

[https://docs.google.com/forms/d/e/1FAIpQLSe\\_PAsQRcTKA-a9IJpvMRjer6eQq28YtwQ3AkHtKyRZaIOVWg/viewform](https://docs.google.com/forms/d/e/1FAIpQLSe_PAsQRcTKA-a9IJpvMRjer6eQq28YtwQ3AkHtKyRZaIOVWg/viewform)

1. Tony wants to buy a car stereo on an installment plan that requires a 15% downpayment and \$38.50 per month for 10 months. If the stereo costs \$400 including tax and installation, what will Tony pay in FINANCE CHARGES if he decides to take the installment plan deal?

$$400 \times .15 = \$60 \text{ D.P.}$$

$$38.50 \times 10 = 385.00 \text{ M.P.}$$

$\$445.00$	TOTAL
$- 400.00$	CASH
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$\$45.00$	FINANCE CHARGE

2. Use the monthly payment formula to get information about a loan of \$5000. Assume that this is a 4 year loan with an annual percentage rate of 7.25%.

$$MP = P(r/12)/(1 - (1 + r/12)^{-m})$$

What is each monthly payment?

$$MP = \frac{5000(.0725/12)}{(1 - (1 + .0725/12)^{-48})}$$

$$MP = \$120.31$$