

# Your Equity Review Service

Optimizing Equity for Life

**Prepared for:** Neil Armstrong

**Prepared by:** Andrew Conniff  
Mortgage Planner



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Armstrong:

Please take a moment to look over the contents of this packet. The Annual Equity Review is designed to help you maintain an optimal equity position, ensure that your mortgage and liabilities remain in alignment with your financial goals, and evaluate your largest financial instrument with respect to economic changes and life events. Here are the components of the review:

**Your Equity Status Summary:** This brief summary outlines such important matters as your home's recent appreciation, your home's equity, and your Freedom Point. Your Freedom Point is the point at which your assets exceed your debt.

**Mortgage Planner Findings:** Based on my analysis of your current mortgage and equity situation, I have summarized my findings. When the time is right, we can get together to review and discuss these important matters.

**Equity Repositioning Analysis:** The foundational analysis for your Annual Equity Review is the Equity Repositioning Analysis. I have performed this analysis for you based on your most up-to-date financial data.

**How to Read Your Equity Repositioning Analysis Report:** Referring to the "How to Read" document as you step through your Equity Repositioning Analysis is a simple way to understand what your mortgage situation means to your financial future.

My personal mission is to assist my clients to achieve their dreams and goals. This Annual review gives us the opportunity to agree together on the best way to help you do this. My assistant will call you to set up an appointment.

I look forward to our time together.

Warm regards,

Andrew Conniff

# Mortgage Planner Findings

## Optimizing Equity for Life

### Your Opportunities

I've crunched the numbers on your current debt structure. It turns out that you have considerable potential to accelerate your financial objectives. I have performed an Equity Repositioning Analysis and have found that you have the following opportunities:

- Restructure your debt

Each of these opportunities represents a potential for a significant, long-run improvement in your personal financial situation. I would value the opportunity to schedule an appointment with you so that we could review your options together and you could set yourself on a sustainable path toward fulfilling your financial aspirations.

# Alderwood Mortgage

Our advice makes a difference!  
 20201 Lynnwood, WA 98036  
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Tax Bracket  
33%

Prepared by  
Andrew Conniff  
 Date prepared  
4/14/2008

The purpose of this analysis is to help you reposition your debt to increase your net worth.

## FOLLOW THESE 3 SIMPLE STEPS:

1. CURRENT LIABILITIES displays the current liabilities information that we have on file for you.
2. RECOMMENDED DEBT STRUCTURE shows how you can reposition your debt to increase your net worth.
3. EQUITY REPOSITIONING shows you how you can take our recommended monthly savings and invest it for your future to increase your net worth!

## Equity Repositioning Analysis

Neil Armstrong  
 123 Sunset Lane  
 Bel Air, CA 90077

### CURRENT LIABILITIES

Your current debt structure

Type	Creditor	Rate	Balance	Payment	Tax Ded.	Debt Free in
Mortgage	Lunar Credit Union	6.250%	\$207,772	\$1,305	\$357	24.17 yrs.
Mortgage	2nd Mortgage	8.250%	\$27,696	\$291	\$63	8.75 yrs.
Credit Card	Mastercard	19.990%	\$18,000	\$350	\$0	9.83 yrs.
Credit Card	Chase Manhattan	19.990%	\$15,125	\$268	\$0	14.25 yrs.
Credit Card	Ford Motor Credit	9.500%	\$12,486	\$456	\$0	2.67 yrs.
Totals (Paid-Off items):			\$281,078	\$2,670	\$420	

### RECOMMENDED DEBT STRUCTURE\*

Our proposed debt structure and benefits

Program	Terms	Rate	Balance	Payment	Tax Ded.
1st 30 Yr Fixed	360	5.990%	\$308,000	\$1,845	\$507
2nd	Int. Only	0.000%	\$0	\$0	\$0
Totals:			\$308,000	\$1,845	\$507

