1) Calculate the cost of each new car lease:

|  |
| --- |
| a) A car worth $18,000 leasing for $1,000 down plus 36 payments of $299 |
|  |
| b) A minivan worth $27,500 leasing for 48 payments of $399 |
|  |
| c) A luxury sedan worth $72,000 leasing for a $7,500 down payment and 39 monthly payments of $899. |
|  |

2) Consider the minivan in question 1b). Let’s look at what you would pay for the van if you bought it outright. You will finance the $27,500 (PV) for 48 monthly payments at 4.9% compounded monthly.



(payments)

0

a) Calculate your monthly payment (Pmt).

b) Calculate the total of 48 monthly payments.

3) Three cases of financing a used car are shown. Assume that interest is compounded monthly. Use the TVM solver to find the **monthly payment** in each case.

|  |  |
| --- | --- |
| a) $4000 is borrowed for 3 years at 3.9% interest. | (payments)  0 |
| Monthly Payment = | |
| b) $8500 is borrowed for 4 years at 4.5% interest. | (payments)  0 |
| Monthly Payment = | |
| c) $15,000 is borrowed for 5 years at 4.1% interest. | (payments)  0 |
| Monthly Payment = | |