Determining An Unknown Interest Rate

Example: The list price for a vehicle is stated as $25,000. You are quoted a monthly payment of $658.25 per month for 4 years. What is the monthly interest rate? What interest rate would be quoted (yearly interest rate)?

Using interest rate factor tables:

$25000 = 658.25[P/A, i, 48]$

$37.974 = [P/A, i, 48]$

$i = 1\%$ by going to various $i$ pages, looking in the $P/A$ column, on row 48 till you find $[P/a,i,48] = 37.974$.

Or 12 % annually.