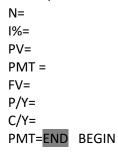
## **Chapter 7 and 8: Grade 12 Finance Exam Review**

- 1. Sheri borrows \$20 000 to go to school. She can repay her loan in 2 ways. The interest is compounded monthly. (6 marks)
- Option A: 48 monthly payments at 6.9% per year compounded monthly.
- Option B: 60 monthly payments at 8.9% per year compounded monthly.
  - a. What is Sheri's monthly payment under each option?
  - b. How much interest does Sheri pay under each option?
  - c. Give a reason why Sheri might choose each option.

Option A	Option B	
N=	N=	
I%=	I%=	
PV=	PV=	
PMT =	PMT =	
FV=	FV=	
P/Y=	P/Y=	
C/Y=	C/Y=	
PMT=END BEGIN	PMT=END BEGIN	
Monthly Payment:	Monthly Payment:	
Interest paid:	Interest Paid:	
Reason for this option: Reason for th		

- 2. Tarak bought a home for \$280 000 and put a down payment of 20% down on the home. He took a mortgage for the remaining amount of the cost of the home.
  - a. Explain The language in this situation.
  - b. What are his monthly payments now if his mortgage is amortized over 20 years at an interest rate of 4.5% compounded semi-annually for a 3 year term? (5 marks)



3.	3. Taylor is saving to go to college in 4 years. He is investing \$200/month in a saving account which makes 4.5% interest compounded monthly. He needs \$9000 for his years basic expenses. Will he have enough saved in this account?		
	N=  %=  N-		

PV=
PMT =
FV=
P/Y=
C/Y=
PMT=END BEGIN

4. The Schaefer's are moving from Ontario to Manitoba. They have \$40 000 in savings and currently rent a 3 bedroom apartment for \$890/month. They have one child and they are trying to decide whether to continue renting or buy something when they move. Their total income together is currently \$65 000/year with the husband making \$45 000 and she works part-time making \$20 000. He is moving through his company and they are covering any moving expenses. He is getting an increase in salary of \$10 000 take home but she will have to try to find a new job once they get to Manitoba. Here are the options they are considering.

Option 1: Buying a 2-bedroom condo—Down payment of \$10 000, with a Bi-weekly mortgage payments of \$415 and monthly maintenance fees of \$220.

Option 2: Renting a 2-bedroom apartment--\$950 per month, plus utilities.

Which housing option would you recommend for him? Give reasons for your answer. Use <u>at least 4</u> of the following key words in your answer and underline the words. (4 marks)

fixed cost	budget	income	expenses
variable cost	utilities	tenant	landlord
savings	balance		

5. Complete the chart below:

Definition	# of times per year
Annually	1
Semi-annually	
Monthly	
Bi-monthly	
Semi-monthly	
Weekly	
Bi-weekly	
quarterly	