

Loan for \$9500,
7 years, 4.75%.

table
value
\$14.02

Loan payment: $\frac{\text{Loan}}{1000} \times \text{table value}$

$$\frac{9500}{1000} \times 14.02 = \$133.19$$

Total Paid? $84 \times \$133.19 = \11187.96

Total Interest? 11187.96

$$\begin{array}{r} 11187.96 \\ - 9500 \\ \hline \$1687.96 \end{array}$$

$$I = Prt$$

$$= 9500 \times 0.0475 \times 7.$$

$$= \underline{\underline{\$3158.75}} \text{ assuming principal never goes down.}$$

month 1

\$133.19 monthly payment

Interest

reduces principal

$$I = Prt$$

$$= 9500$$

$$\times 0.0475 \text{ yr}$$

$$\times 1 \text{ month}$$

$$(1/12)$$

$$133.19$$

$$- 37.60$$

$$\$95.59$$

$$9500 \times 0.0475 \times (1/12)$$

$$= \$37.60$$

| |
|---------|
| 9500 |
| - 95.59 |
| 9404.41 |

Month 2

\$133.19

monthly
payment

Interest

reduce our
principal

$$I = P \times r \times t$$
$$9404.41 \times 0.0475 \times (1/12) = \$37.23$$