

Unit: 4. BANKING AND CREDIT COSTS

VOCABULARY

APR	Annual Percentage Rate
average daily balance	average amount owed for each day of the billing period
balloon payment	large payment due at the end of the loan period
carrying charges	excess amount paid over the cash price
closing costs	fees associated with taking out a mortgage
credit	based on the belief a person will pay his obligations
credit card	financial instrument that allows you to take out a loan from the credit card company to make purchases
discount loan	loan in which the interest is paid in advance from the sum advanced
down payment	initial cash payment
finance charge	price paid to use someone else's money to make purchases
finite	has a beginning and an end
fixed rate	interest rate that does not change
infinite	has no ending
interest	fee charged for delaying payment
interest rates	percentage charged for a unit of time
loan	to lend a sum of money at interest
LTV	Loan To Value

mortgage	a loan based on the value of the real estate it is used to purchase
natural numbers	the positive integers
overdraft	a check which cannot be covered by funds in the account
overdraft protection	the bank will loan the customer the money needed to cover an overdraft check
prepayment penalties	fees required if loan is paid off before the end of its original term
previous balance	total amount owed on the account at the end of the previous billing cycle
proceeds	amount of money received when money is borrowed
progression	a sequence or a series, i.e., an arrangement of quantities, or summation of quantities, whose positions are based upon the natural numbers
sequence	an arrangement of quantities whose positions are based upon the natural numbers
series	a summation of quantities based upon a sequence
unpaid balance	amount owed on the account after payments and credits have been subtracted from the previous balance
variable rate	interest rate tied to an index that may change