#### Loan Costs

\$9,000		
\$17,922	\$826	\$87
<b>Cash Out</b>	<b>Savings</b>	<b>Savings</b>

### ASSET ACCUMULATION

Savings based on our current recommendations

Asset Criteria		Accumulation	
Opening Balance	Rate	Years	Amount
\$17,000	6.000%	5	\$78,746
		15	\$274,375
\$800		30	\$905,996

### PROJECTED REAL ESTATE VALUE

Value based on our current projections

Criteria		Projected Value	
Current Value	Projected Rate	Years	Value
\$385,000	4.000%	5	\$468,411
		15	\$693,363
		30	\$1,248,708

### TOTAL REAL ESTATE & INVESTMENT VALUE

Before and after!

Years	Before	After
5	\$468,411	\$547,158
15	\$693,363	\$967,738
30	\$1,248,708	\$2,154,704

### TAX BENEFITS

Savings based on our current recommendations

	Monthly	Qrtly.	Yearly
<b>Before</b>	\$420	\$1,260	\$5,039
<b>After</b>	\$507	\$1,522	\$6,088
<b>Savings</b>	\$87	\$262	\$1,049

### NOTES

This scenario is an example of future value in your home, with similar debt structures. I left the Autos out of the report since I am assuming a 5 year appreciation in your home to get to this level (-in which time your current autos could be paid off.). This shows how your current projected growth account (from our total cost analysis) would be in five ears plus the additional mortgage savings added to the investment, and a total lowering of debt in 5 years under the "Asset Accumulation"

**Make your money work for you!**

NOTICE AND DISCLAIMER: The results above are based on (i) information provided by you, (ii) estimates of interest rates, your ability to save, your tax bracket, closing costs and other amounts, (iii) currently available loan programs and (iv) information and assumptions discussed with your advisor; all of which might change over time. If the information or assumptions are not correct or change, then the results above will change. Your advisor will provide additional information about



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## AMORTIZATION

The Detail table below discloses the financial information used to calculate the tables above. For further information, speak with your professional mortgage advisor.\*

Program	Terms	Rate	Balance	Payment	Tax Ded.
1st 30 Yr Fixed	360	5.990%	\$308,000	\$1,845	\$507
2nd	Int. Only	0.000%	\$0	\$0	\$0
Totals:			\$308,000	\$1,845	\$507

