



Loan Options for Your Residential Real Estate Purchase

Prepared for John and Jane Doe (Referred by Joe Agent)

Thank you for contacting us about financing for the residential real estate you plan to purchase.

This report is designed to help you define a price range for the property you plan to buy. It does so by showing you the likely monthly payments and cash required for common loan programs. Seeing these numbers will help you decide which loan program best meets your objectives.

Assumptions Used in This Analysis

Purchase Price	\$300,000
Annual Real Estate Property Taxes	\$2,400
Annual Home Owner's Insurance Premium	\$1,200
Monthly Home Owner Association (HOA) Fees	\$50

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Here we show you the loan amount you'd obtain under various loan programs along with the resulting down payment and closing costs associated with those programs. You'll see the maximum amount of cash needed for your real estate purchase.

30-Year Fixed Rate Mortgage Payments Page 3

This is the gold standard of residential mortgage loans. It gives you the combination of a reasonable payment consistent with the security of a fixed interest rate. We show you the likeley payments for this popular program.

15-Year Fixed Rate Mortgage Payments Page 4

Undoubtedly the loan to choose if you want to own your house free and clear in a shorter time. In exchange for a higher payment, you get a lower interest rate and you build up equity in your house faster.

Intermediate Term Adjustable Rate Mortgage Payments Page 5

Here we look at a 5-year or 7-year adjustable rate mortgage (ARM). These are 30-year loans where the interest rate is lower and fixed for the first 5 to 7 years but then changes every year thereafter until the loan is paid off. Can be a good choice for short-term ownership.

1-Year Adjustable Rate Mortgage Payments Page 6

The 1-year ARM will give you the lowest possible interest rate and monthly payment for the first year but the interest rate will change every year and expose you to monthly payment increases. This program has limited uses but can be a good choice in some situations.

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Be sure to read the important notes at the end of this report. They will help you get the most out of this information and help you avoid being confused by claims you may hear in lender TV and radio ads. Plus, you'll learn about additional tools we have to help you make a good decision about the loan you obtain.

Loan Amount and Total Cash Investment

Loan Type and Down Payment Percentage
Potentially Applicable for This Borrower

<u>VA 0%</u>	<u>FHA 3.5%</u>	<u>CV 5%</u>	<u>CV 10%</u>	<u>CV 15%</u>	<u>CV 20%</u>
Yes	Yes	Yes	Yes	Yes	Yes

