

Updates and Errata for ACTEX Study Manual
Exam FM/2, Spring 2010 Edition
February 2, 2010

Page M3-29, Solution to Problem 4

Replace

$$1000 \left[\frac{.98^{40}}{1.0075} + \frac{.98^{41}}{1.0075^2} + \dots + \frac{.98^{59}}{1.0075^{40}} \right]$$

With

$$1000 \left[\frac{.98^{40}}{1.0075} + \frac{.98^{41}}{1.0075^2} + \dots + \frac{.98^{59}}{1.0075^{20}} \right]$$

Page M12-26. Top formula for Discrete dividends.

Each i in the exponent should be a t_i . The formula is displayed correctly on page M12-7.

Page M12-22.

In the formula under the table, the final term should be $+\Delta S(2000)$, with + replacing -.

Page PE-4-8.

Question 34 should read: Which of the following could have a **profit** graph of the form given below?

Page PE4-9, Solution to Question 1.

Replace

$$“i^{(6)} = (e^{\delta/6} - 1) / 6 = 0.0805 \text{ and } d^{(4)} = (1 - e^{-\delta/4}) / 4 = 0.0792.”$$

With

$$“i^{(6)} = (e^{\delta/6} - 1) \times 6 = 0.0805 \text{ and } d^{(4)} = (1 - e^{-\delta/4}) \times 4 = 0.0792.”$$

Page PE7-20: Solution to Problem 24.

- In line 1, 300 should be 30 and 150,000 should be 15,000.
- In line 7, 300 should be 30.

Page PE9-5: Problem 13

A) should be 37,277.

Page PE9-16: Solution to Problem 13

The last 4 lines prior to the answer should read “plus the last 360 payments and the refinance cost minus the original loan amount.

$$1,289.42(48) + 1,002.84(360) + 4,000 - 204,000 = 222,914.56$$

Daniel saved $260,191.20 - 222,914.56 = 37,276.64$ in interest.”