Chapter 6 Review Exercises

Section 6.1

Payday Loans Payday loans are short-term loans that are typically due the next time you receive a paycheck. The tables show rates at two different payday loan companies. In Exercises 1–6, use the tables.

You Receive	Fee	Write the Check For
Amount Financed	14-day Finance Charge	Total of Payments
\$100.00	\$17.65	\$117.65
\$150.00	\$26.48	\$176.48
\$200.00	\$35.30	\$235.30
\$255.00	\$45.00	\$300.00

- 1. You obtain a 30-day payday loan on September 14. What is the due date?
- **2.** You obtain a \$100 payday loan with a 14-day term. How much is due at the end of 14 days?
- **3.** Complete the Truth in Lending disclosure for a \$255 payday loan with a 14-day term.

Loan Proceeds

Other Charges

Amount Financed

Total Amount Due

Finance Charge

Term: 30 days			
Amount	Fees	Total	
\$100	\$18.62	\$118.62	
\$200	\$37.24	\$237.24	
\$300	\$55.86	\$355.86	
\$400	\$74.48	\$474.48	
\$500	\$93.10	\$593.10	
\$600	\$111.72	\$711.72	
\$700	\$130.34	\$830.34	
\$800	\$148.96	\$948.96	
\$900	\$167.58	\$1067.58	
\$1000 🛌	\$186.20	\$1186.20	



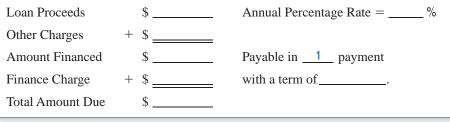
4. Complete the Truth in Lending disclosure for a \$500 payday loan with a 30-day term.

\$_____

\$_____ + \$____

\$____

+ \$_____



- 5. Find the APR for a \$200 payday loan with a term of (a) 14 days and (b) 30 days.
- 6. Does the APR for a 30-day loan change as the amount increases? Explain.