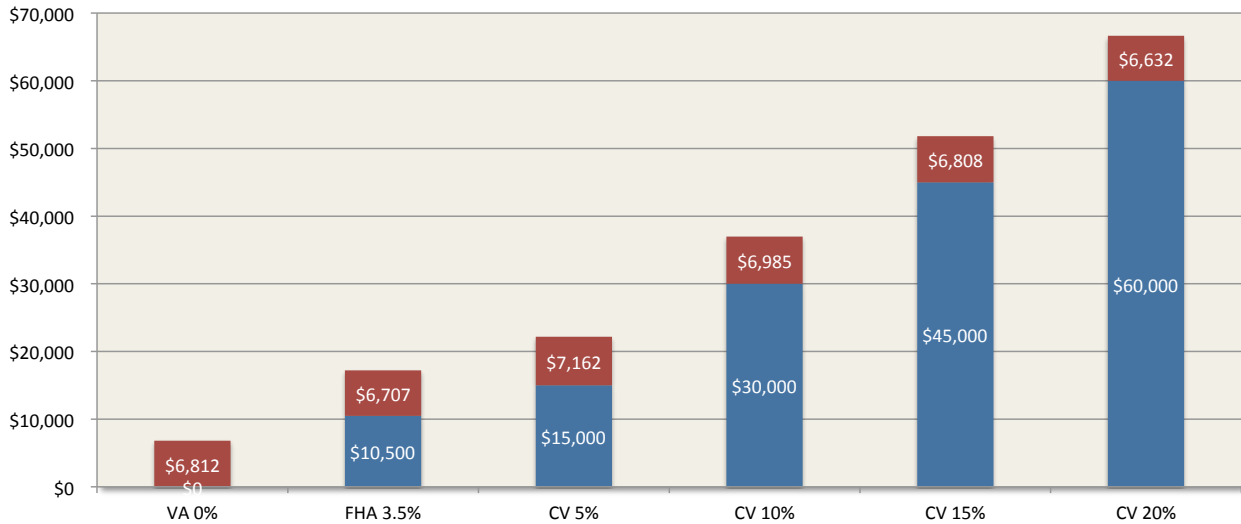
Loan Balance and Cash

Base Loan Amount	\$300,000	\$289,500	\$285,000	\$270,000	\$255,000	\$240,000
Mortgage Insurance/Funding Fee	\$6,450	\$5,066	\$0	\$0	\$0	\$0
Total Loan Amount	\$306,450	\$294,566	\$285,000	\$270,000	\$255,000	\$240,000
Down Payment	\$0	\$10,500	\$15,000	\$30,000	\$45,000	\$60,000
Closing Costs and Pre-Paid Expenses	\$6,812	\$6,707	\$7,162	\$6,985	\$6,808	\$6,632
Total Cash Investment	\$6,812	\$17,207	\$22,162	\$36,985	\$51,808	\$66,632
Less Earnest Money on Deposit	\$0	\$0	\$0	\$0	\$0	\$0
Less Buyer Costs Paid by Seller	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash at Closing	\$6,812	\$17,207	\$22,162	\$36,985	\$51,808	\$66,632
+/- for every \$10,000 change in purchase price	\$115	\$462	\$610	\$1,104	\$1,598	\$2,092

"N/A" means this loan program is not available to you; "N/L" means this loan program is unlikely to be of interest to you.

Total Cash Investment

■ Down Payment ■ Closing Costs and Pre-Paid Expenses



Note: All or part of the Down Payment can be a gift from relatives in many cases. Closing Costs and Pre-Paid Expenses can be paid by the seller or lender.

<u>Program</u>	<u>Loan Amt</u>	<u>Total Cash</u>
VA 0%	\$306,450	\$6,812
FHA 3.5%	\$294,566	\$17,207
CV 5%	\$285,000	\$22,162
CV 10%	\$270,000	\$36,985
CV 15%	\$255,000	\$51,808
CV 20%	\$240,000	\$66,632

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30-Year Fixed Rate Mortgage Payments

Loan Type and Down Payment Percentage
Potentially Applicable for This Borrower

<u>VA 0%</u>	<u>FHA 3.5%</u>	<u>CV 5%</u>	<u>CV 10%</u>	<u>CV 15%</u>	<u>CV 20%</u>
Yes	Yes	Yes	Yes	Yes	Yes

