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Course: MAT1301-14A-1A16-S2

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Assignment: Unit II Homework

49. Decide which option, A or B, is the better way to repay a $8,000 loan. Assume that you are making monthly payments. Use the table to determine the payments on the amortized loan.

A: An amortized loan at 8% for 10 years
B: 120 payments of $100

Click the icon to view a table of monthly payments on a $1,000 loan.

Choose the correct answer below.

- A. Option A, the amortized loan, is the better choice.
- B. Option B, the 120 payments of $100, is the better choice.

Monthly Payment on a $1,000 loan

	Number of Years for the Loan				
Annual Interest Rate	3	4	10	20	30
4%	$29.53	$22.58	$10.12	$6.06	$4.77
5%	29.97	23.03	10.61	6.60	5.37
6%	30.42	23.49	11.10	7.16	6.00
8%	31.34	24.41	12.13	8.36	7.34
10%	32.27	25.36	13.22	9.65	8.78
12%	33.21	26.33	14.35	11.01	10.29

Monthly payments on a $1,000 loan.

50. Think of the rent-to-own agreement as though it were an add-on loan. If the consumer rents until the item is paid for, find the finance charge per $100 financed.

Michael rents a TV worth $360 for monthly payments of $13. After 3 years, he will own the TV.

The finance charge is $☐ per $100 financed.