Unit 4

Answer:

Month	1	2	3	4	5	6	7	8	9	10
Principal	$1,853.42	$1,477.36	$1,096.44	$910.60	$722.36	$531.69	$338.56	$142.93		
Interest accrued	$23.94	$19.08	$14.16	$11.76	$9.33	$6.87	$4.37	$1.85		
Payment (on due date)	$400.00	$400.00	$200.00	$200.00	$200.00	$200.00	$200.00	$144.78		
End-of-month balance	$1,477.36	$1,096.44	$910.60	$722.36	$531.69	$338.56	$142.93	$0.00		

The last payment is $144.78 because that includes the principal plus the interest due at the end of the 8th month.

The total amount paid is $1,944.78 and you calculate this by adding all of the payments that were made.

The debt ratio at the beginning was $1,853.42/ $3,000.00 = 0.6178 $\approx$ 61.78%