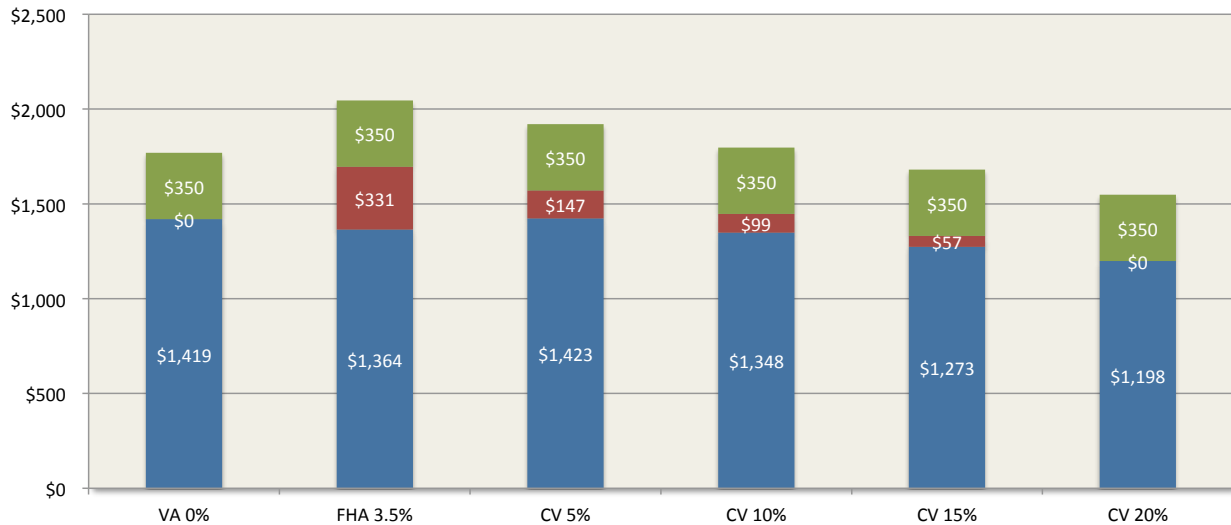
30-Year Fixed

Interest Rate	3.750%	3.750%	4.375%	4.375%	4.375%	4.375%
Annual Percentage Rate	4.060%	4.029%	4.530%	4.533%	4.536%	4.540%
Principal and Interest	\$1,419	\$1,364	\$1,423	\$1,348	\$1,273	\$1,198
Monthly Mortgage Insurance	\$0	\$331	\$147	\$99	\$57	\$0
Tax and Insurance Escrow + HOA Fee (if any)	\$350	\$350	\$350	\$350	\$350	\$350
Total Monthly Payment	\$1,769	\$2,046	\$1,920	\$1,797	\$1,681	\$1,548
+/- for every 0.125% change in interest rate	\$22	\$21	\$21	\$20	\$19	\$18
+/- for every \$10,000 change in purchase price	\$47	\$47	\$47	\$45	\$42	\$40

"N/A" means this loan program is Not Available to you; "N/L" means this loan program is Not Likely to be of interest to you.

Total Monthly Payment for 30-Year Fixed Rate Mortgage

■ Principal and Interest
 ■ Monthly Mortgage Insurance
 ■ Tax and Insurance Escrow + HOA Fees (if any)



"Mtg Pmt" is the monthly payment you'd make to the lender; "HOA Pmt" is the payment you'd make separately each month to the homeowner's association, if any.

<u>Program</u>	<u>Mtg Pmt</u>	<u>HOA Pmt</u>
VA 0%	\$1,769	\$50
FHA 3.5%	\$2,046	\$50
CV 5%	\$1,920	\$50
CV 10%	\$1,797	\$50
CV 15%	\$1,681	\$50
CV 20%	\$1,548	\$50

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15-Year Fixed Rate Mortgage Payments

Loan Type and Down Payment Percentage

Potentially Applicable for This Borrower

<u>VA 0%</u>	<u>FHA 3.5%</u>	<u>CV 5%</u>	<u>CV 10%</u>	<u>CV 15%</u>	<u>CV 20%</u>
Yes	Yes	Yes	Yes	Yes	Yes

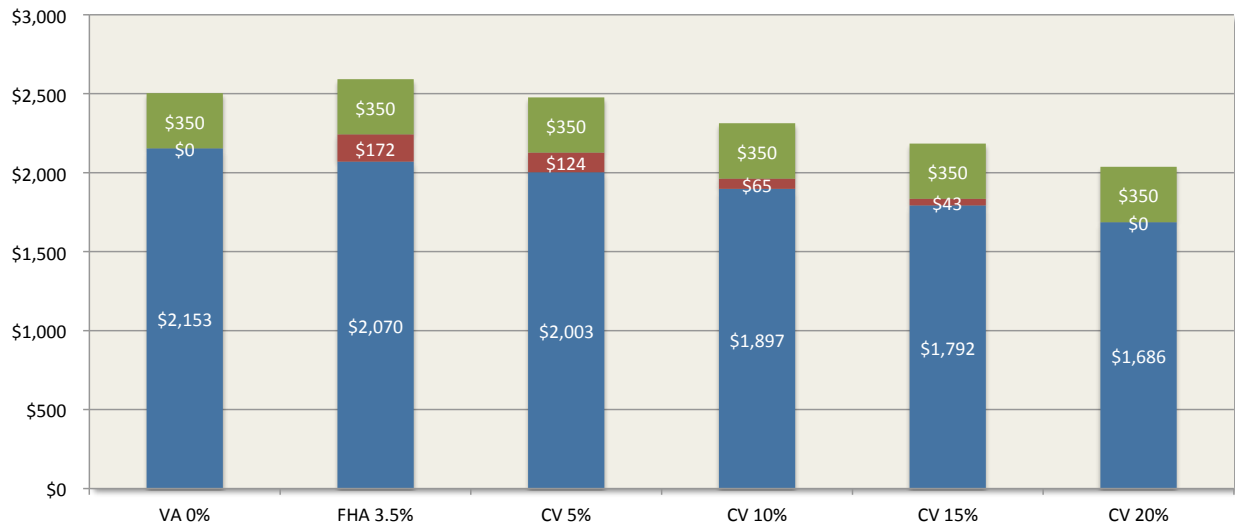
15-Year Fixed

Interest Rate	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%
Annual Percentage Rate	3.795%	3.740%	3.507%	3.512%	3.518%	3.525%
Principal and Interest	\$2,153	\$2,070	\$2,003	\$1,897	\$1,792	\$1,686
Monthly Mortgage Insurance	\$0	\$172	\$124	\$65	\$43	\$0
Tax and Insurance Escrow + HOA Fee (if any)	\$350	\$350	\$350	\$350	\$350	\$350
Total Monthly Payment	\$2,503	\$2,592	\$2,476	\$2,312	\$2,184	\$2,036
+/- for every 0.125% change in interest rate	\$19	\$18	\$17	\$16	\$16	\$15
+/- for every \$10,000 change in purchase price	\$72	\$71	\$67	\$63	\$60	\$56

