

FINANCE CALCULATION FORMULAS

True Annual Interest Rate: 7.1%
(Initial 5 year term)

Amortization Period (Loan Term)	Years Months	1 12	2 24	3 36	4 48	5 60	6 72	7 84	8 96	9 108	10 120	11 132	12 144	13 156	14 168	15 180
Row 1: Monthly Payment Amortization Rate		0.08647	0.04472	0.03082	0.02389	0.01974	0.01699	0.01503	0.01357	0.01245	0.01155	0.01082	0.01022	0.00972	0.00929	0.00892
Row 2: Total First Term (5 Year) Interest Paid		0.03765	0.07323	0.10958	0.14673	0.18465	0.21595	0.23820	0.25480	0.26763	0.27782	0.28610	0.29293	0.29867	0.30353	0.30770
Row 3: Principal Remaining							0.19649	0.33619	0.44039	0.52093	0.58491	0.63685	0.67977	0.71575	0.74628	0.77245

FINANCE CALCULATIONS

A) Monthly Loan Payment

Amount Loaned (\$) x Monthly Payment Rate = Monthly Payment (\$)
(corresponding to Amortization Period from Row 1)

Example\$ 4,500 x 0.00892 = \$ 40.14
15 year amortization (loan term)

B) Total First Term Interest Paid

Amount Loaned (\$) x First Term Interest Payable Rate = Total Maximum Interest Payable(\$)
(corresponding to Amortization Period from Row 2)

Example\$ 4,500 x 0.30770 = \$ 1,384.65
15 year amortization (loan term)

C) Principal Remaining (after initial 60 month term)

Amount Loaned (\$) x Principal Remaining Rate = Maximum Principal Remaining
(corresponding to Amortization Period from Row 3)

Example\$ 4,500 x 0.77245 = \$ 3,476.03
15 year amortization (loan term)

Example: Completion of Financing Agreement Section (Part 1 of Application Forms)

The example below provides outline of what figures need to be completed on the financing section of Part 1 of the Home Energy Efficiency Loan application forms. In this example, the loan amount is \$4,500 over 15 years.

FINANCING AGREEMENT:

1. Manitoba Hydro will advance the Primary Contractor named above the Total Cost to be Financed, in the aggregate amount of \$ 4,500, upon receipt of a duly completed Progress Payment Request (if any) signed by the Owner and upon receipt of the Completion Certificate signed by the Owner.

2. The Owner will amortize said amount over a term of 180 months. For the initial 60 months of this agreement, maximum financing charges of \$ 1384.65, will be repaid by equal consecutive payments of \$ 40.14, calculated at the true annual interest rate of 6.40% per annum on the declining monthly balance. The maximum principal amount remaining at the end of the initial 60 month term will be \$ 3,476.03. At the end of the 60 month term, the Owner will be required to pay the principal amount remaining or refinance that principal over the remaining amortization period at available market interest rates. Manitoba Hydro will communicate available options to the Owner through written correspondence 6 months prior to the completion of the initial 60 month term of the agreement.

SUBJECT TO CHARGES ON OVERDUE PAYMENTS, MAXIMUM TOTAL AMOUNT TO BE REPAYED BY OWNER, INCLUDING FINANCING CHARGES DURING THE INITIAL 60 MONTH TERM OF THE AGREEMENT: \$ 2,408.40.

Result of Finance Calculation (A) X 60 months (or number of payments if loan term is less than 60 months (5) years

Use Finance Calculation (C) to determine Maximum principal remaining following the initial 60 month (5 years) fixed interest

Use Finance Calculation (A) to determine Monthly Loan Payment during initial 60 month (5 years) fixed interest rate period

Use Finance Calculation (B) to determine Maximum interest payable over initial 60 months (5 years) of fixed interest rate periods