

Jim Yarrington

Your Trusted Advisor for Mortgages

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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

John and Janet Customer

1234 W Main Street

Overland Park, KS 66212

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	\$225,000	\$225,000
Down Payment	5.000%	5.000%
1st Mortgage Amount	\$213,750	\$180,000
Rate	6.125%	6.125%
Term	360	360
P & I Payment	\$1,299	\$1,094
Monthly PMI Payment at 0.520%	\$93	N/A
2nd Mortgage Amount	N/A	\$33,750
Rate	N/A	8.000%
Term	N/A	180
P & I Payment	N/A	\$323
Total Monthly Payment	\$1,391	\$1,416
Net Savings	\$25	\$0

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	\$199,208	\$167,755
	2nd Mortgage	N/A	\$26,584
	Total Balance	\$199,208	\$194,338
	Additional Home Equity	\$0	\$4,870
7 Years	1st Mortgage	\$192,029	\$161,708
	2nd Mortgage	N/A	\$22,815
	Total Balance	\$192,029	\$184,524
	Additional Home Equity	\$0	\$7,505
15 Years	1st Mortgage	\$152,684	\$128,576
	2nd Mortgage	N/A	\$0
	Total Balance	\$152,684	\$128,576
	Additional Home Equity	\$0	\$24,108

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	\$360	\$377	\$17
	Quarterly	\$1,080	\$1,132	\$52
	Annually	\$4,320	\$4,529	\$209

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 (913) 338-4300 x4200, M-F 9am - 5pm Central Time.

Ask your friends or family if they would like to receive our Quarterly Review!