

4. If you sign a \$2500 note for 90 days at Generous Bank and Generous Bank charges a 9% discount: (Use ordinary interest.)

a. What is the bank discount on the note?

b. What proceed amount will you receive?

c. What effective interest rate are you paying? (Round to the nearest hundredth percent.)

5. On December 16, Your Co. discounted a \$3,500 , 120 day note at Chaos Bank. The note was dated Oct. 20. Chaos Bank's discount rate is 7%. What proceeds did your company receive?

6. Fill in the following chart. Assume a bank discount rate of 10%. Assume ordinary interest.

Face Value (principal)	Interest Rate	Length of note	Maturity Value	Date of note	Date note is discounted	Discount period	Bank discount	Bank proceeds
\$18,000	6.5%	90 days	_____	June 1	July 15	_____	_____	_____

