

## LOAN CALCULATION EXAMPLE

John Brown would like to take out a loan of \$60,000 for 6 months at an interest rate of 4% per month. Repayment calculations are:

- Loan Amount (Principal) - \$60,000.00
- Interest Rate (Interest) per month – 4%
- Period of Loan (Terms) – 6 months

<b>Monthly Principal Payment =</b>	<b>Loan Amount</b> 60,000	<b>÷</b>	<b>Loan Term</b> 6	<b>=</b>	<b>Monthly Principal</b> 10,000
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<b>Monthly Interest Payment =</b>	<b>Loan Amount</b> 60,000	<b>x</b>	<b>Monthly Interest/100</b> 4/100	<b>=</b>	<b>Monthly Interest</b> 2,400
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**Total Monthly Repayment on a Loan of J\$60,000**

**= Monthly Principal + Monthly Interest = Total Monthly Payment**

**10,000 + 2,400 = 12,400**

**Total Repayment on a loan of \$60,000 is 12,400 x 6 months =  
\$74,400**