

Car Loan Calculator Documentation

The spreadsheet is in **SYLK** format for use with Multiplan™ or Excel™.

You can figure the amount of a monthly payment on your "Dream Car", or the car you can afford by using this spreadsheet. Lending institutions use a formula based on the Rule of 78s to calculate a loan payment. If you use this calculator and it doesn't give you the exact monthly payment amount the dealer or bank tells you, keep reading.

Many dealers/lending institutions allow you to "pick the date you want to make your first payment". The allowable limit by law is 50 days. There is a cost involved. The reason the limit is 50 days is that a totally different interest rate is used to calculate a finance charge to add to the monthly payment from the day you sign for the loan (purchase the car) until the day you make the first payment. If you purchase a car and decide to make your first payment 50 days later, you are spending more. The monthly payment amount is higher than if you request that your first payment be made "as soon as possible". The ideal situation is to make your first payment the day you purchase the car. Since most lending institutions can't handle "as soon as possible" you can expect this calculator to be a few cents or a few dollars off in the monthly payment amount based on the time you sign for a car until you make the first payment on the financed amount.

The loan closeout amount can be off by a few cents or dollars too. This feature doesn't take into account the number of days that have passed from your last payment, but it is real close.

I went to the lending institution to ask them what formula was used to calculate the loan amount. I found out about the 50 day interest charge "feature" when I couldn't calculate the same monthly payment amount the dealer gave me when my wife purchased a car. I wanted my spreadsheet to be as accurate as possible, and ended up being a more astute consumer.

If you have any questions or comments send them to THJOHANSENJR on EMAIL.