Paying for Credit PFIN 8 Review

Fill In The Blank

adjustable rate mortgage	cosigner	personal loans
amortization	grace period	prepayment penalty
automatic payments	installment loan	sales finance company
balloon payment	money order	secured loan
certified check	mortgage	student loan
closing costs	online banking	wire transfer

1. A type of mortgage loan called a(n) _______________________________ has an interest rate that can change over time, at the discretion of the lender.

2. A debt instrument called a(n) _______________________________ is used to secure financing of a house purchase.

3. A loan for which property has been pledged as collateral called a(n) _______________________________.

4. A large payment, called a(n) _______________________________, is much larger than other loan payments and must be paid at a set time, often as the last loan payment.

5. _______________________________ are loans that are based on personal creditworthiness (that have no collateral).

6. A(n) _______________________________ is the process of sending money electronically rather than using paper checks.

7. The amount of time you have before a credit card company starts charging you interest on your new purchases is called the _______________________________.

8. A type of lender that makes a loan for the purchase of consumer goods, such as cars or household appliances, is called a(n) _______________________________.

9. A personal check for which payment is guaranteed by the bank on which it is drawn is called a(n) _______________________________.

10. A service that allows you to make payments and manage your bank account using the bank's Web site is called _______________________________.

11. A(n) _______________________________ is a type of prepaid check that directs payment of a sum of cash to the payee.

12. A fee charged for repaying a loan before the agreed-upon date is called a(n) _______________________________.

13. A(n) _______________________________ is debt used to finance education costs.

14. Payments that are made by transferring money electronically from a checking account to another account (such as a creditor's) every billing period are called _______________________________.

15. Expenses the borrower must pay to get a loan, such as appraisal fees, credit report fees, recording costs, and inspection fees, are known as ______________________________.

16. A(n) ______________________________ is a person who agrees to repay a loan if the borrower does not repay it.

17. A type of debt in which you borrow money for a period of time with an agreed-upon interest rate and repayment plan is called a(n) ______________________________.

18. Repaying a debt by making regular payments of principal and interest over a period of time is called ______________________________.

EXCEL PROBLEMS
Use Excel to solve the problems below and email the spreadsheet as an attachment.
MAKE SURE TO USE FORMULAS IN YOUR WORK!
(don't just type the answers)

1. The following charges are part of the closing costs for a loan. What is the total amount of the closing costs?

   - Appraisal fee $500.00
   - Lender's inspections fee $250.00
   - Credit report fee $ 50.00
   - Loan origination fee 1 percent of the loan amount of $250,000.00
   - Notary public fee $ 60.00
   - Document recording fees $ 75.00
   - Title search $250.00
   - Survey fee $250.00
   - Flood certification $ 30.00
   - Buyer's attorney fees $750.00
   - Mortgage insurance 0.5 percent of the loan amount of $250,000.00

2. Sue Thomson bought a house for $178,750.00. She is getting a mortgage for $145,000.00. If a mortgage is for more than 80 percent of the value of the home, Sue's lender requires that the borrower purchase mortgage insurance. Will Sue have to purchase mortgage insurance?

3. Albert Morrison took out a loan for $90,000.00 at 10 percent interest for 15 years. Albert's monthly payments are $967.14. Part of each payment is applied to the loan balance, and part is for interest. He has made payments for 2 years (24 payments). He now wants to repay the loan early. The current principal balance owed is $84,257.19. The loan has a $468.00 interest penalty for early repayment. Will Albert save money by repaying the loan (current balance plus penalty) at this time? If so, how much will he save?