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 6—Balloon Payment

An item priced at $610 is paid for as follows, each series beginning at the indicated time from contract date.
10 pmts. of $50 each, beginning at 1 mo. 28 days. Total, $500.
1 pmt. of $150, at 11 mos. 28 days. Total, $150.
The total finance charge is $40. Find the annual rate.

Form No. II

For all irregular cases not covered by Form No. I. 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. (=$6.56)

Step 2—For each sub-schedule within the main schedule fill in the following:

(A) Initial period doubled, to nearest month	(B) Number of payments	(C) Amount of each payment	(D) Total amount of payments (B×C)	(E) Equivalent payments (A+B−2)	(F) (D×E)
4	10	$50	$500	12	$6,000
24	1	150	150	23	3,450
Total			650		9,450

Divide total of column F by total of column D and round to the nearest integer. This is the equivalent number of payments. (=15)

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

Example 7—Skipped payments with odd final payment

An item priced at $346 is paid for by the following groups of payments, each series beginning at the indicated time from contract date.
3 pmts. of $20 each, beginning at 1 mo. 5 days. Total, $60.
8 pmts. of $20 each, beginning at 7 mos. 5 days. Total, $160.
7 pmts. of $20 each, beginning at 18 mos. 5 days. Total, $140.
1 pmt. of $30, due at 19 months 5 days. Total, $30.
The total finance charge is $44.00. Find the annual rate.

Form No. II

For all irregular cases not covered by Form No. I. 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. (=$12.72)

Step 2—For each sub-schedule within the main schedule fill in the following:

(A) Initial period doubled, to nearest month	(B) Number of payments	(C) Amount of each payment	(D) Total amount of payments (B×C)	(E) Equivalent payments (A+B−2)	(F) (D×E)
2	3	$20	$60	3	$180
14	8	20	160	20	3,200
36	7	20	140	41	5,740
38	1	30	30	37	1,110
Total			390		10,230