"N/A" means this loan program is Not Available to you; "N/L" means this loan program is Not Likely to be of interest to you.

Total Monthly Payment for 15-Year Fixed Rate Mortgage

■ Principal and Interest
 ■ Monthly Mortgage Insurance
 ■ Tax and Insurance Escrow + HOA Fees (if any)



"Mtg Pmt" is the monthly payment you'd make to the lender; "HOA Pmt" is the payment you'd make separately each month to the homeowner's association, if any.

<u>Program</u>	<u>Mtg Pmt</u>	<u>HOA Pmt</u>
VA 0%	\$2,503	\$50
FHA 3.5%	\$2,592	\$50
CV 5%	\$2,476	\$50
CV 10%	\$2,312	\$50
CV 15%	\$2,184	\$50
CV 20%	\$2,036	\$50

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Intermediate Term Adjustable Rate Mortgage Payments

Loan Type and Down Payment Percentage
Potentially Applicable for This Borrower

<u>VA 0%</u>	<u>FHA 3.5%</u>	<u>CV 5%</u>	<u>CV 10%</u>	<u>CV 15%</u>	<u>CV 20%</u>
Yes	Yes	Yes	Yes	Yes	Yes

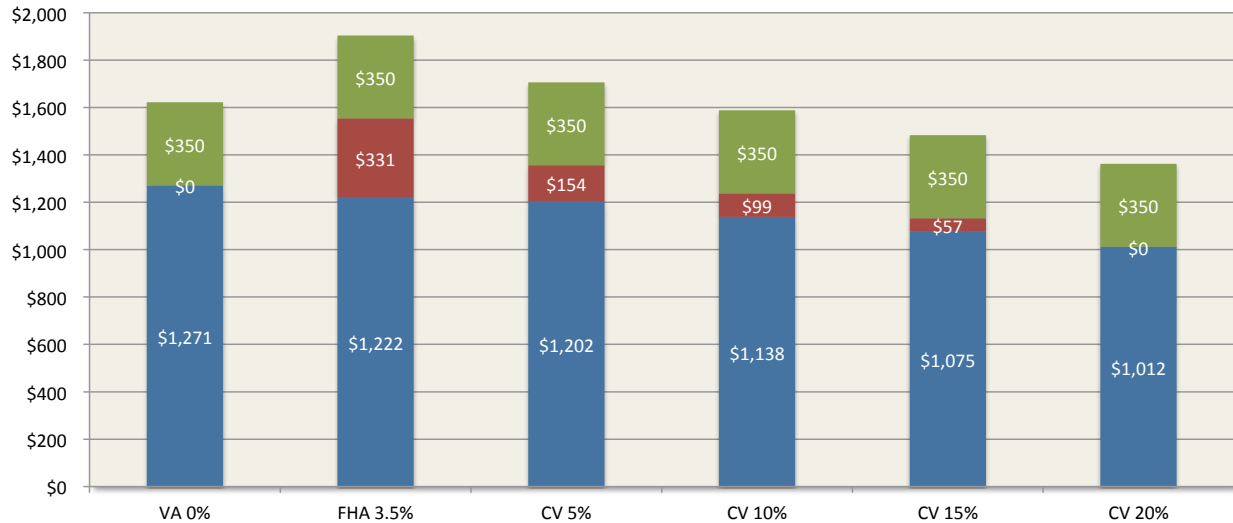
5-Year ARM

Interest Rate	2.875%	2.875%	3.000%	3.000%	3.000%	3.000%
Annual Percentage Rate	3.166%	3.137%	3.138%	3.141%	3.144%	3.148%
Principal and Interest	\$1,271	\$1,222	\$1,202	\$1,138	\$1,075	\$1,012
Monthly Mortgage Insurance	\$0	\$331	\$154	\$99	\$57	\$0
Tax and Insurance Escrow + HOA Fee (if any)	\$350	\$350	\$350	\$350	\$350	\$350
Total Monthly Payment	\$1,621	\$1,904	\$1,706	\$1,587	\$1,482	\$1,362
+/- for every 0.125% change in interest rate	\$21	\$20	\$19	\$18	\$17	\$16
+/- for every \$10,000 change in purchase price	\$42	\$42	\$40	\$38	\$36	\$34

"N/A" means this loan program is Not Available to you; "N/L" means this loan program is Not Likely to be of interest to you.

