

Example (iv): Single advance, single payment (term of exactly 2 years)

Amount advanced (A) = \$1000. Payment (P) = \$1240.

Unit-period = 1 year. Unit-periods per year (w) = 1.

Advance, 1-3-78. Payment, 1-3-80.

From 1-3-78 through 1-3-79 = 1 unit-period. (t = 2; f = 0)

Annual percentage rate (I) =  $wi = .1136 = 11.36\%$ . (Use Form 3 or 4.)

(6) Complex single advance transaction.

Example (i): Skipped payment loan (payments every 4 weeks)

A loan of \$2135 is advanced on 1-25-78. It is to be repaid by 24 payments of \$100 each. Payments are due every 4 weeks beginning 2-20-78. However, in those months in which 2 payments would be due, only the first of the 2 payments is made and the following payment is delayed by 2 weeks to place it in the next month.

Unit-period = 4 weeks. Unit-periods per year (w) =  $52/4 = 13$ .

First series of payments begins 26 days after 1-25-78.

(t = 0; f = 26/28)

1            1

Second series of payments begins 9 unit-periods plus 2 weeks after start of first series. (t = 10; f = 12/28)

2            2

Third series of payments begins 6 unit-periods plus 2 weeks after start of second series. (t = 16; f = 26/28)

3            3

Last series of payments begins 6 unit-periods plus 2 weeks after start of third series. (t = 23; f = 12/28)

4            4

The general equation in paragraph (b)(8) of this section can be written in the special form:

$$2135 = \frac{100 \ddot{a}_{\overline{9}|}}{(1+(26/28)i)} + \frac{100 \ddot{a}_{\overline{6}|}}{(1+(12/28)i)(1+i)} + \frac{100 \ddot{a}_{\overline{6}|}}{(1+(26/28)i)(1+i)} + \frac{100 \ddot{a}_{\overline{3}|}}{(1+(12/28)i)(1+i)}$$

Annual percentage rate (I) =  $wi = .1200 = 12.00\%$