

15.

A 10-year loan of 2000 is to be repaid with payments at the end of each year. It can be repaid under the following two options:

- (i) Equal annual payments at an annual effective rate of 8.07%.
- (ii) Installments of 200 each year plus interest on the unpaid balance at an annual effective rate of  $i$ .

The sum of the payments under option (i) equals the sum of the payments under option (ii).

Determine  $i$ .

- (A) 8.75%
- (B) 9.00%
- (C) 9.25%
- (D) 9.50%
- (E) 9.75%