

- _____ **12.** Jillian Rolland is planning to sell her van so she can buy a new, small car. One of the vehicle guides she checked shows that the average retail value for the van is \$12,150. She adds \$50 for the compact disc player, \$100 for rear air-conditioning, \$225 for cruise control, and \$225 for having less than expected mileage. She deducts a total of \$300 because the van does not have power door locks or power windows. What is the average retail price for Rolland's van?
 - a. \$12,345
 - b. \$22,035
 - c. \$12,450
 - d. \$13,225

- _____ **13.** Kevin Mahan's insurance policy has a \$237.20 premium for bodily injury and property damage. The collision premium is \$146. Mahan's driver-rating factor is 2.7. What is his annual premium?
 - a. \$1,034.64
 - b. \$237.20
 - c. \$383.20
 - d. \$640.44

- _____ **14.** Cindy Mitchell is trying to determine the cost per mile to operate her sports car over the past year. Her variable costs, such as gasoline and maintenance, have been about \$600. Her fixed costs, including insurance and registration fees, plus \$800 depreciation, have been \$1,250. She has driven the car 6,500 miles. Find Mitchell's cost per mile.
 - a. \$0.31
 - b. \$0.27
 - c. \$0.28
 - d. \$0.23

- _____ **15.** Jennifer Sosa leased a new car. She pays \$300 per month for 48 months. She paid a \$78 title fee, a \$110 license fee, and her deposit was \$5,000. What is the total lease cost?
 - a. \$15,092
 - b. \$19,510
 - c. \$19,588
 - d. \$15,987

- _____ **16.** It cost Pablo Chavez a total of \$200 to rent a car. He drove the car 850 miles. What was Chavez's cost per mile?
 - a. \$0.87
 - b. \$0.25
 - c. \$0.18
 - d. \$0.24

- _____ **17.** Betty Rifkin's mortgage loan amount is \$87,750. She financed her house for 30 years with monthly payments of \$725. At the end of 30 years, what will be the total amount of interest charged?
 - a. \$116,115
 - b. \$173,250
 - c. \$152,725
 - d. \$163,500

- _____ **18.** Shelly Soyer has been granted a mortgage loan at an annual interest rate of 6 percent for 20 years by Patterson Mutual. The home has a selling price of \$170,000. The bank requires a 20 percent down payment. What are the amounts of the following fees: loan origination, documentation stamp, and processing?

Credit report	\$ 70
Loan origination fee: 2.0% of mortgage	
Abstract of title	100
Attorney fee	275
Documentation stamp fee: 0.3% of mortgage	
Processing fee: 1.10% of mortgage	

- a. \$3,400; \$510; \$1,870
 - b. \$2,720; \$408; \$1,496
 - c. \$680; \$102; \$340
 - d. \$1,360; \$204; \$680
- _____ **19.** April Segal and her sister obtained a 25-year, \$120,000 loan for their new home. The interest rate is 7.5 percent and their monthly payment is \$886. How much of the first payment is for principal?
 - a. \$136
 - b. \$120
 - c. \$175
 - d. \$186

- _____ 20. Dawn Jent lives in Richmond, Virginia, where the rate of assessment is 80 percent and the tax rate is 25.13 mills. A tax assessor has determined that the market value of the home is \$92,500. What is her real estate tax for 1 year?
- a. \$1,745.34
b. \$1,859.62
c. \$1,649.73
d. \$1,729.64

Figure 10.2. Use this table with the question(s) below, as needed.

