

Loan Quiz

Suppose you buy a used car and take out a loan of \$10,000, with an annual interest rate (APR) of 5%.

- If you pay back the loan in three years, what approximately will be your monthly payment?  
 \$200                       \$250                       \$300
- If you pay back the loan in four years instead, approximately by how much will your monthly payment decrease?  
 \$50                       \$70                       \$100
- If you pay back the loan in three years, but the interest rate is 7% instead of 5%, approximately by how much will your monthly payment increase?  
 \$10  
*(\$8)*                       \$30                       \$50

Suppose you buy a house and take out a loan of \$200,000, with an annual interest rate (APR) of 5%.

- If you pay back the loan in 30 years, what will be your monthly payment?  
 \$520.84                       \$1060.11                       \$1594.12
- After how many years will you still owe \$100,000?  
 15 years                       18 years                       20 years
- If you pay back the loan in 20 years instead, approximately by how much will your monthly payment increase?  
 \$250                       \$350                       \$550
- If you pay back the loan in 30 years, but the interest rate is 7% instead of 5%, approximately by how much will your monthly payment increase?  
 \$50                       \$150                       \$250