Assignment # 3: Simple Interest on Loans

Upon getting accepted to College, Jennifer was shopping around for a personal loan to help pay for school.

She decided to use her knowledge of simple interest to help her decide which loan is better.

She is going to borrow $7000 and approaches 4 different banks.

1. Calculate the cost of borrowing.

	Principal	Rate of Interest	Cost of Borrowing
Bank # 1	$7 000	10%	**EXAMPLE** **= Principal x Rate of Interest** **= $7000 x 10%** **= $700**
Bank # 2	$7 000	12%	
Bank # 3	$7 000	8%	
Bank # 4	$10 000	6.5%	

2. Calculate the amount to be repaid after 1 year.

	Principal	Rate of Interest	Cost of Borrowing	Amount to be repaid
Bank #1	$7 000	10%	$700	= Cost of borrowing + Principal = $700 + $7000 = $7700
Bank # 2	$7 000	12%		
Bank # 3	$7 000	8%		
Bank # 4	$10 000	6.5%		