

Person borrows \$9500 at an interest rate of 6.9% per year for 3 years. What is the regular ^{monthly} payment.

$$R = \frac{PVi}{1 - (1+i)^{-n}} \quad i = \frac{0.069}{12} = 0.00575$$

$$R = \frac{9500(0.00575)}{1 - (1+0.00575)^{-36}}$$

$$n = 3 \times 12 = 36$$

$$R = \frac{54.625}{1 - 0.81} = \frac{54.625}{0.19} = \$287.50$$

Car loan of \$20,000 for 3 years
 at 12.5%/year. Calculate
 the monthly payment.

$$R = \frac{PVi}{1 - (1+i)^{-n}}$$

$$i = \frac{0.125}{12}$$

$$i = 0.0104$$

$$n = 3 \times 12 = 36$$

$$R = \frac{20000(0.0104)}{1 - (1+0.0104)^{-36}}$$

$R = 668.81$

$$R = \frac{208}{1 - 0.689} = \frac{208}{0.311}$$