Period (Year)	Mortgage Balance	6.000%				8.000%				10.000%			
		Starting Principal	Yearly Additions	Total Return	Ending Principal	Starting Principal	Yearly Additions	Total Return	Ending Principal	Starting Principal	Yearly Additions	Total Return	Ending Principal
1	\$304,211	\$17,000	\$9,600	\$1,317	\$27,917	\$17,000	\$9,600	\$1,771	\$28,371	\$17,000	\$9,600	\$2,233	\$28,833
2	\$300,188	\$27,917	\$9,600	\$1,990	\$39,507	\$28,371	\$9,600	\$2,715	\$40,686	\$28,833	\$9,600	\$3,472	\$41,904
3	\$295,918	\$39,507	\$9,600	\$2,705	\$51,812	\$40,686	\$9,600	\$3,737	\$54,022	\$41,904	\$9,600	\$4,840	\$56,345
4	\$291,384	\$51,812	\$9,600	\$3,464	\$64,877	\$54,022	\$9,600	\$4,844	\$68,466	\$56,345	\$9,600	\$6,352	\$72,297
5	\$286,572	\$64,877	\$9,600	\$4,270	\$78,746	\$68,466	\$9,600	\$6,043	\$84,109	\$72,297	\$9,600	\$8,023	\$89,920
6	\$281,463	\$78,746	\$9,600	\$5,125	\$93,472	\$84,109	\$9,600	\$7,341	\$101,050	\$89,920	\$9,600	\$9,868	\$109,388
7	\$276,040	\$93,472	\$9,600	\$6,034	\$109,105	\$101,050	\$9,600	\$8,747	\$119,397	\$109,388	\$9,600	\$11,907	\$130,895
8	\$270,283	\$109,105	\$9,600	\$6,998	\$125,703	\$119,397	\$9,600	\$10,270	\$139,267	\$130,895	\$9,600	\$14,159	\$154,654
9	\$264,171	\$125,703	\$9,600	\$8,022	\$143,325	\$139,267	\$9,600	\$11,919	\$160,786	\$154,654	\$9,600	\$16,647	\$180,901
10	\$257,683	\$143,325	\$9,600	\$9,108	\$162,033	\$160,786	\$9,600	\$13,705	\$184,091	\$180,901	\$9,600	\$19,395	\$209,896
11	\$250,796	\$162,033	\$9,600	\$10,262	\$181,896	\$184,091	\$9,600	\$15,639	\$209,330	\$209,896	\$9,600	\$22,431	\$241,927
12	\$243,484	\$181,896	\$9,600	\$11,487	\$202,983	\$209,330	\$9,600	\$17,734	\$236,664	\$241,927	\$9,600	\$25,785	\$277,312
13	\$235,722	\$202,983	\$9,600	\$12,788	\$225,371	\$236,664	\$9,600	\$20,003	\$266,267 *	\$277,312	\$9,600	\$29,491	\$316,403
14	\$227,483	\$225,371	\$9,600	\$14,169	\$249,140 *	\$266,267	\$9,600	\$22,460	\$298,327	\$316,403	\$9,600	\$33,584	\$359,587
15	\$218,736	\$249,140	\$9,600	\$15,635	\$274,375	\$298,327	\$9,600	\$25,121	\$333,048	\$359,587	\$9,600	\$38,106	\$407,293
16	\$209,450	\$274,375	\$9,600	\$17,191	\$301,166	\$333,048	\$9,600	\$28,003	\$370,651	\$407,293	\$9,600	\$43,101	\$459,994
17	\$199,593	\$301,166	\$9,600	\$18,844	\$329,610	\$370,651	\$9,600	\$31,124	\$411,375	\$459,994	\$9,600	\$48,620	\$518,214
18	\$189,129	\$329,610	\$9,600	\$20,598	\$359,808	\$411,375	\$9,600	\$34,504	\$455,479	\$518,214	\$9,600	\$54,716	\$582,530
19	\$178,020	\$359,808	\$9,600	\$22,461	\$391,868	\$455,479	\$9,600	\$38,164	\$503,243	\$582,530	\$9,600	\$61,451	\$653,581
20	\$166,228	\$391,868	\$9,600	\$24,438	\$425,906	\$503,243	\$9,600	\$42,129	\$554,972	\$653,581	\$9,600	\$68,891	\$732,072
21	\$153,709	\$425,906	\$9,600	\$26,537	\$462,044	\$554,972	\$9,600	\$46,422	\$610,994	\$732,072	\$9,600	\$77,110	\$818,782
22	\$140,420	\$462,044	\$9,600	\$28,766	\$500,410	\$610,994	\$9,600	\$51,072	\$671,666	\$818,782	\$9,600	\$86,190	\$914,572
23	\$126,312	\$500,410	\$9,600	\$31,133	\$541,143	\$671,666	\$9,600	\$56,108	\$737,374	\$914,572	\$9,600	\$96,220	\$1,020,392
24	\$111,336	\$541,143	\$9,600	\$33,645	\$584,387	\$737,374	\$9,600	\$61,562	\$808,536	\$1,020,392	\$9,600	\$107,301	\$1,137,293
25	\$95,438	\$584,387	\$9,600	\$36,312	\$630,300	\$808,536	\$9,600	\$67,468	\$885,604	\$1,137,293	\$9,600	\$119,542	\$1,266,435
26	\$78,561	\$630,300	\$9,600	\$39,144	\$679,044	\$885,604	\$9,600	\$73,865	\$969,069	\$1,266,435	\$9,600	\$133,065	\$1,409,100
27	\$60,644	\$679,044	\$9,600	\$42,150	\$730,794	\$969,069	\$9,600	\$80,792	\$1,059,461	\$1,409,100	\$9,600	\$148,004	\$1,566,703
28	\$41,625	\$730,794	\$9,600	\$45,342	\$785,736	\$1,059,461	\$9,600	\$88,295	\$1,157,356	\$1,566,703	\$9,600	\$164,507	\$1,740,810
29	\$21,434	\$785,736	\$9,600	\$48,731	\$844,067	\$1,157,356	\$9,600	\$96,420	\$1,263,375	\$1,740,810	\$9,600	\$182,738	\$1,933,148
30	\$0	\$844,067	\$9,600	\$52,329	\$905,996	\$1,263,375	\$9,600	\$105,219	\$1,378,195	\$1,933,148	\$9,600	\$202,878	\$2,145,626

