



# TOTAL COST ANALYSIS

Prepared by Peter Boyle

October 16, 2009

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Prepared For: Paoff First and Second Conventi  
 Arbor Ave Edina, MN 55436

SUMMARY					
	Program Name	Current Loan	15 Yr Fixed	30 Yr Fixed	Program 4
1ST MTG.	Loan Amount	\$126,635	\$165,000	\$165,000	\$0
	Interest Rate	5.75%	4.5%	4.875%	0%
	Term (months)	156	180	360	0
	Payment	\$1,154	\$1,262	\$873	\$0
	Mtg. Ins.	\$0	\$0	\$0	\$0
2ND MTG.	Loan Amount	\$30,000	\$0	\$0	\$0
	Interest Rate	4.75%	0%	0%	0%
	Term (months)	360	0	0	0
	Payment	\$156	\$0	\$0	\$0
	Monthly Pmt.	<b>\$1,311</b>	<b>\$1,262</b>	<b>\$873</b>	<b>\$0</b>
	Net Savings	<b>\$0</b>	<b>\$49</b>	<b>\$438</b>	<b>\$0</b>

## 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 \$255,000, appreciation assumption 3%

TOTAL COST ANALYSIS					
	Program Name	Current Loan	15 Yr Fixed	30 Yr Fixed	Program 4
0 MONTHS ANALYSIS	Total Payment	\$205,881	\$227,203	\$157,175	\$0
	Principal Paid	\$136,516	\$165,000	\$53,666	\$0
	Int & MI Paid	\$69,365	\$62,203	\$103,509	\$0
	Balance Left	\$20,119	\$0	\$111,334	\$0
	Closing & Points	\$0	\$4,229	\$4,229	\$0
	<b>Total Cost</b>	<b>\$69,365</b>	<b>\$66,432</b>	<b>\$107,738</b>	<b>\$0</b>
	Net Savings	<b>\$38,373</b>	<b>\$41,306</b>	<b>\$0</b>	<b>\$0</b>

## 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	Current Loan	15 Yr Fixed	30 Yr Fixed	Program 4
10 YEARS	Opening Balance	N/A	\$0	\$0	\$0
	Monthly Amount	\$33	\$0	\$0	\$0
	Rate of Return	N/A	0%	0%	0%
15 YEARS	Home Value	\$342,699	\$342,699	\$342,699	\$0
	Loan Balance	\$56,972	\$67,706	\$133,706	\$0
	Equity	\$285,727	\$274,993	\$208,993	\$0
	<b>Accum. Total</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Net Worth</b>	<b>\$285,727</b>	<b>\$274,993</b>	<b>\$208,993</b>	<b>\$0</b>
15 YEARS	Home Value	\$397,282	\$397,282	\$397,282	\$0
	Loan Balance	\$20,119	\$0	\$111,334	\$0
	Equity	\$377,162	\$397,282	\$285,947	\$0
<b>Accum. Total</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Net Worth</b>	<b>\$377,162</b>	<b>\$397,282</b>	<b>\$285,947</b>	<b>\$0</b>	
Freedom Point	12.50 yrs.	15.00 yrs.	30.00 yrs.	0 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 'Current Loan' 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 '15 Yr Fixed' has the potential to create the most wealth for your situation in 15 yrs. The plan in column titled '15 Yr Fixed' will help you reach your Freedom Point the soonest.



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## PROGRAM DETAILS

	Current Loan		15 Yr Fixed		30 Yr Fixed		Program 4	
	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg	1st Mtg	2nd Mtg
Value	\$255,000		\$255,000		\$255,000		\$255,000	
Equity (%)	50.339 %	11.765 %	35.294 %		35.294 %		100.000 %	
Loan Amount	\$126,635	\$30,000	\$165,000		\$165,000		\$0	
Loan Type	Fixed	HELOC	Fixed		Fixed		Fixed	
Interest Rate	5.750 %	4.750 %	4.500 %		4.875 %		0.000 %	
Term	156	360	180		360		360	
Closing	\$0	\$0	\$4,229		\$4,229		\$0	
Points	0.000 %	0.000 %	0.000 %		0.000 %		0.000 %	
APR	5.750 %	4.750 %	4.881 %		5.097 %		0.000 %	
Principal & Int.	\$1,154	\$156	\$1,262		\$873		\$0	
Mtg. Ins.	\$0		\$0		\$0		\$0	
<b>Total P&amp;I</b>	<b>\$1,154</b>		<b>\$1,262</b>		<b>\$873</b>		<b>\$0</b>	
Index								
Margin								
LifeCap								
Scenario								
First Adj Cap								
First Adj Mos								
Adj Cap								
Adj Month								
HOA	\$0		\$0		\$0		\$0	
Haz Ins.	\$108		\$108		\$108		\$0	
Prop Taxes	\$199		\$199		\$199		\$0	
Other	\$182		\$0		\$0		\$0	
<b>Pymt. Adjust.</b>								
Adj Cap %								
Adj Cap (Mos)								
Recast Prd/Stop								
Max Balance								
<b>PITI</b>	<b>\$1,800</b>		<b>\$1,569</b>		<b>\$1,180</b>		<b>\$0</b>	
Term Reduction	\$33		\$0		\$0		\$0	
<b>Total PITI</b>	<b>\$1,833</b>		<b>\$1,569</b>		<b>\$1,180</b>		<b>\$0</b>	
Mo. Asset Accu.	\$0		\$0		\$0		\$0	
Asset Accum. Int. Rate	0.000 %		0.000 %		0.000 %		0.000 %	
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.

