

FINANCE CALCULATION FORMULAS

True Annual Interest Rate:

4.8%

Amortization Period (Loan Term)		Years	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
		Months	6	12	18	24	30	36	42	48	54	60
Row 1: Monthly Payment Amortization Rate	4.80%		0.16896	0.08547	0.05764	0.04374	0.03539	0.02984	0.02587	0.02289	0.02058	0.01873
Row 2: Total First Term (5 Year) Interest Paid			0.01375	0.02563	0.03760	0.04967	0.06182	0.07407	0.08641	0.09884	0.11136	0.12398

FINANCE CALCULATIONS

A) Monthly Loan Payment

$$\begin{array}{l}
 \text{Amount Loaned (\$)} \times \text{Monthly Payment Rate} = \text{Monthly Payment (\$)} \\
 \text{(corresponding to Amortization Period from Row 1)} \\
 \text{Example: } \$ 4,500 \times 0.01873 = \$ 84.29 \\
 \text{5 year amortization (loan term)}
 \end{array}$$

B) Total First Term Interest Paid

$$\begin{array}{l}
 \text{Amount Loaned (\$)} \times \text{First Term Interest Payable Rate} = \text{Total Maximum Interest Payable(\$)} \\
 \text{(corresponding to Amortization Period from Row 2)} \\
 \text{Example: } \$ 4,500 \times 0.12398 = \$ 557.91 \\
 \text{5 year amortization (loan term)}
 \end{array}$$

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 Agreement. In this example, the loan amount is \$4,500 over 5 years.

FINANCING AGREEMENT:

1. Manitoba Hydro will advance to the Primary Contractor or Retailer named above the Total Cost to be Financed, in the amount of \$ Enter Total Amount to be loaned to a maximum of \$7,500 upon receipt of the Completion Certificate signed by the Owner.

 2. The Owner will repay said amount to Manitoba Hydro plus financing charges of Use Finance Calculation (B) to determine Maximum interest payable over term of fixed interest rate period. by Enter amortization period (loan term) of up to 60 months (5 years) equal consecutive monthly payments of \$ Current interest rate (4.8%) % per annum on the declining monthly balance.
- TOTAL AMOUNT TO BE REPAYED BY OWNER, INCLUDING FINANCIAL CHARGES: \$ Result of Finance Calculation (B) + amount to be loaned