Total Monthly Payment for 5-Year Adjustable Rate Mortgage

■ Principal and Interest
 ■ Monthly Mortgage Insurance
 ■ Tax and Insurance Escrow + HOA Fees (if any)



"Mtg Pmt" is the monthly payment you'd make to the lender; "HOA Pmt" is the payment you'd make separately each month to the homeowner's association, if any.

<u>Program</u>	<u>Mtg Pmt</u>	<u>HOA Pmt</u>
VA 0%	\$1,621	\$50
FHA 3.5%	\$1,904	\$50
CV 5%	\$1,706	\$50
CV 10%	\$1,587	\$50
CV 15%	\$1,482	\$50
CV 20%	\$1,362	\$50

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1-Year Adjustable Rate Mortgage Payments

Loan Type and Down Payment Percentage
Potentially Applicable for This Borrower

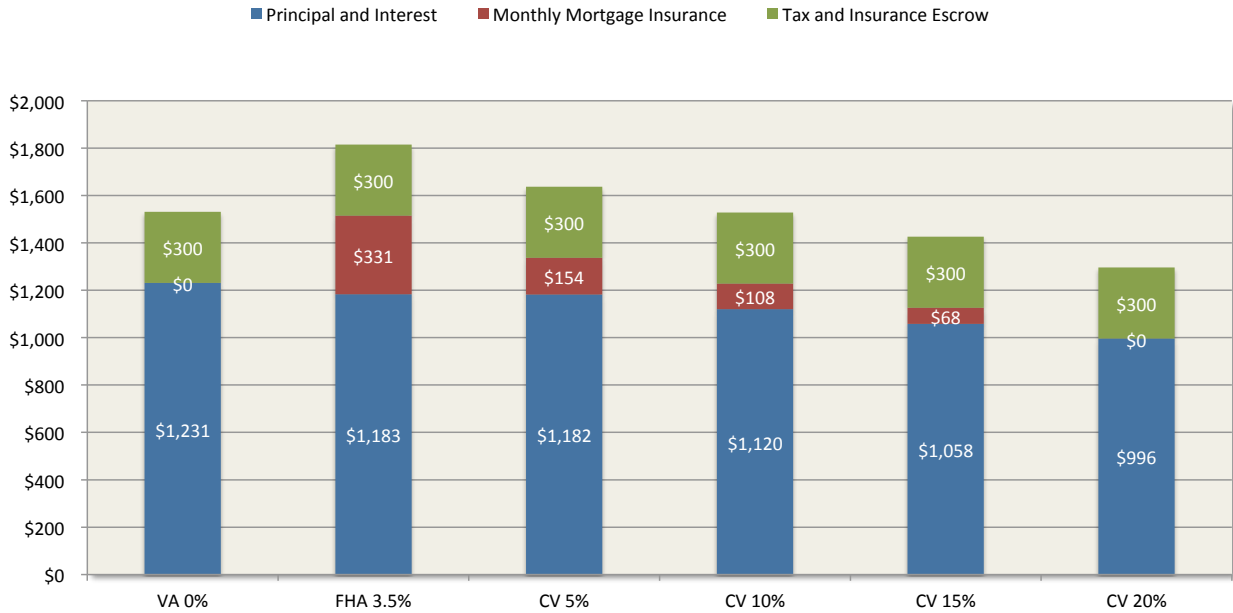
<u>VA 0%</u>	<u>FHA 3.5%</u>	<u>CV 5%</u>	<u>CV 10%</u>	<u>CV 15%</u>	<u>CV 20%</u>
Yes	Yes	Yes	Yes	Yes	Yes

1-Year ARM

Interest Rate	2.625%	2.625%	2.875%	2.875%	2.875%	2.875%
Annual Percentage Rate	2.911%	2.882%	3.012%	3.015%	3.018%	3.021%
Principal and Interest	\$1,231	\$1,183	\$1,182	\$1,120	\$1,058	\$996
Monthly Mortgage Insurance	\$0	\$331	\$154	\$108	\$68	\$0
Tax and Insurance Escrow + HOA Fee (if any)	\$300	\$300	\$300	\$300	\$300	\$300
Total Monthly Payment	\$1,231	\$1,515	\$1,337	\$1,228	\$1,126	\$996
+/- for every 0.125% change in interest rate	\$20	\$19	\$19	\$18	\$17	\$16
+/- for every \$10,000 change in purchase price	\$41	\$41	\$39	\$37	\$35	\$33

"N/A" means this loan program is Not Available to you; "N/L" means this loan program is Not Likely to be of interest to you.

