FIXED PAYMENT LOANS

$PV = L = \$5,000$

$n = 5$ [years]

$r = 9\%$ per period [year]

payment $= C = -\$1,285.46$

Calculator:

$N = 5$

$i/y = 9$

$PV = +5,000$ [borrower]

$FV = 0$

CPT PYMT

FIXED PAYMENT LOAN

Period	BB	Pymt	=	Int.	+	Princ.	EB
0							5,000
1	5,000	1,285.46		$5,000 \cdot 9\%$ = 450.00		835.46	$5,000 - 835.46$ = 4,164.54
2	4,164.54	1,285.46		$4,164.54 \cdot 9\%$ = 374.81		910.65	$4,164.54 - 910.65$ = 3,253.89
3	3,253.89	. . .					. . .
. . .							
K	BB	C		$BB \cdot r$		$C - BB \cdot r$	$BB - (C - BB \cdot r)$ = $BB(1+r) - C$
. . .							

VARIABLE PAYMENT LOAN.

$PV = L = \$5,000$

$n = 5 \ [years]$

$r = 9\%$ per period $[year]$

payment $\Bigg\{ \begin{array}{l} \text{principal paydown} = \text{fixed} = \dfrac{\$5,000}{5} \\ \\ \text{interest} \end{array}$

VARIABLE PAYMENT LOAN

Period	BB	PYMT	= int + Princ. (paid down)		EB
0					5,000
1	5,000	1,450.00	$5,000 \cdot 9\%$ $= 450.00$	1,000	4,000
2	4,000	1,360.00	$4,000 \cdot 9\%$ $= 360.00$	1,000	3,000
. . .					
K	BB	$BB \cdot r + \dfrac{PV}{t}$	$BB \cdot r$	$\dfrac{PV}{t}$ "t = n"	$BB - \dfrac{PV}{t}$

. . .