

On January 1, 20X5, Juan Silvia borrowed \$500,000 to purchase a new office building. The loan is to be repaid in 2 equal annual payments, beginning December 31, 20X5. The annual interest rate on the loan is 9%.

- (a) Calculate the annual payment on the loan.
- (b) Prepare the appropriate journal entries to record the loan and subsequent payments at the end of 20X5 and 20X6.
- (c) If the loan was to be repaid in 24 equal monthly payments (0.75% interest rate per month), how much would the monthly payment equal?