\* Debt Free Status! Indicates point where accumulated assets exceed debt!

Investment Criteria	
Starting Principal	\$17,000
Rate of Return	6.000%
Number of Months	360
Monthly Investment	\$800

Benefits	
By year 14, asset accumulation will exceed debt. By year 30, yearly income will exceed \$52,329 with an asset account of \$905,996.	

Investment Criteria	
Starting Principal	\$17,000
Rate of Return	8.000%
Number of Months	360
Monthly Investment	\$800

Benefits	
By year 13, asset accumulation will exceed debt. By year 30, yearly income will exceed \$105,219 with an asset account of \$1,378,195.	

Investment Criteria	
Starting Principal	\$17,000
Rate of Return	10.000%
Number of Months	360
Monthly Investment	\$800

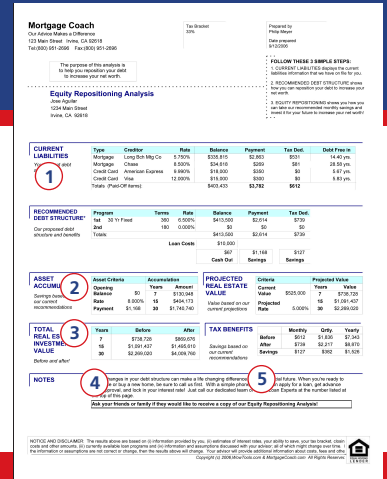
Benefits	
By year 12, asset accumulation will exceed debt. By year 30, yearly income will exceed \$202,878 with an asset account of \$2,145,626.	

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# How to Read Your Equity Repositioning Analysis Report

A favorite with Financial Planners, the Equity Repositioning Analysis gives you vital information that will assist you to make informed decisions regarding your mortgage debt with your long-term interest in mind. Here are some instructions to help you understand the key elements of this report.



## 1 What's Your Current Debt Structure?

A summary table lists your current debt structure and gives you a bird's-eye view of your liabilities. Given your current financial situation, you may wish to consider repositioning your debt into a structure that will serve you better. As you review this section, there are several points you should consider:

Type	Creditor	Rate	Balance	Payment	Tax Ded.	Debt Free in
Mortgage	Long Bch Mtg Co	5.750%	\$335,815	\$2,863	\$531	14.40 yrs.
Mortgage	Chase	8.500%	\$34,618	\$269	\$81	28.58 yrs.
Credit Card	American Express	9.990%	\$18,000	\$350	\$0	5.67 yrs.
Credit Card	Visa	12.000%	\$15,000	\$300	\$0	5.83 yrs.
Totals (Paid-Off items):			\$403,433	\$3,782	\$612	

**A Is Your Information Accurate?**  
My analysis of your equity, and your decision to get into a healthier debt situation, is based on the information I have included here. Please make sure that your balance, interest rate, and payment information is accurate.

**B Experience Debt Freedom!**  
Given your present debt structure, I have calculated your Freedom Point for each debt. Your Freedom Point is the point in time when you will become debt free.

