

**Lobstering** A fisherman makes purchases for a lobster trapping business. In Exercises 7–9, find the cost of credit for the loan. (See Example 3.)

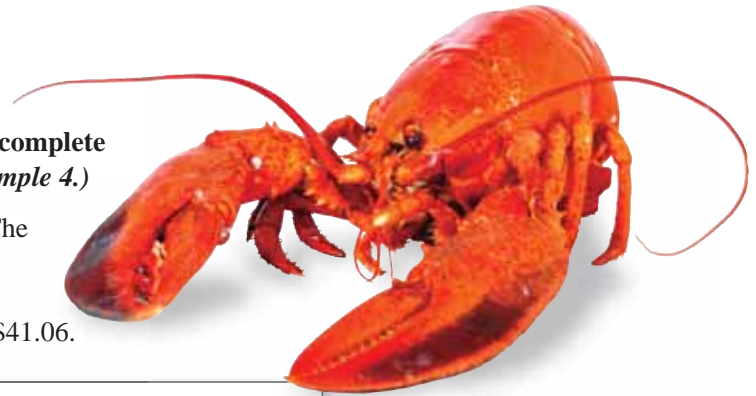
7. The fisherman purchases lobster buoys and paint online for \$500. The website offers an installment loan that allows him to pay by making 3 equal monthly payments of \$172.25.



8. The fisherman purchases lobster traps online for \$1440. The website offers an installment loan that allows him to pay by making 12 equal monthly payments of \$127.94.
9. The fisherman purchases a lobster boat for \$250,000 plus 5% sales tax. The seller offers an installment loan that allows him to pay by making 60 equal monthly payments of \$4988.75.
10. **Cost of Credit** Can you find the cost of credit for the loan in Exercise 1? Exercise 2? Explain. (See Example 3.)

**Infrastructure Improvements** In Exercises 11 and 12, complete the Truth in Lending disclosure for the loan. (See Example 4.)

11. The fisherman pays a contractor to repair his dock. The charges are \$1200 for lumber, \$60 for sales tax, and \$750 for labor. The fisherman pays \$260 down and finances the remainder. There is a finance charge of \$41.06.



Loan Proceeds	\$ _____	Annual Percentage Rate = <u>8</u> %
Other Charges	+ \$ _____	
Amount Financed	\$ _____	Payable in <u>6</u> payments
Finance Charge	+ \$ _____	of \$ <u>298.51</u> each.
Total Amount Due	\$ _____	

12. The fisherman borrows \$4500 to put a new roof on his shop. The other charges are \$160. The annual percentage rate is 6%.

Loan Proceeds	\$ _____	Annual Percentage Rate = _____ %
Other Charges	+ \$ _____	
Amount Financed	\$ _____	Payable in <u>12</u> payments
Finance Charge	+ \$ _____	of \$ <u>401.07</u> each.
Total Amount Due	\$ _____	