**Chapter 4 Review**

*Be sure to review all vocabulary of Chapter 4.*

1. Charles pays his credit balance in full each month. Last month his average daily balance was $2,012 and the APR is 9.7%. What is the finance charge?
2. What FICO score range is considered:
	1. Exceptional -
	2. Very good -
	3. Good -
	4. Fair -
	5. Very poor -
3. Define the following:

|  |  |
| --- | --- |
| Truth-in-Lending Act |  |
| Fair Credit Reporting Act |  |
| Equal Opportunity Act |  |
| Fair Credit Billing Act |  |
| Fair Debt Collection Practices Act |  |

4. Use the summary section of the monthly credit card statement below to calculate the finance charge and the new balance.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUMMARY** | **Previous Balance**  | **Payments/****Credits** | **Transactions** | **Late Charge** | **Finance Charge** | **New Balance** | **Minimum Payment** |
| $900.00 | $112.00 | $275.00 | $0.00 | **?** | **?** | $40.00 |
|  |  |  |  | Average Daily Balance | # Days in Billing Cycle | APR | Monthly Periodic Rate |
|  |  |  |  | $912.00 | 31 | 16% | 1.3% |

5. Check the new balance entry on the monthly statement below by using the first five entries. If the new balance is incorrect, write the correct amount.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUMMARY** | **Previous Balance**  | **Payments/****Credits** | **Transactions** | **Late Charge** | **Finance Charge** | **New Balance** | **Minimum Payment** |
| $752.36 | $700.36 | $360.00 | $0.00 | $5.11 | $398.11 | $20.00 |

6. Laura received her monthly credit card statement in the mail, the summary of which is shown below. There is an error in the statement! What should be the correct new balance?

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUMMARY** | **Previous Balance**  | **Payments/****Credits** | **Transactions** | **Late Charge** | **Finance Charge** | **New Balance** | **Minimum Payment** |
| $2,721.00 | $2,212.00 | $389.00 | $0.00 | $56.22 | $954.22 | $19.00 |
| Total Credit LineTotal Available Credit | $5,000.00$4,045.78 |  | Average Daily Balance | # Days in Billing Cycle | APR | Monthly Periodic Rate |
|  |  | $1,218.20 | 30 | 18% | 1.5% |

7. Malik has a credit balance of $189. His available credit on this card is $7,311. What is his credit line on this card?

8. Two consumers borrowed $20,000 for six years. Ricky has a credit score of 590 and has an interest rate of 18.2%, while Tracy has a credit score of 730 and has an interest of 7.65%. What will be the total difference between what the two pay?

[](http://api.gmath.guru/cgi-bin/gmath?M%3D%5Cfrac%7BP%5Cleft(%5Cfrac%7Br%7D%7B12%7D%5Cright)%5Cleft(1%2B%5Cfrac%7Br%7D%7B12%7D%5Cright)%5E%7B12t%7D%7D%7B%5Cleft(1%2B%5Cfrac%7Br%7D%7B12%7D%5Cright)%5E%7B12t%7D-1%7D)

9. Sawyer had these daily balances on his credit card for his last billing period. He did not pay the card in full the previous month, so he will have to pay a finance charge. The APR is 21.7%.

 six days @ $612.72

 five days @ $846.00

 eight days @ $1,222.52

 nine days @ $1,631.27

 three days @ $1,924.05

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1. What is the average daily balance?
2. What is the finance charge?

10. Jerry and Jenny have a combined monthly net income of $7,600. Their fixed monthly expenses consist of $1,200 for rent. They also have an outstanding student loan balance of $12,000 and a balance of $300 for the GoPro they bought last month. *How much more debt can they take on and still be within a safe debt load.*

11. The APR on Danaya’s credit card is currently 18.6%. What is the monthly periodic rate?

12. Determine the amount of the payment made on this credit card.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUMMARY** | **Previous Balance**  | **Payments/****Credits** | **Transactions** | **Late Charge** | **Finance Charge** | **New Balance** | **Minimum Payment** |
| $1,216.20 |  | $920.00 | $9.00 | 21.89 | 809.52 | $10.00 |

13. According to the credit calendar below, what is the average daily balance? *It starts on the 2nd of October so be sure to enter the dates into the calendar.*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| October$230 | $230 | $230 | $230 | $230 | $230 | $230 |
| +$112$342 | $342 | $342 | +$27$369 | $369 | $369 | $369 |
| -$59$310 | $310 | $310 | $310 | $310 | $310 | -$12$298 |
| $298 | $298 | $298 | $298 | $298 | $298 | $298 |
| $298 | $298 |  |