Homeowners Insurance Premiums										
Annual Premiums for a Typical Homeowners Policy										
Amount of Insurance Coverage	Fire Protection Class									
	Brick / Masonry Veneer					Wood Frame				
	1 - 6	7 - 8	9	10	11	1 - 6	7 - 8	9	10	11
\$40,000	\$166	\$170	\$225	\$237	\$270	\$178	\$183	\$237	\$248	\$285
\$45,000	173	178	233	244	280	187	191	248	260	298
\$50,000	178	183	241	254	290	190	195	254	265	304
\$60,000	191	196	259	273	313	205	211	273	287	328
\$70,000	213	216	285	299	343	225	231	299	315	360
\$80,000	241	248	328	343	394	257	265	343	363	415
\$90,000	268	276	365	384	441	289	296	384	403	464
\$100,000	298	307	407	426	490	320	329	426	449	515
\$120,000	354	364	484	508	584	381	391	508	534	614
\$150,000	459	471	625	657	755	493	506	657	692	794
\$200,000	616	633	841	884	1,017	662	680	884	931	1,070
\$250,000	737	754	961	1,021	1,167	780	798	1,021	1,086	1,243
\$300,000	879	901	1,147	1,218	1,394	931	953	1,218	1,295	1,483
\$400,000	1,021	1,045	1,331	1,413	1,617	1,067	1,105	1,413	1,504	1,723
\$500,000	1,309	1,340	1,707	1,812	2,074	1,385	1,418	1,812	1,929	2,209

- _____ 21. Use Figure 10.2. Ramon Sheen owns a home that has a replacement value of \$312,500. He purchased a homeowner's policy for 80 percent of its replacement value. The home is of brick construction and is rated fire in protection class 4. What is his annual insurance premium?
- a. \$876
b. \$837
c. \$627
d. \$737
- _____ 22. Henry Alvarez recorded his housing expenses for the month of January: \$775.36 for mortgage payment, \$32.50 for insurance premium, \$115.75 for real estate taxes, \$98.64 for electricity, \$34.40 for telephone service, and \$31.80 for water. What is his total monthly housing cost?
- a. \$1,008.87
b. \$1,088.45
c. \$1,098.78
d. \$1,088.64
- _____ 23. Donna Wagner is a self-employed musician. She pays 100 percent of the PPO insurance premium of \$5,824 annually. She also has a dental plan that costs \$600 annually and a vision plan that costs \$365 annually. What is her total monthly premium for all her insurance?
- a. \$698.00
b. \$565.75
c. \$697.63
d. \$699.63
- _____ 24. Hamid Husain took out a \$50,000, 5-year term policy at age 50. The premium per \$1,000 was \$4.80. He will be 55 years old this year. The premium per \$1,000 will be \$6.58. What is the percent increase?
- a. 38%
b. 32%
c. 42%
d. 37%

- _____ 31. Akil Baker manages operations for three divisions within his company, requiring that he travel to three different cities every month. This month his expenses included \$2,309.75 for transportation, \$239.65 for meals, and \$650.00 for lodging. What were his total travel expenses for the month?
- a. \$3,199.40
 - b. \$3,889.90
 - c. \$3,219.00
 - d. \$5,198.98
- _____ 32. Bettina Soto is a regional sales representative for Marvin Pharmaceuticals. This month Soto's travel expenses included \$884.03 for car rental and gasoline and \$219.40 for meals. Her hotel bills include 2 nights at the Resort Hotels for \$175 per night, 1 night at the Suites for \$85.90, and 4 nights at the East Inn for \$119.90 per night. What were her total travel expenses for the month?
- a. \$4,987.12
 - b. \$5,124.00
 - c. \$3,457.99
 - d. \$2,018.93
- _____ 33. Motor Sport Enthusiasts Inc. held a one-day training seminar and invited 4 employees to attend. All the employees were paid their regular wages which totaled \$280 for the day. Lunch was provided at a total cost of \$89. The cost for the seminar instructor was \$200. Supplies and equipment for the program amounted to \$27 per person. What was the total cost for the seminar?
- a. \$677
 - b. \$388
 - c. \$128
 - d. \$698

Short Answer

34. Robert Jones' charge account statement showed a previous balance of \$1,342.75, a finance charge of \$252.82, new purchases of \$1,946.50, and a payment of \$2,400.00. What is his new balance?
35. Shelita Sullivan's charge account statement shows an unpaid balance of \$1,329.08. The monthly finance charge is 2.5 percent of the unpaid balance. What is the new account balance?
36. Find the average daily balance (no new purchases included).

