

**OPTION LOAN ANALYSIS FOR SOMEONE HAVING THE LOAN  
FOR FOUR YEARS; MAKING MINIMUM PAYMENTS**

**Given:**

<b>PURCHASE PRICE 4 YEARS AGO</b>	<b>\$555,556</b>
<b>LOAN AMOUNT</b>	<b>\$500,000</b>
<b>START RATE 1%</b>	
<b>NOTE RATE 7.55%</b>	

<b>VALUE 4 YEARS LATER WITH 10% DROP IN MARKET PRICE</b>	<b>\$500,000</b>
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**QUESTION:**

**How much do you owe in relationship to the current value of your home?**

<b><u>CATEGORY</u></b>	<b><u>MONTHLY</u></b>	<b><u>BI-WEEKLY</u></b>
<b>INTEREST(4-YEARS)</b>	<b>\$72,250</b>	<b>\$64,349</b>
<b>ORIGINAL LOAN AMOUNT</b>	<b><u>500,000</u></b>	<b><u>500,000</u></b>
<b>TOTAL OWED</b>	<b>\$572,250</b>	<b>\$564,349</b>

<b>CURRENT VALUE OF HOME</b>	<b>\$500,000</b>	<b>\$500,000</b>
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<b>NEGATIVE EQUITY OF HOME</b>	<b>\$ 72,250</b>	<b>\$ 64,349</b>
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**BOTH ARE MORE THAN YOU ORGINALLY PAID FOR THE HOUSE!**