

4. Solution: A

The payment using the amortization method is 1627.45.

The periodic interest is $.10(10000) = 1000$. Thus, deposits into the sinking fund are $1627.45 - 1000 = 627.45$

Then, the amount in sinking fund at end of 10 years is $627.45 s_{\overline{10}|.14}$

Using BA II Plus calculator keystrokes: 2nd FV (to clear registers) 10 N, 14 I/Y, 627.45 PMT, CPT FV +/-
- 10000 = yields 2133.18 (Using BA 35 Solar keystrokes are AC/ON (to clear registers) 10 N 14 %i 627.45 PMT
CPT FV +/- - 10000 =)