Dates	Payment	End-of-Day Balance	×	Number of Days	Sum of Balances
9/5-9/17		\$2,983.99	×	13	\$
9/18	\$2,001.01	982.98	×	1	
9/19-10/3		982.98	×	15	
		Total		29	

37. Find the average daily balance (new purchases included).

Dates	Payment	Purchase	End-of-Day Balance	×	Number of Days	Sum of Balances
12/1-12/5			\$ 780.00	×	5	\$
12/6		\$678.20	1,458.20	×	1	
12/7-12/15			1,458.20	×	9	
12/16	\$1,400.00		58.20	×	1	
12/17-12/31			58.20	×	15	
			Total		31	

Critical Thinking

38. Why is it wise to shop around when you want to borrow money?
39. Steve Mason purchased a storage shed for \$3,074. He made a 43 percent down payment and financed the rest. What amount did he finance?
40. Miryam Ghorashy obtained a \$1,500 loan at an interest rate of 10 percent. The monthly payment is \$131.85. What is the new principal after the first payment?

Figure 8.3. Use this table with the question(s) below, as needed.

APR Term	10.00%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%	12.00%	12.25%
Finance Charge per \$100 of Amount Financed										
6	\$2.94	\$3.01	\$3.08	\$3.16	\$3.23	\$3.31	\$3.38	\$3.45	\$3.53	\$3.60
12	5.50	5.64	5.78	5.92	6.06	6.20	6.34	6.48	6.62	6.76
18	8.10	8.31	8.52	8.73	8.93	9.14	9.35	9.56	9.77	9.98
24	10.75	11.02	11.30	11.58	11.86	12.14	12.42	12.70	12.98	13.26

41. Use Figure 8.3. Terrence Jones received an \$8,000 loan to pay for basement remodeling. His finance charge is \$998. He agreed to pay off the loan in 24 months. What is the APR?
42. Jill Stern wants to buy a sedan. The car's base price is \$22,760 and its factory-installed options total \$1,230. The destination charge is \$385. What is the sticker price?
43. Chanise Johnson wants to sell her car. This model has an average retail value of \$14,987.67. To price the car, she can add \$200.00 for power locks, \$150.00 for a compact disc player, and \$900.00 for air-conditioning. She must, however, deduct some money because the car does not have leather seats, valued at \$300.00, or alloy wheels, valued at \$340.00. Johnson must also deduct \$1,458.00 for the car's excessive mileage. What is the average retail price for the car?
44. Ciana Thomas drove her car 11,500 miles last year. Her fixed costs totaled \$1,214 and her variable costs totaled \$2,450. What was her cost per mile?
45. Bart Carroll rented a car for four days at \$40 per day, plus \$0.22 per mile. In case he was involved in an accident, he purchased the collision deductible for \$11 per day and paid \$27 for gasoline to cover the 520 miles he drove. What was the total cost per mile for Bart to rent the car?
46. After months of searching, Roberto Anaya and his wife find the perfect home and agree on a selling price of \$156,900. What is the amount of their mortgage loan if the down payment is $\frac{1}{10}$ of the selling price?
47. Yolanda Bright obtained a 30-year, \$45,000 mortgage loan. The interest rate is 6 percent. How much of her first payment is for interest?
48. For Orlando Barnett and his wife, the rate of assessment in Foster, Rhode Island is 50 percent. The tax rate is 40.20 mills. What is the real estate tax on a piece of property that has a market value of \$176,430?

49. Lincoln Hurston and his brother share a home with a replacement value of \$376,800. They have insured it for 100 percent of its replacement value with Scottie Insurance Company. Use the chart below to determine the amount of coverage for their garage and other structures.

Scottie Insurance Company	
Coverage	Percent of Coverage
Garage and other structures	5%
Personal property	50%
Loss of use	15%
Personal liability	40%
Medical payments	1%

Figure 10.2. Use this table with the question(s) below, as needed.

