

Fairway Mortgage Corporation

"At Fairway we are only as good as our last loan"

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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	\$325,000	\$325,000
Down Payment	5.000%	5.000%
1st Mortgage Amount	\$308,750	\$260,000
Rate	5.750%	5.750%
Term	360	360
P & I Payment	\$1,802	\$1,517
Monthly PMI Payment at 0.780%	\$201	N/A
2nd Mortgage Amount	N/A	\$48,750
Rate	N/A	7.500%
Term	N/A	180
P & I Payment	N/A	\$452
Total Monthly Payment	\$2,002	\$1,969
Net Savings	\$0	\$33

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	\$286,403	\$241,182
	2nd Mortgage	N/A	\$38,072
	Total Balance	\$286,403	\$279,253
	Additional Home Equity	\$0	\$7,150
7 Years	1st Mortgage	\$275,508	\$232,007
	2nd Mortgage	N/A	\$32,550
	Total Balance	\$275,508	\$264,557
	Additional Home Equity	\$0	\$10,951
15 Years	1st Mortgage	\$216,975	\$182,716
	2nd Mortgage	N/A	\$0
	Total Balance	\$216,975	\$182,716
	Additional Home Equity	\$0	\$34,259

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	\$488	\$512	\$23
	Quarterly	\$1,465	\$1,535	\$70
	Annually	\$5,859	\$6,140	\$282

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!