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# TOTAL COST ANALYSIS

Prepared by Peter Boyle  
 June 19, 2010

Prepared For: **Jerome Jumbo**  
 123 Jumbo Street Suburban, MN 22222

## SUMMARY

Program Name	30 Yr Fx Jum	10/1 ARM Jum	7/1 ARM Jum	5/1 ARM Jum
<b>1ST MTG.</b> Loan Amount	\$562,500	\$562,500	\$562,500	\$562,500
Interest Rate	5.375%	5%	4.625%	4.25%
Term (months)	360	360	360	360
Payment	\$3,150	\$3,020	\$2,892	\$2,767
Mtg. Ins.	\$0	\$0	\$0	\$0
Monthly Pmt.	\$3,150	\$3,020	\$2,892	\$2,767
<b>Net Savings</b>	\$0	\$130	\$258	\$383
Total Cash To Close	\$196,000	\$196,000	\$196,000	\$196,000

## SUMMARY

*This Section overviews your monthly payments for each prospective Mortgage Plan. Please note, the payments shown do not include any Escrows that may be collected with your payment.*

*Current value \$750,000, appreciation assumption 2%*

## TOTAL COST ANALYSIS

Program Name	30 Yr Fx Jum	10/1 ARM Jum	7/1 ARM Jum	5/1 ARM Jum
<b>60 MONTHS ANALYSIS</b> Total Payment	\$188,990	\$181,177	\$173,522	\$165,801
Principal Paid	\$43,277	\$45,963	\$48,773	\$51,826
Int & MI Paid	\$145,713	\$135,214	\$124,749	\$113,975
Balance Left	\$519,223	\$516,537	\$513,727	\$510,674
Closing & Points	\$8,500	\$8,500	\$8,500	\$8,500
Total Cost	\$154,213	\$143,714	\$133,249	\$122,475
Net Savings	\$0	\$10,499	\$20,963	\$31,738

## TOTAL COST ANALYSIS

*One of the most important metrics to consider when selecting the right Mortgage Plan for you, is how long you plan on living in the home or what is your loan retention time going to be. The table on the left compares the true total cost of each mortgage plan based on a pre determined comparison period.*

## ACCUMULATION vs. REDUCTION

Program Name	30 Yr Fx Jum	10/1 ARM Jum	7/1 ARM Jum	5/1 ARM Jum
<b>10 YEARS</b> Opening Balance	\$0	\$0	\$0	\$0
Monthly Amount	\$0	\$130	\$258	\$383
Rate of Return	0%	6%	6%	6%
Home Value	\$914,246	\$914,246	\$914,246	\$914,246
Loan Balance	\$462,636	\$457,333	\$446,380	\$440,267
Equity	\$451,610	\$456,913	\$467,865	\$473,979
Accum. Total	\$0	\$21,687	\$55,193	\$79,046
<b>15 YEARS</b> Net Worth	\$451,610	\$478,600	\$523,058	\$553,025
Home Value	\$1,009,401	\$1,009,401	\$1,009,401	\$1,009,401
Loan Balance	\$388,646	\$370,523	\$361,649	\$356,696
Equity	\$620,756	\$638,878	\$647,752	\$652,705
Accum. Total	\$0	\$65,044	\$114,672	\$149,316
Net Worth	\$620,756	\$703,923	\$762,424	\$802,021
Freedom Point	30.00 yrs.	23.75 yrs.	21.58 yrs.	20.33 yrs.

## ACCUMULATION vs. REDUCTION

*Different mortgage strategies can create different results. The illustration to the left compares 2 unique strategies. One strategy assumes prepaying your mortgage, the other shows investing in some type of investment vehicle TBD by your financial advisor.*

**Based on the assumptions in this analysis the Mortgage Plan in column titled '5/1 ARM Jum' has the potential to create the most wealth for your situation in 10 yrs.**

**Based on the assumptions in this analysis the Mortgage Plan in column titled '5/1 ARM Jum' has the potential to create the most wealth for your situation in 15 yrs. The plan in column titled '5/1 ARM Jum' will help you reach your Freedom Point the soonest.**



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## PROGRAM DETAILS

	30 Yr Fx Jum		10/1 ARM Jum		7/1 ARM Jum		5/1 ARM Jum	
	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg
Value	\$750,000		\$750,000		\$750,000		\$750,000	
Equity (%)	25.000 %		25.000 %		25.000 %		25.000 %	
Loan Amount	\$562,500		\$562,500		\$562,500		\$562,500	
Loan Type	Fixed		ARM		ARM		ARM	
Interest Rate	5.375 %		5.000 %		4.625 %		4.250 %	
Term	360		360		360		360	
Closing	\$8,500		\$8,500		\$8,500		\$8,500	
Points	0.000 %		0.000 %		0.000 %		0.000 %	
APR	5.510 %		4.547 %		4.123 %		3.844 %	
Principal & Int.	\$3,150		\$3,020		\$2,892		\$2,767	
Mtg. Ins.	\$0		\$0		\$0		\$0	
<b>Total P&amp;I</b>	<b>\$3,150</b>		<b>\$3,020</b>		<b>\$2,892</b>		<b>\$2,767</b>	
Index			1.183 %		1.183 %		1.183 %	
Margin			2.250 %		2.250 %		2.250 %	
LifeCap			5.000 %		5.000 %		5.000 %	
Scenario			Best		Best		Best	
First Adj Cap			5.000 %		5.000 %		5.000 %	
First Adj Mos			120		84		60	
Adj Cap			2.000 %		2.000 %		2.000 %	
Adj Month			12		12		12	
HOA	\$0		\$0		\$0		\$0	
Haz Ins.	\$211		\$211		\$211		\$211	
Prop Taxes	\$781		\$781		\$781		\$781	
Other	\$0		\$0		\$0		\$0	
<b>Pymt. Adjust.</b>								
Adj Cap %								
Adj Cap (Mos)								
Recast Prd/Stop								
Max Balance								
<b>PITI</b>	<b>\$4,142</b>		<b>\$4,012</b>		<b>\$3,884</b>		<b>\$3,759</b>	
Term Reduction	\$0		\$0		\$0		\$0	
<b>Total PITI</b>	<b>\$4,142</b>		<b>\$4,012</b>		<b>\$3,884</b>		<b>\$3,759</b>	
Mo. Asset Accu.	\$0		\$130		\$258		\$383	
Asset Accum. Int. Rate	0.000 %		6.000 %		6.000 %		6.000 %	
Asset Accum. Open	\$0		\$0		\$0		\$0	

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.