Homeowners Insurance Premiums										
Annual Premiums for a Typical Homeowners Policy										
Amount of Insurance Coverage	Fire Protection Class									
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\$50,000	178	183	241	254	290	190	195	254	265	304
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\$400,000	1,021	1,045	1,331	1,413	1,617	1,067	1,105	1,413	1,504	1,723
\$500,000	1,309	1,340	1,707	1,812	2,074	1,385	1,418	1,812	1,929	2,209

50. Use Figure 10.2. Darrell Frazier owns a home that has a replacement value of \$87,500. He purchased a homeowner's policy for 80 percent of the house's replacement value. The home is of brick construction and is rated in fire protection class 3. What is his annual insurance premium?
51. Gela Frederick is a first-time homeowner. Her monthly net pay is \$3,000. She estimates the following monthly housing expenses: \$950.00 for her mortgage payment, \$24.35 for her insurance premium, \$85.75 for real estate taxes, \$64.74 for electricity, \$32.90 for telephone service, and \$18.10 for water. What is the total amount of her monthly housing costs? Is this amount within FHA guidelines of 35 percent of net pay?
52. Arianna Hsu has a family membership in her company's health insurance program. The total cost is \$6,095 annually and her employer pays 75 percent of the total cost. She also pays the optional dental premium of \$406.25 per year the optional vision annual premium of \$256.10. What is the total monthly premium for all her insurance?

53. Jackson Harris has a limited payment insurance policy until age 65. He has an annual premium of \$850 and he wants to pay the premium monthly. The monthly premium is 9 percent of the annual premium. What are his monthly payments?
54. Penbrook Academy hired a corporate communications specialist at an annual salary of \$75,800. Advertising costs were \$2,130. Interview costs included \$1,625 for the candidates' travel expenses. The finder agency fee was 20 percent of the specialist's first year's salary. Hiring expenses included \$3,200 in moving costs and a 6 percent realtor's fee on the \$128,467 selling price of the home. What is the total recruiting cost?
55. Sarah Barnard writes a monthly column in *City Magazine*. Her salary is \$25,000. Next month she will receive a yearly cost-of-living adjustment of 2.8 percent. She is also expecting a merit increase of 5 percent. What will Parker's annual salary be next year?
56. Gerome Houser is a pastry chef at McKay's Eatery. His annual salary is \$45,623. His benefits include \$1,755 for two weeks' vacation, \$3,898 for health insurance, \$661 for Medicare, \$2,828 for Social Security, and \$2,098 for unemployment insurance. He also gets paid \$1,404 for eight holidays throughout the year. What is the rate of benefits rounded to the nearest tenth of a percent?
57. Breia Washington has contributed to Social Security for the past 22 years. She had a heart attack and became permanently disabled. She qualifies for Supplemental Security Income (SSI). What will the monthly disability benefit be for Washington and her husband?
58. As a radio installation specialist, Tim Jamal drives to a central supply center twice a month. The trip is 40 miles one way. The company reimburses him \$0.28 per mile. Each trip requires that Jamal spend one night in a hotel that costs \$129.23 per night. Last month his meals, including breakfast, lunch, and dinner totaled \$60.59 for the first trip and \$76.90 for the second. What were his total travel expenses last month?
59. Last month Nicoletta Baxter traveled to Germany to attend a company-wide retreat. Her round-trip airfare was \$2,898.65 and her ground transportation to and from the retreat location totaled \$362.13, including tips. Her lodging was \$310 per night for 6 nights. With the exception of breakfast, her meals were provided at no charge. She paid \$6.90 for breakfast each day for seven days. What were Baxter's total travel expenses for the trip?
60. Six sales representatives from Markely and Montero Realtors, Inc. were sent to a 3-day seminar to learn about new selling techniques. Their total release time was \$1,098. The seminar instruction was \$108 per person, plus \$20 per person for instruction materials. Lunch and refreshments were provided for a total of \$35 per person per day. What is the total training cost?

