

Mid-Chapter Review

1. Match each person with the action you suggest.

Person

Action

Giselle wants to buy gas for her car trip.

Get a personal loan.

Randall is buying a car.

Get a line of credit.

Cam is starting a business.

Use a credit card.

2. Georgina has a landscaping business in Red Deer.

- She plans to buy a ride-on mower for her business.
- She needs \$2500 in credit.

What are the choices Georgina has for using credit for her business?

e.g., Georgina could open a line of credit and use this to buy the mower and pay expenses of running the business. She would make a monthly payment against the line of credit. OR Georgina could take a personal loan to buy the mower and use credit cards to pay for the expenses for running the business. She would make a monthly payment to repay the loan and other monthly payments on her credit cards.

3. Harald sells industrial paint.

- He drives from Calgary to Lethbridge once each week.
- He needs to borrow money to repair his car's transmission, but does not want to use a credit card.
- He will be paid at the end of the month.

Which type of loan should Harald get? Explain.

e.g., Harald should get a secured personal loan, because he has a job and can pay the loan when he is paid.



4. Cindy has from three to seven overdraft transactions per month. Each transaction costs \$3.50, plus interest. She is going to apply for a personal line of credit.

Do you agree with Cindy's decision? Explain why or why not.

e.g., I agree. Cindy will likely pay less in overdraft fees. OR I disagree. If the interest rate is really high Cindy might not save much.