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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

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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	\$250,000	\$250,000
Down Payment	5.000%	5.000%
1st Mortgage Amount	\$237,500	\$200,000
Rate	7.250%	7.250%
Term	360	360
P & I Payment	\$1,620	\$1,364
Monthly PMI Payment at 0.780%	\$154	N/A
2nd Mortgage Amount	N/A	\$37,500
Rate	N/A	9.500%
Term	N/A	180
P & I Payment	N/A	\$392
Total Monthly Payment	\$1,775	\$1,756
Net Savings	\$0	\$19

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	\$224,150	\$188,758
	2nd Mortgage	N/A	\$30,262
	Total Balance	\$224,150	\$219,020
	Additional Home Equity	\$0	\$5,130
7 Years	1st Mortgage	\$217,304	\$182,992
	2nd Mortgage	N/A	\$26,262
	Total Balance	\$217,304	\$209,254
	Additional Home Equity	\$0	\$8,049
15 Years	1st Mortgage	\$177,482	\$149,459
	2nd Mortgage	N/A	\$0
	Total Balance	\$177,482	\$149,459
	Additional Home Equity	\$0	\$28,023

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 33%	Monthly	\$474	\$497	\$23
	Quarterly	\$1,421	\$1,490	\$70
	Annually	\$5,682	\$5,961	\$278

NOTES

Most Lenders spend 90% of their time looking for new busines. I will devote that time to serving you. By exceeding your expectations and serving you beyond one transaction, I can be confident of your satisfaction and subsequent referrals. My success depends on your desire to tell others about me! I am committer to building strong , lasting lifelong relationships one person at a time.

My goal is to become "Your Mortgage Consultant For Life"

* 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.