

Math 107: Quiz 5

Name: _____

Relevant formula:

$$P = \frac{p}{i} \left(1 - \frac{1}{(1+i)^n} \right)$$

1) In order to buy a new Nissan Versa car, you decide to borrow \$10,000 from a bank. Suppose that the APR is 6% and that you have to pay an equal amount every month for 5 years. Find the monthly payment.

2) After graduation, you have to repay \$16,000 student loan. The interest rate (APR) is 5.4%. Suppose that you can afford to make a payment of \$200 a month. Can you pay off your student loan in 8 years? Support your answer with calculations.