**C Tax Deductions**  
Certain liabilities, such as mortgages, have a tax deductibility component. This column represents your potential tax deduction based on your estimated tax bracket.

## 2 Review Your Recommended New Debt Structure.

This section represents my recommendation for a restructuring of your debt. Here are some key points to consider:

Program	Terms	Rate	Balance	Payment	Tax Ded.
1st 30 Yr Fixed	360	6.500%	\$413,500	\$2,614	\$739
2nd	180	0.000%	\$0	\$0	\$0
Totals:			\$413,500	\$2,614	\$739

Loan Costs		Amount
		\$10,000
Cash Out	\$67	
Savings	\$1,168	
Savings	\$127	

**A Total Monthly Savings**  
Find out how much your total payments will decrease once you have implemented my proposed debt structure. Go on to discover what your monthly tax savings will be.

**B Know Your Loan Costs**  
While loan officers might prefer to downplay the cost of financing, I, as your professional Mortgage Planner, know how crucial it is for you to factor these costs into your decision-making. This report reflects my best estimate of what the costs associated with your new loan structure would be.

## 3 Create Wealth By Investing Your Savings.

Improving your debt structure will allow your money to work for you. In this report, I demonstrate what would happen if you placed the money you save each month in an asset accumulation account. We always recommend working with a qualified financial advisor in choosing your investment options. When you review your report, consider the following:

Asset Criteria		Accumulation	
		Years	Amount
Opening Balance	\$0	7	\$130,948
Rate	8.000%	15	\$404,173
Payment	\$1,168	30	\$1,740,740

**A Investment Payment Details**  
The opening balance I list is the amount you would deposit the first month at the listed rate of return. The payment amount is what you would pay into your investment account every month thereafter.

**B Earning Interest**  
Assuming an investment yielding the rate of return I assume, your balance would accumulate to the listed amounts in three given time scenarios.

# How To Read Your Equity Repositioning Analysis Report

## 4 Project Your Real Estate and Investment Value.

What is the potential impact of following my recommendations? I've answered this question by contrasting the value of your real estate and investment values.

### A Current Projections

This is where you would be if you continued with no changes in your debt structure.

### B Projections after Implementing New Plan

This illustrates these values based on my advice and the assumptions listed previously.

Criteria	Projected Value	
	Years	Value
Current Value	\$525,000	7 \$738,728
Projected Rate	5.000%	15 \$1,091,437
		30 \$2,269,020

## 5 Reap the Tax Benefits

A simple comparison between your current and potential tax benefits reveals the tax savings that repositioning your equity can lead to.

Years	Before	After
7	\$738,728	\$869,676
15	\$1,091,437	\$1,495,610
30	\$2,269,020	\$4,009,760

## 6 Know Your Freedom Point and Project Your Net Worth

Have you ever wondered about your Freedom Point? That's the part of the American Dream where we become debt free. When you've reached your Freedom Point either you've paid off your home and your debts, or, based on your assets, you can choose to pay off your obligations at any time. I have included an amortization schedule to illustrate your freedom point and project your net worth.

### A Summarized benefits

I have outlined the short and long long-term benefits of restructuring your debt.

### B Free at last!

I have highlighted your Freedom Point for your reference.

### C Compare Long-Term Impact

Based on your assumed rate of return, you can see at a glance how your Freedom Point and your bottom line benefits will be impacted.

