

Personalized Mortgage Plan

your goals + our planning = total strategy

Prepared for: Mr. Borrower
Mrs. Borrower

Prepared by: Andrew Conniff
Mortgage Planner

Advice Summary

- 1 - This is where we show the breakdown for our clients
- 2 - We offer our notes on the comparison for their review here also :)

Alderwood Mortgage

Our advice makes a difference!

20201 Lynnwood, WA 98036

Tel:(425) 244-1969 Fax:(866) 208-1960

The purpose of this analysis is to help you make an informed decision when selecting your home loan.

Prepared by
Andrew Conniff
Date prepared
4/14/2008

Total Cost Analysis

Neil Armstrong
123 Sunset Lane
Bel Air, CA 90077

- FOLLOW THESE 3 SIMPLE STEPS:**
- 1. Review the SUMMARY of your loans. Details for each program can be found on the second page.
 - 2. Next, review the TOTAL COST ANALYSIS for each loan so that you can compare which program might be right for your financial situation.*
 - 3. Finally, review the suggested Debt Free or Asset Accum. plan to see how you can save thousands on your loan. Also, you can review the MONTHLY TAX BENEFITS.

1

SUMMARY

This summary table displays information on up to four loan programs, including their respective fees and monthly payments.

Each program shows a first mortgage, and possibly a second mortgage.

Although this table will show you which loan will provide you the lowest payment, such a loan may not be the right loan for your financial situation.*

Current Property Value: **\$385,000.00**

		30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O 1 Pt	5 Yr I/O 0 Pt
1st	Loan Amount	\$308,000	\$308,000	\$308,000	\$308,000
	Interest Rate	5.990%	6.375%	5.750%	6.000%
	Term (months)	360	360	Int. Only	Int. Only
	P&I	\$1,845	\$1,922	\$1,476	\$1,540
	MI	\$0	\$0	\$0	\$0
	MI Cut Off	N/A	N/A	N/A	N/A
2nd	Loan Amount	\$0	\$0	\$0	\$0
	Interest Rate	0.000%	0.000%	0.000%	0.000%
	Term (months)	180	180	180	180
	P&I	\$0	\$0	\$0	\$0
Totals	Total Payment	\$1,845	\$1,922	\$1,476	\$1,540
	Net Savings	\$77	\$0	\$446	\$382

2

TOTAL COST ANALYSIS

A true loan comparison cannot be made simply by comparing the payments that a loan offers. There are various other fees and issues which effect the overall cost of a loan. The table at the right analyzes the difference in total overall cost of your home loan.

Evaluating the total cost is the key to selecting the lowest cost mortgage for your individual needs.*

Months: 60	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O 1 Pt	5 Yr I/O 0 Pt
Total Payment	\$110,678	\$115,291	\$88,550	\$92,400
Principal Paid	\$21,428	\$20,096	\$0	\$0
Int / MI Paid	\$89,250	\$95,195	\$88,550	\$92,400
Balance Left	\$286,572	\$287,904	\$308,000	\$308,000
Closing & Pts.	\$6,180	\$3,100	\$6,180	\$3,100
Total Cost	\$95,430	\$98,295	\$94,730	\$95,500
Net Savings	\$2,865	\$0	\$3,565	\$2,795

3

MORTGAGE PLAN WITH ASSET ACCUMULATION

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Years: 3

----->

Years: 5

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	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O 1 Pt	5 Yr I/O 0 Pt
Monthly Amount	\$77	\$0	\$446	\$382
Int. Rate	6.00%	6.00%	6.00%	6.00%
Home Value	\$433,073	\$433,073	\$433,073	\$433,073
Loan Balance	\$295,918	\$296,715	\$308,000	\$308,000
Equity	\$137,155	\$136,357	\$125,073	\$125,073
Accum. Total	\$22,176	\$19,147	\$36,691	\$34,173
Net Worth	\$159,331	\$155,504	\$161,763	\$159,246
Home Value	\$468,411	\$468,411	\$468,411	\$468,411
Loan Balance	\$286,572	\$287,904	\$308,000	\$308,000
Equity	\$181,839	\$180,508	\$160,411	\$160,411
Accum. Total	\$26,954	\$21,582	\$52,699	\$48,234
Net Worth	\$208,793	\$202,089	\$213,110	\$208,645
Assets > Debts	23.83 yrs.	26.25 yrs.	17.42 yrs.	17.75 yrs.

4

MONTHLY TAX BENEFIT

Consider the tax benefits of your home mortgage. By consolidating your non-tax deductible debt (credit cards, etc.) into your mortgage, you can save \$\$\$\$. This is just an estimate - contact your tax consultant for advice.

Tax Brac: 33%	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O 1 Pt	5 Yr I/O 0 Pt
1st Mortgage	\$507	\$540	\$487	\$508
2nd Mortgage	\$0	\$0	\$0	\$0
Property Tax	\$106	\$106	\$106	\$106
Total Monthly	\$613	\$646	\$593	\$614
Net Savings	\$20	\$53	\$0	\$21

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 costs, fees and other information required by state and federal law.





