

Review for 10-6-16

Sinking Fund Method:

iL goes toward interest

$\sqrt{S_{\pi j}}$ is deposited in sinking fund

Varying Payments:

$$B_t = \sum_{k=t+1}^n v^{k-t} R_k \quad \text{outstanding loan balance}$$

iB_{t-1} part of t^{th} payment toward interest

$P_t = R_t - iB_{t-1}$ part of t^{th} payment toward principal.

