Illustration 2

SAMPLE MORTGAGE COMPARISON

(Not actual loans available)

Sample Loan Amount $200,000 – 30-Year Term – Interest Rates For Example Purposes Only

	Traditional Fixed Rate Mortgage (__%)	**5-Year Interest-Only ARM** (initial rate __%; maximum rate __%)	**Payment Option ARM** (rate in 1st month __%; variable rate after 1st month (starting at __%); maximum rate __%)
REQUIRED MONTHLY PAYMENTS			
Years 1-5	**$_____**	**$_____**	**$___ — $___ (increasing annually)**
Year 6 – if rates don't change	**$_____**	**$_____**	**$_____**
Year 6 – if rates rise 2%	**$_____**	**$_____**	**$_____**
Year 8 – if rates rise 5%	**$_____**	**$_____**	**$_____**
EFFECT ON LOAN BALANCE AND HOME EQUITY			
After 5 Years, How Much Will You Owe?	**$_____**	**$200,000**	**$_____**
After 5 Years, How Much Home Equity Have Your Loan Payments Built?	**$_____**	**$0**	***NEGATIVE* $_____**