

Exercise 3

Jennifer wishes to borrow money from her bank to buy a new car, which costs \$27,000. To do this, she needs to borrow \$25,000. Jen has visited her bank and they have given her the following information:

The amount to borrow will be \$25,000 at 3.9% for five years.

Jen wants to know if she can afford the loan. Jen's monthly salary is \$2,500, of which 20% is available for her monthly loan payments.

Create a worksheet to enter the price, the down payment, the interest rate, the term in years, as well as Jen's monthly salary along with the percentage available for her monthly loan payments. Assume that there is a down payment in the amount of \$2,000.

Enter the appropriate formulas to compute the amount to finance, the maximum amount Jen can afford (20 % of the monthly salary) and the monthly loan payment.

Include an IF function that compares the monthly loan payment to the maximum she can afford and prints "YES" or "NO" depending on the answer.

You are expected to design a spreadsheet for the loan decision specified above, but your model should be able to be reused. If, for example, Jennifer wishes to borrow money from her bank to buy a house, your spreadsheet should be able to accommodate those changes and automatically provide a recalculated monthly loan payment. (You should assume that you will be able to accommodate changes in all numerical parameters specified above.) In addition, you are expected to avoid any redundancy in your model