Apex Home Loans, Inc.

"You're Home With Us"

Licensed in DC, MD, VA & RI,

Tel:(301) 474-7100 Fax:(301) 474-4444

Prepared by
Craig Strent

Date prepared
7/27/2003

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 insite as to why the second program might be more advantageous to you financially.

PMI Analysis

Bob & Becky Homeowner
123 Main St
Hometown, MD 22222

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		$350,000	$350,000
Down Payment		10.000%	10.000%
1st Mortgage Amount		$315,000	$280,000
Rate		6.000%	6.000%
Term		360	360
P & I Payment		$1,889	$1,679
Monthly PMI Payment at	**0.780%**	$205	N/A
2nd Mortgage Amount		N/A	$35,000
Rate		N/A	7.000%
Term		N/A	180
P & I Payment		N/A	$315
Total Monthly Payment		$2,093	$1,993
Net Savings		$0	$100

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	$293,121	$260,552
	2nd Mortgage	N/A	$27,094
	Total Balance	$293,121	$287,647
	Additional Home Equity	$0	**$5,475**
10 Years	1st Mortgage	$263,610	$234,320
	2nd Mortgage	N/A	$15,887
	Total Balance	$263,610	$250,207
	Additional Home Equity	$0	**$13,403**
15 Years	1st Mortgage	$223,804	$198,937
	2nd Mortgage	N/A	$0
	Total Balance	$223,804	$198,937
	Additional Home Equity	$0	**$24,867**

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	$441	$449	$8
	Quarterly	$1,323	$1,348	$24
	Annually	$5,292	$5,390	$98

NOTES

This report will show you how to avoid private mortgage insurance premiums and maximize the tax advantages of owning a home. 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 301-474-7100 or apply online.

APPLY TODAY AND FIND OUT HOW MUCH HOME YOU QUALIFY FOR.

* 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.

Copyright (c) 2003, WowTools.com All Rights Reserved. Ver. 4.27