Troy borrows $5620.00 to purchase a four wheeler. He takes out personal loan from his credit union at an annual rate of 5% with an amortization period of 5 years. Use the personal loan payment calculator table (page 132) to answer the questions.

PERSONAL LOAN PAYMENT CALCULATOR:
MONTHLY PAYMENT PER $1000.00 BORROWED
(INTEREST COMPOUNDED MONTHLY)

Interest rate (%)	Term in years				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
5.00	85.61	43.87	29.97	23.03	18.87
5.25	85.72	43.98	30.08	23.14	18.99
5.50	85.84	44.10	30.20	23.26	19.10
5.75	85.95	44.21	30.31	23.37	19.22
6.00	86.07	44.32	30.42	23.49	19.33
6.25	86.18	44.43	30.54	23.60	19.45
6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.66	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80

1. What is Troy's monthly payment?

(i) $\dfrac{5620}{1000}$ → Amount Borrowed   (ii) 5.62×18.87

$= 5.62$ $= \$106.05$

2. Calculate the total amount he will pay over the 5 years. (60 months)

$106.05 \times 60 = \$6363.00$

3. Calculate the finance charge on the loan.

$6363.00 - 5620.00 = \$743.00$

John is purchasing a new car which costs $42,000.00. He has a down payment of $5000.00. He takes out a personal loan from his local bank at an annual rate of 5.75% and an amortization period of 4 years. (Use 15% HST)

Tax first then subtract down payment

Important

PERSONAL LOAN PAYMENT CALCULATOR:
MONTHLY PAYMENT PER $1000.00 BORROWED
(INTEREST COMPOUNDED MONTHLY)

Interest rate (%)	Term in years				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
5.00	85.61	43.87	29.97	23.03	18.87
5.25	85.72	43.98	30.08	23.14	18.99
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6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.66	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80

1. What is John's monthly payment?

(I) $42000.00 \times 1.15 = 48300.00$

(II) $48300.00 - 5000.00 = 43300.00$ — Amount Borrowed

(III) $\dfrac{43300.00}{1000} = 43.3$

(IV) $43.3 \times 23.37 = \$1011.921$

2. Calculate the total amount he will pay over the 4 years. (48 months)

$1011.92 \times 48 = \$48572.21$

3. Calculate the finance charge on the loan.

$48572.21 - 43300 = \$5272.21$

Jack is purchasing a new trailer which costs $36 000.00. He is trading in his old trailer which they valued at $15 000.00. He takes out a personal loan from his local bank at an annual rate of 5.25% and an amortization period of 5 years. (Use 15% HST)

Subtract the trade in value then figure out tax

Important

PERSONAL LOAN PAYMENT CALCULATOR:
MONTHLY PAYMENT PER $1000.00 BORROWED
(INTEREST COMPOUNDED MONTHLY)

Interest rate (%)	Term in years				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
5.00	85.61	43.87	29.97	23.03	18.87
5.25	85.72	43.98	30.08	23.14	18.99
5.50	85.84	44.10	30.20	23.26	19.10
5.75	85.95	44.21	30.31	23.37	19.22
6.00	86.07	44.32	30.42	23.49	19.33
6.25	86.18	44.43	30.54	23.60	19.45
6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.66	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80

1. **What is Jack's monthly payment?**

(i) 36000.00
    -15000.00
    ─────────
    21000.00

(ii) 21000.00
     × 1.15   Amount
    24150.00 Borrowed

(iii) $\frac{24150.00}{1000}$ = 24.15

(iv) 24.15 × 18.99
    = $458.6085   = $458.61

2. **Calculate the total amount he will pay over the 5 years. (60 months)**

$458.61 × 60 = $27516.60

3. **Calculate the finance charge on the loan.**

$27516.60 − 24150.00 = $3366.60