

Ex: Using <http://www.cars.com/go/advice/financing/calc/loanCalc.jsp>, calculate the monthly payment on a 4 year (48 months) loan for the purchase of the following vehicles. These payments do not include licensing, administration or delivery fees. Use the interest rate of 5%

- a. A truck that costs \$53,000, with an interest rate of 5%
Payment=_____
- b. A 2017 Ford Mustang. Use www.vmrCanada.com to find the car value first. You can choose your own options.
Value:_____ Payment=_____
- c. A 2017 Dodge Charger. Use www.vmrCanada.com to find the car value first. You can choose your own options.
Value:_____ Payment=_____
- d. A 2005 Pontiac Sunfire. Use www.vmrCanada.com to find the car value first. You can choose your own options.
Value:_____ Payment=_____

The total cost of a loan is based on the monthly payment and how many times that payment is made (payment x # of months)

Ex: Calculate the total cost of the loan (i.e. principle + interest) for each of the previous examples.

- a. A truck that costs \$53,000, with an interest rate of 9%
Total Cost=_____
- b. A 2017 Ford Mustang.
Total Cost=_____
- c. A 2017 Dodge Charger.
Total Cost=_____
- d. A 2005 Pontiac Sunfire.
Total Cost=_____

The total interest accumulated by a loan can be calculated by taking the total cost of a loan and subtracting the total cost of the vehicle.

(i.e. payment x # of months – starting cost of vehicle+Tax)

Ex: Calculate the amount of interest for each of the previous examples.

- a. A truck that costs \$53,000, with an interest rate of 9%
Total interest = _____
- b. A 2017 Ford Mustang.
Total interest = _____
- c. A 2017 Dodge Charger.
Total interest = _____
- d. A 2005 Pontiac Sunfire.
Total interest = _____

Exercises with Leases and Loans

First Google “Sample lease Payments”. Use the lease payment calculator at “tcalc.timevalue.com”

- 1. Calculate the lease payment on a \$32,000 car that includes taxes on a vehicle over 4 years with no advanced payments. Determine the following
 - o The total amount of interest paid during the lease. How is this calculated?
 - a. Lease Payment: _____
 - b. Total Interest Paid: _____
 - c. Residual Value: \$15,000
- 2. Calculate the lease payment on a \$21,000 car with a residual value of \$10,000 over 3 years with no down payment.
 - a. With one advanced payment
 - i. Lease Payment: _____
 - ii. Total Interest Paid: _____
 - b. With two advanced payments
 - iii. Lease Payment: _____
 - iv. Total Interest Paid: _____