

See how using a second mortgage vs. PMI can make a life changing difference in your financial future.

Barton Mortgage Corporation
Mortgage Planning Services

PMI Analysis }

This report will allow you to analyze the impact of paying Private Mortgage Insurance versus not paying Private Mortgage Insurance by combining a first and second mortgage.

- 1 **Loan Program Details** – This summary table displays two loan programs. The first program requires an additional payment called Private Mortgage Insurance (PMI) because the loan-to-value ratio is higher than 80%. The second program has no PMI requirements 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.
- 2 **Additional Home Equity** – As you compare both loan programs, take notice of the additional home equity, which builds over time. Note the increase over these listed years! Why pay more for a mortgage program that generates no additional home equity and provides for potentially less tax benefits?
- 3 **Tax Benefits** – This feature will give you an estimate of the monthly savings that tax benefits can bring you in both scenarios, with and without PMI. The additional tax benefits of the second program outweigh those of the first program with PMI. We advise that you give this information to a tax consultant for an even more accurate picture.
- 4 **Notes** – Your mortgage debt planner can give you messages and additional information that can have positive, life-changing impact on your financial picture.

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

PMI Analysis
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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.

LOAN PROGRAM DETAILS		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

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.

ADDITIONAL HOME EQUITY		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

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?

TAX BENEFITS (Approx.)		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

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

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 us 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 the number listed at the top of this page.

If you have a question about this statement call (800) 951-2696 x22, M-F 9am - 5pm Pacific Time.
Ask your friends or family if they would like to receive our Quarterly Review!

* 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.
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