

March 22, 2010

**SHOW ALL THE WORK! CIRCLE YOUR FINAL ANSWERS!!!!**

- 1.** A \$3000 mower is sold to a customer on the installment plan. According to the plan, the customer must pay \$500 down, and then \$105 per month for two years. According to the constant ratio formula, what is the approximate APR for this loan?
- 2.** The buyer who purchased the mower in question 1 decided to pay the balance on the loan after 15 payments were made. A refund was calculated according to the Rule of 78. What was the refund?
- 3.** Use the constant ratio formula to determine the approximate APR for an installment plan loan that has 30 monthly payments of \$60 to pay for a \$1550 sofa. There was no down payment.
- 4.** Use the constant ratio formula to determine the approximate APR for an installment plan loan that has 30 monthly payments of \$60 to pay for a \$1550 sofa. There was a downpayment of \$100..

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- 5.** A \$2700 refrigerator is sold on the installment plan. According to the plan, the customer must pay \$175 down, and then \$85 per month for three years. According to the constant ratio formula, what is the approximate APR for this loan?
- 6.** The buyer who purchased the refrigerator in question 5 decided to pay the balance on the loan after 25 payments were made. A refund was calculated according to the Rule of 78. What was the refund?
- 7.** Use the constant ratio formula to determine the approximate APR for an installment plan loan that has 32 monthly payments of \$40 to pay for a \$1200 sofa. There was no down payment.
- 8.** Use the constant ratio formula to determine the approximate APR for an installment plan loan that has 34 monthly payments of \$45 to pay for a \$1500 sofa. There was a down payment of \$50.