Example:

Assume a \$50,000 loan commitment at 10.5% interest with a 5-month construction period and a prepaid finance charge of 2 points.

	(A)	(B)
Estimated Interest:	$\$25,000 \times .105 \div 12 \times 5 = \$1,093.75$	$\$50,000 \times .105 \div 12 \times 5 = \$2,187.50$
Estimated APR:	$\frac{(1,093.75 + 1,000) \times 100}{(25,000 - 1,000)} \div 5 \times 12 =$ 20.94%	$\frac{(2,187.50 + 1,000) \times 100}{(25,000 - 1,000)} \div 5 \times 12 =$ 31.88%
Disclosures:		
Amount financed	\$49,000.00	\$49,000.00
Prepaid finance charge	1,000.00	1,000.00
FINANCE CHARGE (Estimate)	2,093.75	3,187.50
ANNUAL PERCENTAGE RATE (Estimate)	20.94%	31.88%
Repayment:	One payment of principal of \$50,000 on 12-12-80. Interest on the amount of credit outstanding will be paid monthly.	4 monthly payments of \$437.50, beginning 8-12-80, and a final payment of \$50,437.50 on 12-12-80.
Total of payments (Estimate)	\$51,093.75	\$52,187.50