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LOAN AMOUNT (Amount	LOAN TERM: 1 PAYMENT (#	LOAN FEE (Finance	CHECK AMOUNT (Total of	APR
\$100.00	urbays) 18	s25.00	s125.00	506.94%
\$100.00	10	\$25.00	\$125.00	651.79%
\$100.00	7	\$25.00	\$125.00	1303.57%

Basics of Loan Interest

- Simple Interest Formula: I = PRT
- Compounding is just simple interest where the principal includes previously earned interest
- Loans generally avoid compounding because payments are sufficient to cover previously earned interest
- Computational method affected by single or multiple payments, of equal or different amounts.



LOAN AMOUNT LOAN TERM: 1 LOAN FEE CHECK AI (Amount PAYMENT (# (Finance (Tota Financed) of Days) Charge) Payme	MOUNT al of ents)	APR
\$100.00 18 \$25.00	\$125.00	506.94%
\$100.00 14 \$25.00	\$125.00	651.79%
\$100.00 7 \$25.00	\$125.00	1303.57%

A Student's Experience (from fall 2005)

- In 1994, I received a car loan from [Lender A] as a first-time buyer. The interest rate was 12.5%. Right now, I have an auto loan with [Lender B] and my interest rate is 23.45%. I have used [Lender C] in Missouri to take out what they call "signature loans," which are, in essence, payday loans, and their yearly interest rate is 260%. I have a Perkins loan for my college education ... and the interest rate on that is 5%.
- Back in 1994, 12.5% was a decent rate for a car loan. These new 1.9% rates were unheard of. It was by no means a great rate, but average. I had no credit, which went against me, but I was a first time buyer with about 10% down, so that helped. Now, my credit sucks. I could not get financed for a newer used automobile with my credit. I finally found someone to finance me, but I had 24% to put as a down payment, and I had to accept the outrageous interest rate. My credit was the main reason for such a high rate. I am a risk to them, so in return for taking that risk, they charge an arm and a leg in interest. (Good news is I can refinance and get a lower interest rate after a year of steady payments.)

- [Lender C] charges so much because they can. People who are desperately in need of quick cash to pay an unexpected bill, or to make their rent or utilities, call upon the services of companies like these. To borrow \$100 for one month, you will have to pay back \$130. However, most people don't borrow such a small amount. For every \$100 that is borrowed, it is a \$30 monthly fee. You can choose to pay it off right away, but most people don't have an extra \$130 the next month, so they let the payment plan take its course. The plan is for one year. So, at the end of the year, you have paid back \$360, when you only borrowed \$100 to begin with. They don't do credit checks, so they are also taking a huge risk when loaning money.
- I have found that once I borrow money to make the bills or to get caught up, I have to take another one out the following month to pay the payment on the first one. It goes on like this until I have borrowed my limit. Usually, I use tax refunds or lower interest student loans to pay them off eventually. I try not to let them extend through the entire year. It is a handy loan if you are desperate, but it becomes a hole you can't dig yourself out of. Government officials in Missouri are trying to regulate the amount of interest these payday loan places are allowed to charge, but this place calls its loans "signature loans," so even if that law passes, it will be exempt. My findings: Credit, government, loan type, income of applicant, and economy all play a role in the rate of interest that is paid on a loan.













Buy Here Pay Here

- N = 234
- 1% = ???
- PV = 12495 (12995 minus 500 down)
- PMT = 88.74
- FV = 0
- P/Y = 52
- Result 1% = 24.80 % (it doesn't check!)



Buy Here Pay Here

- N = 234
- 1% = ???
- PV = 9860 (10360 minus 500 down)
- PMT = 88.74
- FV = 0
- P/Y = 52
- Result 1% = 35.46 %



Rent-to-Own

- N = 91
- 1% = ???
- PV = 999.99
- PMT = 19.99
- FV = 0
- P/Y = 52
- Result 1% = 76.37 %



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Relevance v Best Buy Mester com JP 🛞 Drov al 2 modia com HIDEF Lifestyle	Setter rating ****** 10.553 setter ratings ****** 102.553 setter ratings ************************************	Condition Refurbished New New	Tax and shipping Free shipping No tax + Shipping \$41.40 No tax + Pree shipping No tax + Pree shipping	Total price \$941.39 \$719.99 \$764.99	\$519.9 \$899.9 \$719.9 \$764.9
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Raterance	Sater ration; ★★★★★ 1.158 seler ration; ★★★★★ 1.72 seler ration; ★★★★★ 1.72 seler ration; ★★★★★ 0.55 seler ration; ★★★★★ 2.55 seler ration; ★★★★ 2.55 seler ration; ★★★★ 2.2 seler ration;	Condition Refurbished New New New New New	Tax and straping Free shipping No tax + Shipping \$41.40 No tax + Pree shipping No tax + Pree shipping No tax + Pree shipping No tax + Shipping \$52.37 No tax + Shipping \$4.95	Total price \$941.39 \$719.99 \$764.99 \$852.37 \$782.45	Base per \$519.9 \$899.9 \$719.9 \$764.9 \$820.0 \$777.7
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Rent-to-Own
• N = 91
• I% = ???
• PV = 719.99 (not 999.99)
• PMT = - 19.99
• FV = 0
• P/Y = 52
• Result 1% = 128.79 %



Trumpet: How Long?

