**XLCh7Ex3**

**Project Description:**

*<Project Description>*

**Instructions:**

For the purpose of grading the project you are required to perform the following tasks:

| **Step** | **Instructions** | **Points Possible** |
| --- | --- | --- |
| **1** | Open e07h2Salary and save it as **e07h3Salary\_LastFirst.** Click the **3-Finance worksheet tab.  Note: If you require extra help with this exercise, please see the textbook: Excel Chapter 7 Hands-on Exercise 3. In place of using mixed cell references as indicated in the textbook, please use absolute references instead. One step has been changed from the textbook directions: use a PMT function instead of a single cell reference when completing the beginning balance column.** | 0 |
| **2** | **STEP 1 CALCULATE THE PRESENT VALUE OF THE LOAN**  Calculate the periodic interest rate in cell **E3**. Calculate the total number of payments in cell **E4**. In cell **E2**, calculate the Present Value of an auto loan that has a $450.00 payment, 5.25% interest rate, and a 4 year repayment period. The function should return a positive number.  Hint: For cell E3: =B3/B5 For cell E4: =B4\*B5 For cell E2: =PV(E3,E4,-B2) | 25 |
| **3** | **STEP 2 ENTER FORMULAS IN THE AMORTIZATION TABLE**  In cell **B8**, enter a reference to the original loan amount.  Enter the monthly payment in cell **C8** using the *PMT* function. Use the fill handle to copy the formula down the column. Ensure that the function returns a positive number and use absolute references where necessary.   Enter the current *interest* for each payment in the range **D8:D55 -** enter the formula in **D8**, then copy it down the column using the fill handle. Ensure that the function returns a positive number and use absolute references where necessary.   Enter the current *principal* for each payment in the range **E8:E55** - enter the formula in **E8**, then copy it down the column using the fill handle. Ensure that the function returns a positive number and use absolute references where necessary.   Enter a formula to calculate the ending balance in cell **F8**, then copy it down the column using the fill handle.   In cell **B9**, enter a reference to the ending balance after the first payment has been made. Copy this formula down the rest of the column.  Hint: In cell B8: =E2 In cell C8 - PMT function: =PMT($E$3,$E$4,-$E$2) In cell D8: =IPMT($E$3,A8,$E$4,-$E$2) In cell E8: =PPMT($E$3,A8,$E$4,-$E$2) In cell F8: =B8-E8 In cell B9: =F8 | 60 |
| **4** | **STEP 3 CALCULATE CUMULATIVE INTEREST**  Enter a function to calculate the cumulative *interest* for the first payment in cell **H8**. Convert the CUMIPMT results to a positive number. Copy the function in cell H8 down to complete the CUMIPMT column.  Hint: In cell H8: =-CUMIPMT($E$3,$E$4,$E$2,$A$8,A8,0) | 10 |
| **5** | **STEP 4 CALCULATE CUMULATIVE PRINCIPAL PAID**  Enter a function to calculate the cumulative *principal* for the first payment in cell **I8**. Convert the CUMPRINC results to a positive number. Copy the function in cell I8 down to complete the CUMPRINC column.  Hint: In cell I8: =-CUMPRINC($E$3,$E$4,$E$2,$A$8,A8,0) | 5 |
| **6** | Upload your completed file to the **XLCh7Ex3** link in Myitlab. Please be sure to upload to the correct link. (This is not a case study. The link for this exercise is in the Hands-On Exercises section of the course or, if your instructor uses the assignment calendar, the link is in the exercise listed in the assignment calendar.) | 0 |
|  | **Total Points** | **100** |