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A service provided by Andrew Conniff

Total Cost Analysis

your goals + our planning = total strategy

Do you view your mortgage as a loan or a financial instrument? For most people their mortgage represents their largest and most important debt obligation while their home represents their most significant and largest asset. Yet, most consumers lack a plan to manage their mortgage. This isn't the fault of the consumer. Quite simply, the tools and training necessary to provide complete analysis have been absent from the mortgage industry, until now.

Andrew Conniff is one of a rare group of mortgage planners in the nation who has invested in the technology, tools and training necessary to deliver a comprehensive mortgage plan. A mortgage plan allows you to consider several mortgage options and determine the strategy that best helps you to accomplish your goals.

A mortgage plan will have a powerful impact on your overall financial plan. Consumers who secure the services of a qualified mortgage planning professional are uniquely empowered to make solid decisions. Whether it be optimizing equity or debt, aligning the mortgage with financial goals, adjusting for life events, or saving money through identifying the lowest cost transaction, a mortgage plan clarifies your options and illuminates quality decisions.

Mortgage Plan Benefits

- Understand how to identify the lowest cost option.
- Accelerate your goals by determining your "Freedom Point"
- Integrate your mortgage into your overall financial plan
- Optimize your equity and debt configuration



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SUMMARY

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Each program shows a first mortgage, and possibly a second mortgage.

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Current Property Value: **\$385,000.00**

	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O
1st			
Loan Amount	\$308,000	\$308,000	\$308,000
Interest Rate	5.990%	6.375%	5.000%
Term (months)	360	360	360
P&I	\$1,845	\$1,922	\$1,125
MI	\$0	\$0	\$0
MI Cut Off	N/A	N/A	N/A
2nd			
Loan Amount	\$0	\$0	\$0
Interest Rate	0.000%	0.000%	0.000%
Term (months)	180	180	180
P&I	\$0	\$0	\$0
Totals			
Total Payment	\$1,845	\$1,922	\$1,125
Net Savings	\$77	\$0	\$0

TOTAL COST ANALYSIS

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Evaluating the total cost is the key to selecting the lowest cost mortgage for your individual needs.*

Months: 60	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O
Total Payment	\$110,678	\$115,291	\$88,000
Principal Paid	\$21,428	\$20,096	\$21,428
Int / MI Paid	\$89,250	\$95,195	\$66,572
Balance Left	\$286,572	\$287,904	\$308,000
Closing & Pts.	\$6,180	\$3,100	\$6,180
Total Cost	\$95,430	\$98,295	\$94,000
Net Savings	\$2,865	\$0	\$3,000

MORTGAGE PLAN WITH ASSET ACCUMULATION

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Years: 3

Years: 5

	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O
Monthly Amount	\$77	\$0	\$4
Int. Rate	6.00%	6.00%	6.00%
Home Value	\$433,073	\$433,073	\$433,073
Loan Balance	\$295,918	\$296,715	\$308,000
Equity	\$137,155	\$136,357	\$125,073
Accum. Total	\$22,176	\$19,147	\$36,600
Net Worth	\$159,331	\$155,504	\$161,746
Home Value	\$468,411	\$468,411	\$468,411
Loan Balance	\$286,572	\$287,904	\$308,000
Equity	\$181,839	\$180,508	\$160,411
Accum. Total	\$26,954	\$21,582	\$52,600
Net Worth	\$208,793	\$202,089	\$213,011
Assets > Debts	23.83 yrs.	26.25 yrs.	17.42 yrs.

MONTHLY TAX BENEFIT

Consider the tax benefits of your home mortgage. By consolidating your non-tax deductible debt (credit cards, etc.) into your mortgage, you can save \$\$\$! This is just an estimate - contact your tax consultant for advice.

Tax Brac: 33%	30 Fix 1 Pt	30 Fix 0 Pts	5 Yr I/O
1st Mortgage	\$507	\$540	\$0
2nd Mortgage	\$0	\$0	\$0
Property Tax	\$106	\$106	\$0
Total Monthly	\$613	\$646	\$0
Net Savings	\$20	\$53	\$0

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1 Review the Summary Options

The summary table offers information on up to four mortgage configurations. A few of the key data points include:

- A 1st and 2nd Mortgage:** This is a breakdown of the loan amounts, interest rates and term for both the first mortgage and the second mortgage.
- B Totals:** This area helps you understand the Total Payment (P&I = principal and interest only) and then identify the net savings for the lower payment options.
- C MI:** If your first mortgage requires mortgage insurance, the amount of the premium will show up on this line and is included in the total payment.

