



examples of finance charges

	<u>average daily balance</u>	<u>adjusted balance</u>	<u>previous balance</u>
monthly	1.5%	1.5%	1.5%
rate	18%	18%	18%
previous balance	\$400	\$400	\$400
payments	\$300	\$300	\$300

On 15th day (new balance = \$100)

average daily balance	\$250*	N/A	N/A
finance charge	\$3.75 (1.5% x \$250)	\$1.50 (1.5% x \$100)	\$6.00 (1.5% x \$400)

e.g. * To figure average daily balance:
($\$400 \times 15 \text{ days}$) + ($\$100 \times 15 \text{ days}$) = $\$250 \times 30 \text{ days}$