Name: _____ .

Preview: Chapter 2: Solution of problems in interest

Directions: Print out and complete, based on your reading of the text. If there are multiple sheets, staple together the top left corners (in the correct order). Turn in at the start of class on the date due. Do not submit answers on notebook paper or via email. No credit for late or incomplete preview assignments. Assignments may be turned in, in advance, to my mailbox in 233 MSB.

§2.1: Introduction

1. Summarize the purpose of

    (a) Chapter 1

    (b) Chapter 2

    (c) subsequent chapters

§2.2: The basic problem

1. An interest problem involves what four basic quantities?

    (a)

    (b)

    (c)

    (d)

2. What four observations may prove helpful in the solution of problems of interest?

(a)

(b)

(c)

(d)

<h3 style="text-align:center">§2.2: Equations of value</h3>

1. What is a fundamental principle in the theory of interest?

2. Define each of the following terms.

(a) time value of money

(b) comparison date

(c) equation of value

(d) time diagram

3. Does the choice of comparison date make a difference

(a) under compound interest?

(b) under other patterns of interest?