

**LESSON
8.6****Determining the APR****EXAMPLE 1**

Paul Norris obtained a \$1,500.00 installment loan to buy a racing bicycle. The finance charge is \$146.25, and he will repay the loan in 18 monthly payments. What is the APR?

A8-A9

$$\frac{146.25}{1500} \cdot 100 = 9.75$$

$$\text{APR} = 12.00\%$$

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Complete this problem by finding the (a) finance charge per \$100 and (b) APR. Check your answers in the back of the book.

1. Francesca Santorelli took a 6-month loan of \$800 to buy art supplies. The finance charge is \$24.64.

$$a) \frac{24.64}{800} \cdot 100 = \boxed{\$3.08}$$

$$b) \boxed{10.50\%}$$

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Complete the table. Using the *Annual Percentage Rate for Monthly Payment Plans* table on pages A8–A9, find the finance charge per \$100 and the APR.

	Finance Charge	Amount Financed	Finance Charge per \$100	Number of Payments	Annual Percentage Rate
3.	\$ 33.10	\$1,000	a.	6	b.

$$a) \frac{33.10}{1000} \cdot 100 = 3.31$$

$$b) 11.25\%$$

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Complete the table. Using the *Annual Percentage Rate for Monthly Payment Plans* table on pages A8–A9, find the finance charge per \$100 and the APR.

	Finance Charge	Amount Financed	Finance Charge per \$100	Number of Payments	Annual Percentage Rate
4.	159.36	2,400	a. <input type="text"/>	24	b. <input type="text"/>

$$a) \frac{159.36}{2400} \cdot 100 = \boxed{\$6.64}$$

$$b) \boxed{6.25\%}$$

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For Problems 7–11, determine the APR.

7. Melissa Costouras obtains a \$3,000 loan for darkroom equipment. She makes six monthly payments of \$511.18.

$$6(511.18) = 3067.08$$

$$\begin{array}{r} 3067.08 \\ - 3000 \\ \hline \end{array}$$

\$67.08 fin. charge

$$\frac{67.08}{3000} \cdot 100 = 2.24$$

$$\text{APR} \rightarrow 7.75\%$$