Practice – Part 3

Instructions: Answer each of the following practice questions on a separate piece of paper. Step by step solutions are provided under the Solutions tab. You will learn the material more thoroughly if you complete the questions before checking the answers under the Solutions tab in Moodle.

You will have to return to the course in Moodle to use the Monthly Payment Calculator to answer the following questions.

1. If Jules has a monthly payment of $300.00, how long in years would it take to pay off the start-up loan of $7 700.00 at an interest rate of 6.2%?

2. Jules decides to pay the $7 700.00 loan over 4 years.

    a. Determine her monthly payment if the interest rate is 6.9%.
    b. Calculate the total amount that Jules pays back to the bank for the loan.
    c. Calculate the amount of interest that Jules pays to the bank.