Examples from Section 1.1
(Simple Interest and the Time Value of Money)

1. Barney loans Robin $1,000 for 3 months. Robin agrees to pay $75 in interest for the loan. How much will Robin pay Barney in total?

2. Barney loans Ted $2000 for 6 months, and they agree Ted will pay Barney $2200 at the end of the 6 months. How much interest will Ted pay?

3. Identify the following in question 1:
   (a) Principal
   (b) Debtor
   (c) Creditor
   (d) Term (of the loan)

4. In question 2, use common sense to make an argument for how much interest Ted should pay if he had borrowed $1000 instead of $2000.

5. Find the following percents:
   (a) 25% of 500.
   (b) 80% of 500.
   (c) 3% of 500.
   (d) 10.71 percent of 521.

6. Zoey loans Ted $1234 at 9.1% interest for 1 year, how much will Ted pay when the year is up?

7. Express $9\frac{1}{8}$% as a decimal.

8. Refer to question 6, if Ted keeps the money for 2 years instead of one, use common sense to make an argument for how much interest Ted should pay. How much should Ted repay at the end of 2 years?

9. McLaren’s Pub loans Barney $5,000 at a simple interest rate of 9.3% for 3 years. How much interest will Barney pay?