Total Monthly Payment for 1-Year Adjustable Rate Mortgage



"Mtg Pmt" is the monthly payment you'd make to the lender; "HOA Pmt" is the payment you'd make separately each month to the homeowner's association, if any.

<u>Program</u>	<u>Mtg Pmt</u>	<u>HOA Pmt</u>
VA 0%	\$1,231	\$50
FHA 3.5%	\$1,515	\$50
CV 5%	\$1,337	\$50
CV 10%	\$1,228	\$50
CV 15%	\$1,126	\$50
CV 20%	\$996	\$50

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Important Notes and Next Steps

Important Notes for Getting the Most from this Report

MONTHLY PAYMENTS AND INTEREST RATES:

- (a) The monthly payments shown in this report are based on interest rates that are generally available as of the date of this report.
- (b) Interest rates change every day and sometimes multiple times during the day. Rates will go up and down while you are house hunting.
- (c) Interest rates for some loan programs are highly dependent on your credit scores. If we know your credit scores, we have taken this into account in our comparisons. If we do not know your credit scores, we've used rates that assume you have scores of 740 or higher.
- (d) Interest rates can vary by the type of property you purchase (single family, duplex, townhome or condo), by your intended use of the property (primary residence, 2nd home, investment property), by whether a 2nd mortgage is involved and by other factors. To the extent that we know these items, we have taken them into account when selecting rates for this analysis.

TOTAL CASH REQUIRED:

- (a) The cash required for a home purchase consists of (1) Down payment, (2) Closing costs and (3) Pre-paid expenses.
- (b) Your down payment is simply the difference between the purchase price of the property and the amount of the loan you obtain.
- (c) Closing costs are fees related to acquiring the property and arranging the loan -- items like appraisals, credit report, title insurance and so forth.
- (d) Pre-paid expenses are costs of owning the property that you need to pre-pay at time of closing. These include real estate taxes, homeowner's insurance and interest on the loan from the day of closing until the end of the month
- (e) Most loan programs require you to make the down payment from your own funds. However, different programs allow some or all of the down payment to be in the form of a gift from a family member. Ask us for details.
- (f) Your closing costs and/or pre-paid expenses can be reduced or even eliminated by getting them paid by the lender or by the seller of the property that you purchase. Ask us for details.
- (g) Since a key purpose of this report is to help define the total cash required for a real estate purchase, the closing costs and pre-paid expenses are estimated at the high end of the normal range and a contingency factor has been added. By design, this report tends to over state how much cash you need for your home purchase. If you budget for these amounts, it is unlikely that you will be surprised later with actual cash requirements that exceed these numbers.

SENSITIVITY ANALYSIS:

- (a) You may adjust your purchase price range as you look for a property. Therefore, we show you how the monthly payment and the cash required changes for every \$10,000 change in the purchase price for each loan program.
- (b) Interest rates will change while you are house hunting. Therefore, we show you how the monthly payment changes on each loan program for every 1/8th percent change in the interest rate.
- (c) We can rerun this report at any time if you make a significant change in purchase price range or if interest rates make a significant change in either direction.

The Next Steps

Here is where we will go from here:

1. We will review this report with you and explore all options. Based on what is important to you, we will settle on the best choice for your situation.
2. If your selected alternative includes private mortgage insurance, there are a number of ways to pay it. It can be paid monthly by you, it can be paid in a lump sum at time of closing by you, the seller or us as the lender. We will analyze which methods gives you the lowest cost over time.
3. Closing costs and/or pre-paid expenses can be paid by you or by the seller or by us as the lender. Some methods cost you less money out-of-pocket now but can cost you more money in the long run. We will show you the tradeoffs of each method so that you can make an informed decision about this matter.

We want to do more than just make you a loan -- we want to educate you about your options and choices to find the right product for you.