		Program 1	0 Points	1 Point
1st	Loan Amount	\$225,000	\$225,000	\$225,000
	Interest Rate	8.125%	7.750%	7.500%
	Term (months)	360	360	360
	P&I	\$1,671	\$1,612	\$1,573
	MI	\$0	\$0	\$0
2nd	Loan Amount	\$0.00	\$0.00	\$0.00
	Interest Rate	0.000%	0.000%	0.000%
	Term (months)	180	180	180
	P&I	\$0	\$0	\$0
Totals	Total Payment	\$1,671	\$1,612	\$1,573
	Net Savings	\$0	\$59	\$97

2 Calculate the Bottom Line

An optimized mortgage will maximize the bottom line. This key area of the report empowers you to make informed decisions by first breaking down the total cost:

- A Months:** Reviewing the total cost over a specific time frame allows you to align your decision with your goals.
- B Total Payment Factors:** Based on the specified period, your total payments are calculated and then broken down to illustrate how much principal and interest you've paid.
- C Closing and Points:** Most mortgage analyses fail to factor in the costs associated with closing and points. As your Mortgage Planner, I want to help you make an informed decision by including this information.

Months: 84	Program 1	0 Points	1 Point	2 Poi
Total Payment	\$140,332	\$140,358	\$140,300	\$140
Principal Paid	\$16,579	\$24,191	\$29,047	\$33
Int / MI Paid	\$123,753	\$116,167	\$111,253	\$106
Balance Left	\$208,421	\$200,809	\$195,953	\$191
Closing & Pts.	\$0	\$3,200	\$5,450	\$7
Total Cost	\$123,753	\$119,367	\$116,703	\$114
Net Savings	\$0	\$4,386	\$7,050	\$9

- D Total Cost:** Finally a way to compare the True Costs associated with a mortgage transaction, over time. The actual costs associated with a loan include Interest, PMI (Mortgage Insurance), Closing Costs, and Points. Principal is not considered a cost factor, because as it is paid it is converted to equity.

3 Understand How Each Options Impacts Your Strategy and Goals

Your Mortgage Plan integrates the costs and timelines and calculates how each option assists you in reaching your goals.

- A Equity Increase:** If your goal is to pay down your mortgage principle faster, the Equity Increase Plan will illustrate over several periods of time, how each option impacts that goal.
- B Debt Free In and Interest Saved:** By singling out the least effective option, your report shows you how long each option will take to pay off your mortgage and what you will save in interest.

Equity Increase		Program 1	0 Points	1 Point
1st	Reduction	\$0	\$59	\$97
	7 years	\$0	\$6,553	\$10,673
	10 years	\$0	\$10,645	\$17,259
	15 years	\$0	\$19,970	\$32,118
Totals	Debt Free in	0.0 yrs.	26.3 yrs.	24.7 yrs.
	Interest Saved	\$0	\$51,435	\$71,817

4 Understand the Likely Tax Benefits

Because the IRS allows most borrowers (see a qualified tax advisor for specifics) to deduct the cost of interest and property taxes from their income, you will want to review the potential impact.

- A Tax Bracket:** Andrew Conniff has estimated your likely tax bracket to use in calculating your tax benefit.
- B Total Monthly and Net Savings:** The likely total benefit is calculated and then compared to the least favorable option to show you your net savings.

Tax Brac: 33%	Program 1	0 Points	1 Point	2 Poi
1st Mortgage	\$503	\$480	\$464	
2nd Mortgage	\$0	\$0	\$0	
Property Tax	\$0	\$0	\$0	
Total Monthly	\$503	\$480	\$464	
Net Savings	\$54	\$31	\$15	

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Making an Informed Decision

Why Total Cost Matters

Understanding the total cost of your mortgage means understanding the true cost. The only way to measure the performance of your mortgage is to assess all the various elements over time.

How Long Will You Keep Your Loan?

When time is a factored into comparing loan options it can greatly alter the difference between options and scenarios. A Total Cost Analysis allows you and your mortgage planner to determine which option is truly in your best interest based on the time you'll want to keep your loan. Small differences, properly managed over time, can mean many thousands of dollars in savings.

Factoring in Tax Benefits

In most cases the interest you pay on your mortgage is tax deductible (please see your CPA or other tax advisor for specifics). Because your Total Cost Analysis report includes Tax Savings you have a complete picture of the potential benefits your home provides in terms of taxes.

Aligning your Mortgage with Your Other Financial Goals

Financial goals are a personal element. Because most individuals see their mortgage as being separate from their other financial instruments, they can miss opportunities to accelerate their objectives.

Your mortgage planner has the unique software specially designed to help illustrate how your mortgage will impact your financial goals.

Whether its paying off your home faster or increasing your savings and investment contributions, the Total Cost Analysis will show you the bottom line.

Total Cost Analysis (TCA)

The TCA performs the industry's most powerful side-by-side analysis of the net cost of a loan over time. More importantly, it highlights two specific areas of the total loan cost. First, it measures the financial impact the homeowner would feel if he or she were to invest the savings of a given loan into an asset-accumulation account. Second, it demonstrates the power of repaying the loan and the savings.

Andrew Conniff, Mortgage Planner



Our commitment to you:

To have the very best information available for our clients.

To provide this information to you in detailed and easy to read reports; monthly, quarterly, and yearly.

To work with your professional Tax, Insurance and Investment Representatives to assure accuracy and cohesion with your financial team.

To be there when you have a question.

Andrew is a local Mortgage Banker and Branch Manager/Sr. Mortgage Planner for Alderwood Mortgage- a division of Axia Financial.



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