**Unpaid Balance Method**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Balance due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 3</td>
<td>Bal 124.78</td>
<td>124.78</td>
</tr>
<tr>
<td>Feb 8</td>
<td>Charge 25.44</td>
<td>150.42</td>
</tr>
<tr>
<td>Feb 12</td>
<td>Payment 100</td>
<td>50.42</td>
</tr>
<tr>
<td>Feb 14</td>
<td>Charge 67.23</td>
<td>117.65</td>
</tr>
<tr>
<td>Feb 25</td>
<td>Charge 13.98</td>
<td>131.55</td>
</tr>
<tr>
<td>March 3</td>
<td>Finance Charge $1,56</td>
<td>$133.11</td>
</tr>
</tbody>
</table>

\[
i = \frac{PRT}{100}
\]

\[
i = \frac{124.78 \times 0.125 \times 1}{100} \text{ per mo} \# \text{mo.}
\]

\[
i = 1.56
\]
<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Bal due</th>
<th>#days</th>
<th>(days)(Bal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 3</td>
<td>Bal 124.78</td>
<td>124.78</td>
<td>5</td>
<td>623.90</td>
</tr>
<tr>
<td>Feb 8</td>
<td>Charge 25.44</td>
<td>150.42</td>
<td>4</td>
<td>601.68</td>
</tr>
<tr>
<td>Feb 12</td>
<td>Payment 100</td>
<td>50.42</td>
<td>2</td>
<td>100.84</td>
</tr>
<tr>
<td>Feb 14</td>
<td>Charge 67.23</td>
<td>117.65</td>
<td>11</td>
<td>1294.15</td>
</tr>
<tr>
<td>Feb 25</td>
<td>Charge 13.90</td>
<td>131.55</td>
<td>6</td>
<td>789.30</td>
</tr>
<tr>
<td>March 3</td>
<td>Finance Charge #1,52</td>
<td>133.07</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**28** 3409.87

**Avg Daily Bal:** \[
\frac{3409.87}{28} = 121.78
\]

\[\]

\[
\frac{p(1 + rt)}{t}
\]

\[
\frac{121.78(0.0125)(1)}{6} = 2.152
\]
\[
\begin{align*}
\text{Rate} & \quad R \quad 0.05 \quad \% \\
\text{Principal} & \quad P \quad 600 \\
27 \text{ days} & \\
i & = P \cdot r \cdot t \\
i & = 600 \cdot (0.005477) \cdot (27) \\
\text{Finance charge} & = 6.87 \\
\text{Payment} & = P + i = 600.00 + 6.87 = 606.87
\end{align*}
\]
Mortgages - (house loan)

1) Fixed rate
   Ex 30 yr  5.75%

2) ARM - Adjustable Rate Mortgages
1. S. Price
   2. 20% down
   3. 5.5% mortgage rate
   4. 30 yrs loan

   a) 20% of $175,000 is down.
      \[ \frac{0.2 \times 175,000}{1} = \frac{35,000}{1} \text{ down payment} \]

   b) $175,000 - $35,000 = $140,000 mortgage

   Table 11.4, p. 638

   Rate
   5.5
   5.68

   If you borrow $1000 at 5.5% for 30 yrs, then you pay $5.68 per month for 30 years.

   \[ \frac{140,000}{1080} = 140 \text{ # of 1000's borrowed} \]

   \[ \frac{140}{1000} = 0.14 \]

   $5.68 per 100

   $795.20 per month
1 point is 1% of the mortgage when you buy points you are paying interest "up front".

Ex. If I get a $140,000 mortgage, what is the cost of 3 points?

$140,000 \times 0.03 = \text{cost of 3 points} = \underline{\$4,200}
Fri

11:5  1 - 15 odd

Start Practice Test