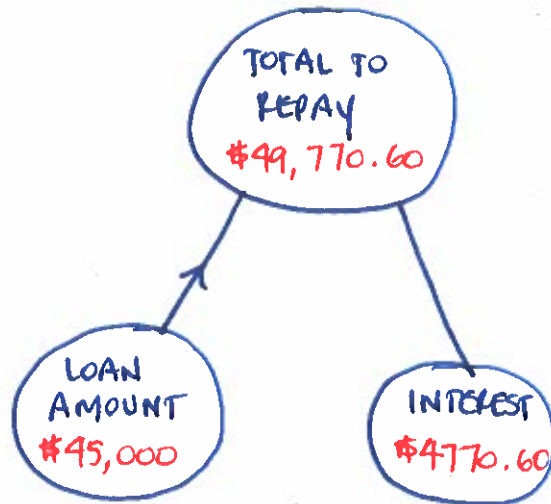


Part III: Loan Amortization

Draw a picture of the loan for option #1 (the ~~40~~⁵ year loan) above and find the monthly breakdown for the loan during months 1, 2, and 3.

PICTURE OF LOAN



MONTH 1: MONTHLY PAYMENT = \$829.51

TOWARDS INTEREST OWED: $\$45,000 \left(\frac{0.04}{12} \right) = \150

TOWARDS PRINCIPAL (LOAN AMOUNT) OWED: $\$829.51 - \$150 = \$679.51$

MONTH 2: MONTHLY PAYMENT = \$829.51

TOWARDS INTEREST OWED: $\$44,320 \left(\frac{0.04}{12} \right) = \147.73

TOWARDS PRINCIPAL OWED: $\$829.51 - 147.74 = \681.77

MONTH 3: MONTHLY PAYMENT = \$829.51

TOWARDS INTEREST OWED: $\$43,638.23 \left(\frac{0.04}{12} \right) = \145.46

TOWARDS PRINCIPAL OWED: $\$829.51 - \$145.46 = \$684.05$