- N = ???
- I% = 15
- PV = 598.03
- PMT = -25
- FV = 0
- P/Y = 12
- Result N = 28.60 periods



Spectral state Spectral state 1. Flemt to own: Customer agrees to pay a monthy rental flee which is stated at the right until the instrument has been paid in full or options 2 or 3 are exercised. 2. 25% discount Nursey days from the state of the sental, the outsomer any response to a 28% discount on the strument the sental state of the sental state of the sental strument has been paid in full or options 2 or 3 are exercised. 3. 25% discount Nursey days from the star of the sental the instrument. If been paid balance. Once the account is paid, the instrument is yours and options 1 & 3 are void. 3. Return at any time: The instrument may be returned at any time in good condition and provided the payments securement. If the instrument is returned, all payments shall be considered rent and no refund of money will be made.

Trumpet: Effective Rate?

- N = 29
- 1% = ???
- PV = 448.52 (25% off of 598.03)
- PMT = 25.00
- FV = 10.03 (25.00 14.97 last payment)
- P/Y = 12
- Result 1% = 41.71%



Autos > New Cars > Ford > 2010 Ford F	-150 SuperCrew 4X4	
2010 Ford F-150	SuperCrew 4)	(4
45-in WB Lariet Styleside shown	,255 - \$39,915 « .817 - \$36,043	Average User Rating Overall * * * * * Appearance Comfort Performance
he 2010 F-150 SuperCrew 4X4 is a 4	l-door, up to 6-passenger full	26 User Reviews

TURE	TRIM NAME	MSRP ·	INVOICE	ENGINE	FUEL ECONOMY
	145-in. WB XL Styleside	\$33,255	\$30,817	4.6L V8 292 HP	14/19 mpg
-	157-in. WB XL Styleside	\$33,555	\$31,089	4.6L V8 292 HP	14/19 mpg
A	145-in. WB XLT Styleside	\$35,405	\$32,052	4.6L V8 292 HP	14/19 mpg
-	157-in. WB XLT Styleside	\$35,705	\$32,317	4.6L V8 292 HP	14/19 mpg
	145-in. WB FX4 Styleside	\$38,355	\$34,663	5.4L V8 310 HP	14/18 mpg
*	157-in. WB FX4 Styleside	\$38,655	\$34,928	5.4L V8 310 HP	14/18 mpg
	145-in. WB Lariat Styleside	\$39,615	\$35,777	6.4L V8 310 HP	14/18 mpg
	157-in. WB Lariat Styleside	\$39,915	\$36,043	5.4L V8 310 HP	14/18 mpg





- N = 72
- 1% = ???
- PV = 26615 (39615 13000 off)
- PMT = 550.21 (39615 / 72)
- FV = 0
- P/Y = 12
- Result 1% = 14.13 %





Auto Leasing

- N = 42
- 1% = ???
- PV = 18045
- PMT = 199
- FV = 11194
- P/Y = 12
- Result 1% = 2.92 %
- ... usually, leases are done BEGIN mode



PICTURE	TRIM NAME	MSRP 🔺	INVOICE	ENGINE	FUEL ECONOMY
	i SV 4-Door	\$15,800	\$14,801	2.0L I4 148 HP	25 / 33 mpg
	i Sport 4-Door	\$16,705	\$15,648	2.0L I4 148 HP	25 / 33 mpg
	i Touring 4-Door	\$18,100	\$16,952	2.0L I4 148 HP	25 / 33 mpg
	s Sport 4-Door	\$19,545	\$18,303	2.5L I4 167 HP	20 / 28 mpg
	s Sport 5-Door	\$20,045	\$18,771	2.5L I4 167 HP	20 / 28 mpg
	s Grand Touring 4-Door	\$22,510	\$21,079	2.5L I4 167 HP	20 / 28 mpg
	s Grand Touring	\$23,010	\$22,294	2.5L I4 167 HP	20 / 28 mpg







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First America Credit -- How Long?

- N = ???
- 1% = 240 (20% per month)
- PV = 550 (500 plus 10% cash advance fee)
- PMT = 75.00
- FV = 0
- P/Y = 26
- Result N = 12.80 periods (about 6 months)

First America Credit – Last Payment?

- N = 13
- 1% = 240 (20% per month)
- PV = 550
- PMT = 75.00
- FV = ???
- P/Y = 26
- Result FV = 14.71
 so last payment is 75.00 14.71 = \$ 60.29

First America Credit – APR?

- N = 13
- 1% = ???
- PV = 500 (without the cash advance fee)
- PMT = 75.00
- FV = 14.71
- P/Y = 26
- Result 1% = 288.56%

- Monthly payment: N 180, I% 5.75, PV 10200, FV 0: PMT 84.71
- Final balance: N 180, I% 5.75, PV 10200, PMT -84.71: FV 2.33
- Total paid: 180 x 84.71 2.33 + 2639.52 = 17884.99
- Finance charge = 17884.99 10200 = 7684.99 (omits prepaid charge)





