \$400.00 and paid back \$415.00 in 10 days.

a) What was the annual interest rate?

b) what was the daily interest rate?

3. Stanley borrowed \$4500.00 from his credit union to do some home renovations. The loan has an annual interest rate of 5.75% and an amortization period of 3 years.

You will need the personal Loan Payment Calculator table on p.320 to answer the following questions.

a) What is Stanley's monthly payment?

b) Calculate the total amount he will pay over 3 years.

c) Calculate the finance charge on the loan.

