

Illustration 2. Comparison of interest-only loans and payment-option ARMs to fixed-rate and traditional adjustable-rate loans (template)

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 1 st month __%; variable rate after 1 st 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 \$ _____