Final Review Semester 2 Answer Section

MULTIPLE CHOICE

1. ANS: B	DIF: Average	REF: Section 7-1
2. ANS: C	DIF: Average	REF: Section 7-2
3. ANS: A	DIF: Average	REF: Section 7-3
4. ANS: C	DIF: Average	REF: Section 7-4
5. ANS: A	DIF: Average	REF: Section 8-1
6. ANS: C	DIF: Basic	REF: Section 8-2
7. ANS: B	DIF: Average	REF: Section 8-3
8. ANS: B	DIF: Average	REF: Section 8-5
9. ANS: D	DIF: Average	REF: Section 8-6
10. ANS: B	DIF: Average	REF: Section 9-1
11. ANS: B	DIF: Average	REF: Section 9-2
12. ANS: C	DIF: Average	REF: Section 9-3
13. ANS: A	DIF: Basic	REF: Section 9-4
14. ANS: C	DIF: Average	REF: Section 9-5
15. ANS: C	DIF: Average	REF: Section 9-6
16. ANS: D	DIF: Basic	REF: Section 9-7
17. ANS: B	DIF: Basic	REF: Section 10-2
18. ANS: B	DIF: Average	REF: Section 10-3
19. ANS: A	DIF: Basic	REF: Section 10-4
20. ANS: B	DIF: Average	REF: Section 10-5
21. ANS: D	DIF: Basic	REF: Section 10-7
22. ANS: B	DIF: Basic	REF: Section 10-8
23. ANS: B	DIF: Average	REF: Section 11-1
24. ANS: D	DIF: Average	REF: Section 11-3
25. ANS: B	DIF: Basic	REF: Section 11-4
26. ANS: A	DIF: Basic	REF: Section 11-2
27. ANS: D	DIF: Average	REF: Section 13-1
28. ANS: C	DIF: Average	REF: Section 13-2
29. ANS: D	DIF: Average	REF: Section 13-3
30. ANS: B	DIF: Average	REF: Section 13-4
31. ANS: A	DIF: Basic	REF: Section 13-5
32. ANS: D	DIF: Average	REF: Section 13-6
33. ANS: A	DIF: Average	REF: Section 13-7

SHORT ANSWER

34. ANS:
\$1,142.07
- DIF: Average REF: Section 7-1
35. ANS:
\$1,362.31
- DIF: Average REF: Section 7-2
36. ANS:
\$1,879.98
- DIF: Average REF: Section 7-3
37. ANS:
\$626.23
- DIF: Average REF: Section 7-4
38. ANS:
You should shop around when borrowing money because lenders charge different amounts of interest on loans. You can find the loan that will cost you less.
- DIF: Basic REF: Section 8-1
39. ANS:
\$1,752.18
- DIF: Average REF: Section 8-2
40. ANS:
\$1,380.65
- DIF: Average REF: Section 8-4
41. ANS:
11.50%
- DIF: Average REF: Section 8-6
42. ANS:
\$24,375
- DIF: Average REF: Section 9-1
43. ANS:
\$14,139.67
- DIF: Average REF: Section 9-3

44. ANS:
\$0.32
- DIF: Average REF: Section 9-5
45. ANS:
\$0.66
- DIF: Average REF: Section 9-7
46. ANS:
\$141,210
- DIF: Average REF: Section 10-1
47. ANS:
\$225
- DIF: Average REF: Section 10-4
48. ANS:
\$3,546.24
- DIF: Average REF: Section 10-5
49. ANS:
\$18,840
- DIF: Average REF: Section 10-6
50. ANS:
\$213
- DIF: Average REF: Section 10-7
51. ANS:
\$1,175.84. No, it is not within FHA guidelines.
- DIF: Average REF: Section 10-8
52. ANS:
\$182.18
- DIF: Average REF: Section 11-1
53. ANS:
\$76.50
- DIF: Average REF: Section 11-4
54. ANS:
\$29,823.02
- DIF: Average REF: Section 13-1
55. ANS:
\$26,950
- DIF: Average REF: Section 13-2

56. ANS:
27.7%

DIF: Average REF: Section 13-3

57. ANS:
\$796

DIF: Average REF: Section 13-4

58. ANS:
\$440.75

DIF: Average REF: Section 13-6

59. ANS:
\$5,169.08

DIF: Average REF: Section 13-5

60. ANS:
\$2,496

DIF: Average REF: Section 13-7