(C) could easily be revised to embody the Step 2 correction for deferment of the first payment.

Example 3—Equal payments plus deferment

A personal loan is arranged for $200. The finance charge is $16.00. There are to be 12 payments of $18.00 each. The first payment is due in 3 months 24 days. What is the annual rate?

Form No. I

For level payments which are irregular only because of deferment or odd final payment (provided the odd final payment is not more than twice as great as a regular payment). Use in connection with Defense Department Rate Table.

Step 1—Move decimal 2 places to the left in the amount to be financed and divide it into the finance charge. This gives the finance charge per $100 of amount to be financed. (=$8.00)

Step 2—(a) Double the initial payment period, round it to the nearest whole month, and subtract 2. (=6)

(b) Add (a) to the *total* number of payments. (=18)

Step 3—Read down left hand column of the Defense Department Rate Table to number of payments found in Step 2(b). Read across to locate finance charge per $100 (Step 1) and read up to find rate. (=10%)

Note: This form incorporates the assumption of Section 202(f)(1)(B) of H.R. 11601 regarding an odd payment. It has been suggested that Section 202 (f)(1)(C) could easily be revised to embody the Step 2 correction for deferment of the first payment.

Example 4—Odd final payment plus deferment

A $195.50 appliance is financed with 10 payments of $20.00 each and a final payment of $7.80. The finance charge is $12.30. The first payment is due in 21 days. What is the annual rate?

Form No. I

For level payments which are irregular only because of deferment or odd final payment (provided the odd final payment is not more than twice as great as a regular payment). Use in connection with Defense Department Rate Table.

Step 1—Move decimal 2 places to the left in the amount to be financed and divide it into the finance charge. This gives the finance charge per $100 of amount to be financed. (=$6.29)

Step 2—(a) Double the initial payment period, round it to the nearest whole month, and subtract 2. (=−1)

(b) Add (a) to the *total* number of payments. (=10)

Step 3—Read down left hand column of the Defense Department Rate Table to number of payments found in Step 2 (b). Read across to locate finance charge per $100 (Step 1) and read up to find rate. (=13½%)

Note: This form incorporates the assumption of Section 202(f)(1)(B) of H.R. 11601 regarding an odd payment. It has been suggested that Section 202(g)(1)(C) could easily be revised to embody the Step 2 correction for deferment of the first payment.

Example 5—Single payment

The purchase of $250 of merchandise is to be financed by a single payment of $257.50 in 3 months 21 days. Find the annual rate.

Form No. I

For level payments which are irregular only because of deferment or odd final payment (provided the odd final payment is not more than twice as great as a regular payment). Use in connection with Defense Department Rate Table.

Step 1—Move decimal 2 places to the left in the amount to be financed and divide it into the finance charge. This gives the finance charge per $100 of amount to be financed. (=$3.00)

Step 2—(a) Double the initial payment period, round it to the nearest whole month, and subtract 2. (=5)

(b) Add (a) to the *total* number of payments. (=6)

Step 3—Read down left hand column of the Defense Department Rate Table to number of payments found in Step 2 (b). Read across to locate finance charge per $100 (Step 1) and read up to find rate. (=10%)