

Rent-To-Own Example 1 (True Cost of a Loan)



Chris wants a new plasma-screen TV so he can watch his beloved Tigers play in the NCAA tournament. But Chris can't afford the \$1300 price tag. A local rent-to-own company has a March Madness Special of \$30 per week. The manager tells Chris the TV will be his in just 60 weeks. The \$30 per week rental cost fits into Chris' budget, so he signs the contract. What implicit annual interest rate is Chris paying for this purchase? Express your answer as an APR.