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Date prepared  
5/4/2005

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	5.750%	5.750%
Term	360	360
P & I Payment	\$1,386	\$1,167
Monthly PMI Payment at 0.780%	\$154	N/A
2nd Mortgage Amount	N/A	\$37,500
Rate	N/A	6.750%
Term	N/A	180
P & I Payment	N/A	\$332
Total Monthly Payment	\$1,540	\$1,499
Net Savings	\$0	\$41

### 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	\$220,310	\$185,524
	2nd Mortgage	N/A	\$28,900
	Total Balance	\$220,310	\$214,424
	Additional Home Equity	\$0	\$5,886
7 Years	1st Mortgage	\$211,930	\$178,467
	2nd Mortgage	N/A	\$24,563
	Total Balance	\$211,930	\$203,030
	Additional Home Equity	\$0	\$8,899
15 Years	1st Mortgage	\$166,904	\$140,551
	2nd Mortgage	N/A	\$0
	Total Balance	\$166,904	\$140,551
	Additional Home Equity	\$0	\$26,353

### 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	\$376	\$386	\$10
	Quarterly	\$1,127	\$1,158	\$31
	Annually	\$4,507	\$4,630	\$124

### NOTES

When you're ready to refinance or buy a new home, be sure to call MARK COFFMAN and Pike Creek Mortgage Services, Inc. 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 (302) 892-2811 x110

**Our financing strategy will save you thousands over the life of the loan.**