Period (Year)	Mortgage Balance	8.000%				10.000%			
		Starting Principal	Yearly Additions	Yearly Total Return	Ending Principal	Starting Principal	Yearly Additions	Yearly Total Return	Ending Principal
1	\$408,878	\$0	\$14,016	\$526	\$14,542	\$0	\$14,016	\$661	\$14,677
2	\$403,947	\$14,542	\$14,016	\$1,732	\$30,290	\$14,677	\$14,016	\$861	\$30,890
3	\$398,685	\$30,290	\$14,016	\$3,040	\$47,346	\$30,890	\$14,016	\$3,895	\$48,801
4	\$393,071	\$47,346	\$14,016	\$4,455	\$65,817	\$48,801	\$14,016	\$5,771	\$68,508
5	\$387,081	\$65,817	\$14,016	\$5,988	\$85,821	\$68,588	\$14,016	\$7,843	\$90,447
6	\$380,690	\$85,821	\$14,016	\$7,649	\$107,486	\$90,447	\$14,016	\$10,132	\$114,594
7	\$373,871	\$107,486	\$14,016	\$9,447	\$130,948	\$114,594	\$14,016	\$12,660	\$141,270
8	\$366,595	\$130,948	\$14,016	\$11,304	\$156,359	\$141,270	\$14,016	\$15,453	\$170,739
9	\$358,832	\$156,359	\$14,016	\$13,303	\$183,878	\$170,739	\$14,016	\$18,539	\$203,295
10	\$350,549	\$183,878	\$14,016	\$15,787	\$213,681	\$203,295	\$14,016	\$21,948	\$239,259
11	\$341,712	\$213,681	\$14,016	\$18,281	\$245,958	\$239,259	\$14,016	\$25,714	\$278,989
12	\$332,282	\$245,958	\$14,016	\$20,940	\$280,914	\$278,989	\$14,016	\$29,874	\$322,879
13	\$322,221	\$280,914	\$14,016	\$23,844	\$318,770	\$322,879	\$14,016	\$34,470	\$371,368*
14	\$311,486	\$318,771	\$14,016	\$26,963	\$359,730	\$371,368	\$14,016	\$39,547	\$424,915
15	\$300,032	\$359,770	\$14,016	\$30,366	\$404,101	\$424,915	\$14,016	\$45,168	\$484,101
16	\$287,811	\$404,173	\$14,016	\$34,072	\$452,260	\$484,101	\$14,016	\$51,352	\$549,470

	Monthly	Qrtly.	Yearly
Before	\$612	\$1,836	\$7,343
After	\$739	\$2,217	\$8,870
Savings	\$127	\$382	\$1,526

Investment Criteria	
Starting Principal	\$0
Rate of Return	8.000%
Number of Months	360
Monthly Investment	\$1,168
Benefits	
By year 14, asset accumulation will exceed debt. By year 30, yearly income will exceed \$132,819 with an asset account of \$1,740,740.	

# Maintaining Constant Control of Your Mortgage

## Services for Life



### Mortgage Plan

Making an informed decision.

Your Personalized Mortgage Plan can have a powerful impact on your overall financial picture. Consumers who secure the services of a mortgage planning professional are uniquely empowered to make solid decisions. Through the Personalized Mortgage Plan you will understand the total cost and the total benefit of every mortgage option available to you. Whether it be optimizing equity or debt, aligning your mortgage with financial goals, adjusting for life events, or preserving cash-flow, a Personalized Mortgage Plan clarifies decision-making and illuminates options.



### RateWatch

Maintain constant control.

As your Mortgage Planner, I consider that my work really begins with the closing of your loan. Your RateWatch Report is a service designed to help you maintain continual control over the performance of your mortgage. I will proactively provide you with the information and analysis to review how your loan compares to other options. You will enjoy the constant control of regularly having the financial data necessary to determine if changes in your life or market conditions warrant fine-tuning your mortgage instrument.



### Equity Review

Making an informed decision.

It's been said that the only thing in life that is constant is change. The Annual Equity Review takes an in-depth look at the various aspects of your mortgage's performance, allowing you to determine whether your loan is continuing to contribute to the acceleration of your financial goals. If changes in your life warrant changes in your financing, you'll be able to make that determination. Just as you go to the doctor for regular physical checkups, the Annual Equity Review will empower you to optimize your equity by helping you assess your mortgage's "health" each year.



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