Instructions

To calculate the Annual Percentage Rate (APR), follow these steps:

- 1. Determine the principal amount (P) that was borrowed.
- 2. Determine the total interest (I) paid over the term of the loan.
- 3. Determine the number of payments (n) made per year.
- 4. Determine the total number of payments (N) made over the life of the loan.
- 5. Divide the total interest by the principal amount and multiply by the number of payments per
- year, then divide by the total number of payments.
- 6. Multiply the result by 100 to convert it to a percentage.

Calculate the APR for the following problems: 1. Principal amount: \$5,000 Interest paid: \$1,200 Number of payments per year: 12 Total number of payments: 60

2. Principal amount: \$10,000Interest paid: \$2,500Number of payments per year: 4Total number of payments: 20