

### 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