

Jeff Thomas

Your creative lending expert. Where advice does make a difference.

3900 University Drive, Suite 300 Fairfax, VA 22030

Tel:(703) 338-4020 Fax:(703) 383-6961

Prepared by
Jeff O. Thomas

The purpose of this analysis is to help you make an informed decision when comparing programs requiring PMI.

FOLLOW THESE 2 SIMPLE STEPS:

1. Review PROGRAM DETAILS which compares a loan program which requires you to pay for Mortgage Insurance (PMI) vs. a program based on a first and second mortgage, to avoid PMI.
2. ADDITIONAL HOME EQUITY will provide you with further insight as to why the second program might be more advantageous to you financially.

PMI Analysis

Rate Watch Example
4050 Plain View Drive
Springfield, VA 22030

LOAN PROGRAM DETAILS

This Summary table displays two loan programs. The first program requires an additional payment called PMI because the loan to value ratio is higher than 80%.

The second program has no PMI requirement because the first mortgage has a loan to value ratio of 80%. A second mortgage is added instead, to make up the difference.

This strategy results in increased equity, higher tax deduction, and often lower monthly payments.

	Program (PMI)	Prog. (No PMI)
Purchase Price	\$230,000	\$230,000
Down Payment	10.000%	10.000%
1st Mortgage Amount	\$207,000	\$184,000
Rate	7.250%	7.250%
Term	360	360
P & I Payment	\$1,412	\$1,255
Monthly PMI Payment at 0.780%	\$135	N/A
2nd Mortgage Amount	N/A	\$23,000
Rate	N/A	8.500%
Term	N/A	180
P & I Payment	N/A	\$226
Total Monthly Payment	\$1,547	\$1,482
Net Savings	\$0	\$65

ADDITIONAL HOME EQUITY

As you compare both loan programs, take notice of the additional home equity which builds over time. Notice the increase over these listed years!

Why pay more for a mortgage program which generates no additional home equity and provides for potentially less tax benefits?

		Program (PMI)	Prog. (No PMI)
5 Years	1st Mortgage	\$195,364	\$173,657
	2nd Mortgage	N/A	\$18,267
	Total Balance	\$195,364	\$191,924
	Additional Home Equity	\$0	\$3,440
7 Years	1st Mortgage	\$189,397	\$168,353
	2nd Mortgage	N/A	\$15,737
	Total Balance	\$189,397	\$184,090
	Additional Home Equity	\$0	\$5,307
15 Years	1st Mortgage	\$154,690	\$137,502
	2nd Mortgage	N/A	\$0
	Total Balance	\$154,690	\$137,502
	Additional Home Equity	\$0	\$17,188

TAX BENEFITS (Approx).

Finally the additional tax benefits of the second program outweigh those of the first program with PMI.

		Program (PMI)	Prog. (No PMI)	Difference
Tax Bracket 28%	Monthly	\$350	\$357	\$7
	Quarterly	\$1,051	\$1,071	\$20
	Annually	\$4,202	\$4,283	\$81

NOTES

This report will show you how to pay off your home years ahead of schedule.

When you're ready to refinance or buy a new home, be sure to call Jeff Thomas first. With a simple phone call, you can apply for a loan, get advance loan approval, and lock in your interest rate! Just call our dedicated team of Home Loan Experts at 703-338-4020.

CHECK US OUT ON THE WEB: WWW.LENDING-SOLUTIONS.NET

Where advice does make a difference!

* NOTICE: Information provided is time-sensitive material. Rates, programs, fees and points are subject to change without notice. If you are applying for an Adjustable Rate Mortgage payments and interest rates will change. Payments, interest rates, and loan balances are estimates only. Your amount may be different. This is not a loan commitment, nor is it a guarantee of any kind. This comparison is based solely on estimated figures and information available at the time of preparation.