



QUIZ

Loan Basics

NAME: _____

TOTAL
/ 4 pts

MULTIPLE CHOICE

Directions: **CIRCLE** the best possible answer to each question.

1. What is the loan principal?
 - a. The total cost of borrowing
 - b. The amount of money borrowed on a loan
 - c. It is another term for down payment

2. What is loan interest?
 - a. The amount charged to a borrower for the use of the money
 - b. The amount of time over which a debt is repaid in full by regular payments
 - c. An agreement by which money is lent for buying property

3. What is the loan term?
 - a. An amount of money you owe to someone
 - b. The accounting of how your funds flow in and out of your financial institution
 - c. The time period in which you agree to pay back your loan

4. What is collateral?
 - a. The value of a thing you own, after you subtract the money still owing on it
 - b. It is a sum of money you borrow from a financial institution
 - c. It is something valuable that the lender can seize as a form of repayment if the borrower defaults on a loan