

NOTES
FORMULAS FOR EVALUATING ASSETS

FUTURE VALUE (FV)

PV - Present Value
i - interest
N - years to maturity

$$FV = PV (1 + i)^N$$

PRESENT VALUE (PV)

FV - Future Value
i - interest
N - years to maturity

$$PV = FV / (1 + i)^N$$

FUTURE VALUE MONTHLY PAYMENTS

M - Monthly Payment
P - principle (PV)
i - interest
q - # of months in a year (12)
N - years to maturity
Nq - # of months to repayment

$$M = P (i / q) / [1 - (1 + I / q)^{-Nq}]$$

NOTE: THE LAST TERM IN THE DENOMINATOR IS A NEGATIVE EXPONENT.

Lets do some sample problems.