

Name: \_\_\_\_\_

Date: \_\_\_\_\_

### **It's Amortization Time**

State the simple interest formula: \_\_\_\_\_

- *Use the spreadsheet amortization table that has already been started and verify the simple interest calculation (**U5A4 template 1**).*
- *Then enter the following scenarios in the spreadsheet and describe your observations. (i.e. payments per period, total interest paid, etc.)*

#### **Scenario #1**

- ☐ Principal is \$3500
- ☐ Monthly payments
- ☐ Paid over 4 years
- ☐ Interest rate varies (i.e. from 5%/a to 12%/a)

Describe your observations as the **interest rate** increases or decreases.

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#### **Scenario #2**

- ☐ Principal varies (i.e. from \$2000 to \$20000)
- ☐ Monthly payments
- ☐ Paid over 5 years
- ☐ Interest rate is 7.75%/a

Describe your observations as the **principal** increases or decreases.

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Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Scenario #3**

- ☐ Principal is \$8500
- ☐ Monthly payments
- ☐ Term (i.e. from 2 yrs to 6 yrs)
- ☐ Interest rate is 9.25%/a

Describe your observations as the **length of the term** increases or decreases.

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**Scenario #4**

- ☐ Principal is \$4000
- ☐ Payments vary (i.e. from daily to semi-annually)
- ☐ Paid over 3 years
- ☐ Interest rate is 10%/a

Describe your observations as the **payment interval** increases or decreases.

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- *Add a “Trends” page in a section of the Borrower’s Guide about the trends you observed above.*