

Solution 1.35

TMI Systems, a company that customizes software for construction cost estimates, repaid a loan obtained 3 years ago at 7% per year simple interest. If the amount that TMI repaid was \$120,000, calculate the principal of the loan.

Solution:

$$F = P + Pni$$

$$120,000 = P + P(3)(0.07)$$

$$1.21P = 120,000$$

$$P = \$99,173.55$$