

Loans Scenarios

A flute player wants to buy a car to get to practice. They have researched various cars and the cost and has determined that the car they have chosen will cost them \$25,600.00. Right now, they have saved \$15,000.00 to use for the car purchase.

How much more money does the flute player need to be able to purchase the car?

Once they determine how much money they still need, what are their options for getting the rest of the money?

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The flute player decides to take out a loan. What are some factors they should research before determining where to take out their loan?

The flute player takes out a loan of \$10,600.00. They will be charged 5% interest annually. In the first year, how much interest will be charged?

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After the first year, the flute player has paid back \$5,000.00. They now only owe \$5,600.00. How much interest will they now be charged in the second year?

The Flute player has now paid the loan in full after the second year. How much money did they end up paying for the car in total.