

Loans and Loan Payments In-Class Exercise

1. Jack borrowed \$15,000 to purchase a used tractor. The loan is for 4 years at 6% APR.
 - a. Estimate how much interest Jack will owe in the first year.

 - b. Calculate the annual loan payment for this tractor loan.

 - c. Calculate how much principal Jack will be repaying in the 1st loan payment.

2. Emily borrowed \$150,000 to buy a house. The mortgage is for 30 years at 7% APR. Calculate the monthly payment on Emily's mortgage.

3. Dustin wants to start his veterinary practice. He will need to borrow \$300,000 to get the necessary equipment and facilities. He will make a down payment of \$50,000 and borrow the remaining amount at 6% for 20 years.
 - a. Calculate the amount of the loan Dustin will be borrowing.

 - b. Calculate the monthly loan payment on Dustin's loan.