

Assignment 4: Paying off a Loan

Jennifer's tuition for her two year program was \$5 388. She borrowed \$7 000 at Bank 3. In order to make her monthly loan payments more affordable when she was going to school, she took out a 5 year loan.

Her monthly loan payment was \$144.32.

1. Calculate how much she pays her first year of the loan.
(monthly payment x number of payments).

2. Calculate the number of monthly payments in her 5 year loan?

3. Calculate how much she paid at the end of 2 years.

4. At the end of year 2 she still owes \$4 529.39 on her loan, calculate the cost of the loan for the first 2 years.

5. When she is hired at the Region, her banker informs her that she may wish to switch her payments to coincide with her bi-weekly pay. Give two reasons why this is a good idea.

6. Her new bi-weekly payment is \$66.46. Calculate how much she will pay in her remaining 3 years on the loan.

7. Calculate the total amount Jennifer pays for her loan.