Funding Academy • F03

Lesson 3 Resource

Amortization and payment frequency

Offer review checklist

Premium lesson companion

Teaching brief • applied vocabulary • guided workbook • knowledge check • answer guide

Name ______________________________________

Date ______________________________________

Amortization and payment frequency

Amortization divides principal and interest over time. Daily or periodic accrual and payment frequency influence timing and total cost.

The deeper idea

Variable cost transfers rate-change risk to the business. Floors, caps, reset frequency, index, margin, and payment recalculation should be modeled.

Learning objectives

- Explain amortization in the context of amortization and payment frequency.
- Distinguish accrued interest from an assumption or promotional summary.
- Show how maturity changes cost, timing, control, responsibility, or risk.
- Complete the offer review checklist using traceable source information.

Vocabulary in action

amortization	Locate it in source material and state what it measures or governs.
accrued interest	Use it to make the comparison concrete instead of relying on a label.
maturity	Name who carries responsibility, what triggers it, and which control makes it visible.

FIVE-STEP DECISION METHOD

Move from information to a responsible next step.

1. Define the exact question

State the purpose, deadline, and consequence of delay. Connect the question directly to amortization and payment frequency.

2. Gather governing evidence

Collect current agreements, statements, official disclosures, operating records, or program instructions. Record the source and date.

3. Apply the vocabulary

Locate amortization, accrued interest, and maturity in the real document or process. Translate each into a dollar, date, action, control, or responsibility.

4. Test a difficult case

Change one important assumption - timing, volume, cost, income, access, or support - and explain whether the plan still works.

5. Record the decision

Choose proceed, revise, compare, seek qualified review, or stop. Name the next action, its owner, and the review date.

Applied scenario

A learner must make this decision this month. The learner gathers governing records, locates amortization, accrued interest, and maturity, and completes the assignment. The decision pauses if the difficult-case test exposes an obligation or operating risk that cannot be managed.

Offer review checklist

Read an amortization table and identify early-period interest, principal reduction, and ending balance.

Purpose: What exact decision does amortization and payment frequency support?

Evidence: Which source documents prove the facts? Include dates.

Terms: Where do amortization, accrued interest, and maturity appear, and what does each change?

Stress-test and decision record

Stress test: Which assumption is most fragile, and what happens if it fails?

Decision record: What is the next action, who owns it, and when will it be reviewed?

My recorded status

☐ Proceed ☐ Revise ☐ Compare ☐ Seek qualified review ☐ Stop

KNOWLEDGE CHECK

Confirm your understanding.

1. State the central teaching in your own words.

2. How do amortization and accrued interest work together?

3. What evidence is strong enough to use?

4. What would make the plan pause?

5. What belongs in the finished assignment?

ANSWER GUIDE

Compare reasoning, not just wording.

1. State the central teaching in your own words.

Variable cost transfers rate-change risk to the business. Floors, caps, reset frequency, index, margin, and payment recalculation should be modeled.

2. How do amortization and accrued interest work together?

Define each, locate both in source material, and explain their combined effect on the decision.

3. What evidence is strong enough to use?

Current, relevant, traceable information from an agreement, statement, official source, operating record, or qualified professional.

4. What would make the plan pause?

A missing governing fact, unsupported claim, unmanageable stress case, or inability to explain the responsibility attached to maturity.

5. What belongs in the finished assignment?

Purpose, sources, term definitions, comparison or calculation, difficult-case result, unanswered questions, responsible owner, and review date.

Education-only boundary

This resource provides general education. It does not submit applications, negotiate with providers, handle customer funds, promise outcomes, or replace individualized guidance from an appropriately qualified professional.