

6.1–6.2 Quiz

Credit Unions In Exercises 1–6, use the partially completed promissory note for a recreational vehicle (RV) loan.

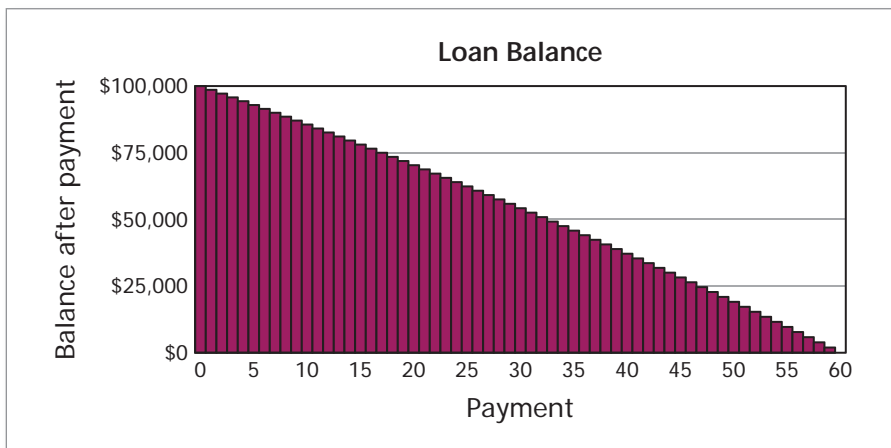
Promissory Note

I, Raja Kumar, promise to repay My Federal Credit Union the loan amount of \$100,000. Repayment is to be made in the form of 60 equal payments at 6.75% interest, or \$ _____ payable on the 1st of each month, beginning _____, until the total debt is satisfied.

Signed,
Raja Kumar
2/1/2011



1. Find the term of the loan and the loan proceeds.
2. What is the monthly payment?
3. Find the total amount due and the cost of credit.
4. The first payment is due March 1, 2011. When is the last payment due?
5. The graph shows the decreasing balance of the loan. When is the remaining balance about one-fourth of the original loan amount?



6. The credit union offers Raja a 0.25% reduction in the APR by initiating automatic monthly payments from his checking account. How much does he save over the term of the loan by doing this?