**SECTION 8-1 Single-Payment Loans**

A single-payment loan is a loan that you repay with one payment after a specified period of time or term. Ordinary interest is calculated by basing the term on a 360-day year. Exact interest is calculated by basing the term on a 365-day year. The maturity value of the loan is the total amount you repay.

**Maturity Value = Principal + Interest Owed**

---

1. Tao Bergolt’s bank granted him a single-payment loan of $4,400 at an interest rate of 12 percent. The term of the loan is 172 days. What is the maturity value of his loan at exact interest?

2. Jane Dimas obtained a single-payment loan of $420 to pay a repair bill. She agreed to repay the loan in 90 days at an interest rate of 12.75 percent ordinary interest. What is the maturity value of her loan?

3. Joyce Stein borrowed $8,460 from Merchants Trust to pay for some merchandise for her dress shop. The loan is for 45 days at 8.75 percent exact interest. What is the maturity value of the loan?

4. Gardening, Inc., borrowed $94,500 at 11.65 percent ordinary interest for 15 days. What is the maturity value?

5. Ruth and Juan Dimas would like to borrow $2,600 for 90 days to pay their real estate tax. State Savings and Loan charges 14.00 percent ordinary interest while Security Bank charges 14.25 percent exact interest.
   a. What is the maturity value of each loan?

   b. Where should they borrow the money?

6. Walker Trust charges exact interest, while Farmers and Merchants Bank charges ordinary interest. You plan to borrow $9,000 for 60 days at 9 percent.
   a. What is the cost of interest at each bank?

   b. Which bank offers you the better deal?

7. You have a chance to lend $6,500 at 12.65 percent interest for 95 days.
   a. If you charge ordinary interest, how much will you earn?

   b. If you charge exact interest, how much will you earn?

   c. If you were borrowing the money, would you prefer to pay ordinary interest or exact interest? Why?