

Paragon 5

Financial Calculators User Guide



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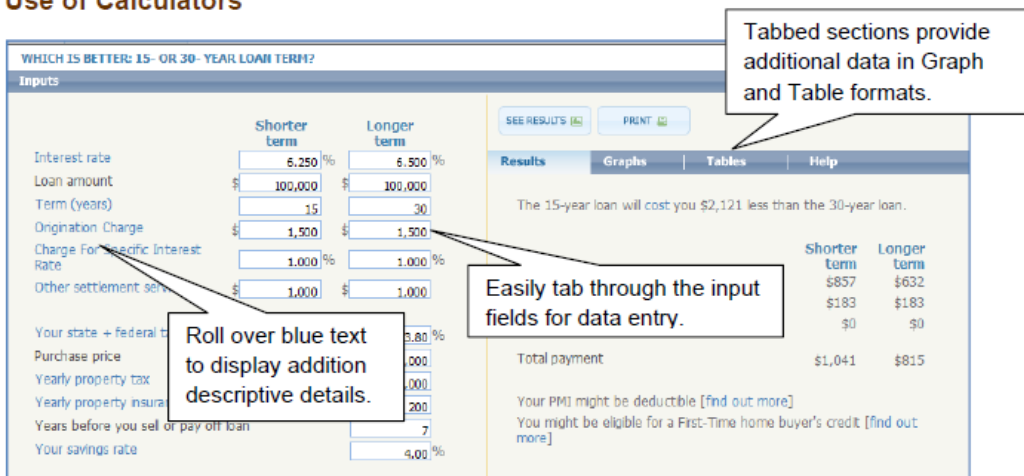
Financial Calculators

Paragon 5 introduces a new robust set of financial calculators.

Mortgage Calculators	Mortgage Calculators	Misc. Calculators
15 Yr. Vs. 30 Yr.	Interest Only Payments	Buyer Qualify
Closing Cost	Interest Only Vs. Traditional	Buyer's Cost
Financial Amortizer	Lender Vs. Lender	Buying Vs. Renting
Adjustable Rate Amortizer	Loan Compare	First Time Buyer Eligibility
Down Payment	Points Amortizer	Net Proceeds
Affordability	Refinancing	PMI Deductible?
Extra Payments	Tax Savings	Reduce Mortgage Insurance Costs
		Refinancing Costs

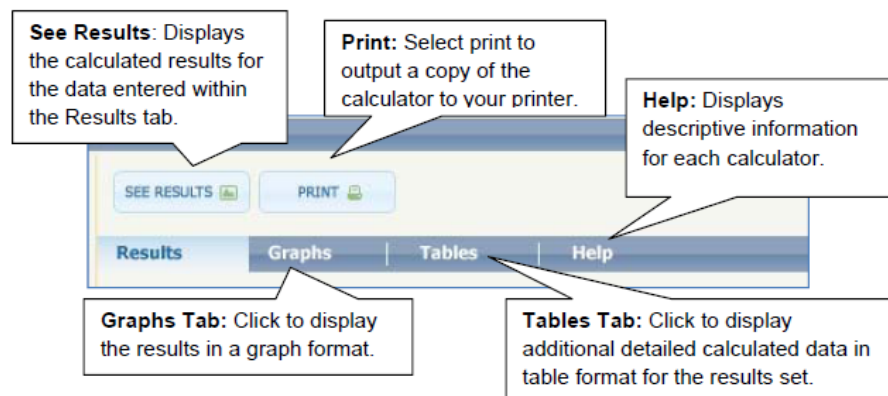
From calculating loan terms to determining refinancing costs, the expanded set of calculators provides the financial resources to assist the user with the tools to effectively advise clients with their personal and/or business finance decisions.

Use of Calculators



The screenshot shows a web-based calculator interface. On the left, there are input fields for 'Shorter term' and 'Longer term' for various parameters like interest rate, loan amount, term, origination charge, etc. On the right, there are 'SEE RESULTS' and 'PRINT' buttons, and a tabbed interface with 'Results', 'Graphs', 'Tables', and 'Help' tabs. The 'Results' tab is active, showing a comparison between the two loan terms. Callouts provide instructions: 'Tabbed sections provide additional data in Graph and Table formats.' points to the tabs; 'Easily tab through the input fields for data entry.' points to the input fields; and 'Roll over blue text to display addition descriptive details.' points to blue text in the input fields.

The same set of controls is available for each Financial Calculator as described below.

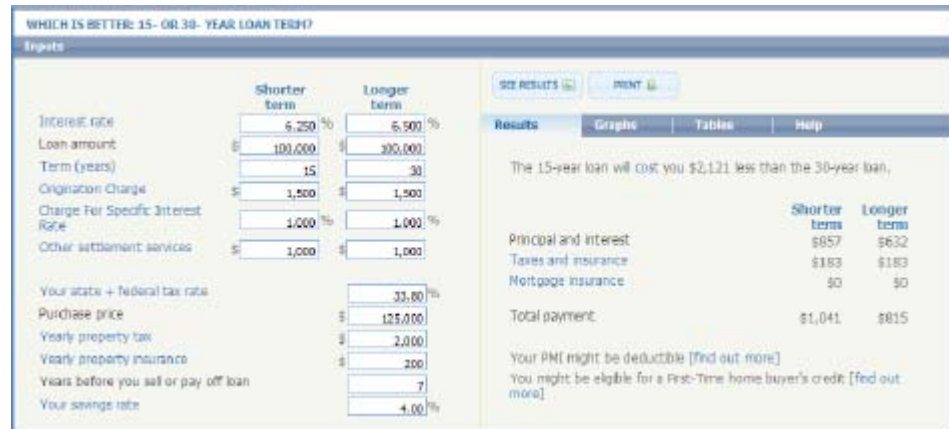


This diagram shows a close-up of the calculator's control elements. It includes 'SEE RESULTS' and 'PRINT' buttons, and the 'Results', 'Graphs', 'Tables', and 'Help' tabs. Callouts describe each element: 'See Results: Displays the calculated results for the data entered within the Results tab.'; 'Print: Select print to output a copy of the calculator to your printer.'; 'Help: Displays descriptive information for each calculator.'; 'Graphs Tab: Click to display the results in a graph format.'; and 'Tables Tab: Click to display additional detailed calculated data in table format for the results set.'

Mortgage Calculators

15 Yr vs. 30 Year

This calculator calculates monthly payments for two fixed-rate mortgage loans and helps you determine which loan is the better deal. Monthly savings that you realize from different payment amounts are invested at a savings interest rate that you designate.



WHICH IS BETTER: 15- OR 30- YEAR LOAN TERM?

Inputs

	Shorter term	Longer term
Interest rate	6.250%	5.500%
Loan amount	\$ 100,000	\$ 200,000
Term (years)	15	30
Origination Charge	\$ 1,500	\$ 1,500
Charge For Specific Interest Rate	1.000%	1.000%
Other settlement services	\$ 1,000	\$ 1,000
Your state + federal tax rate		33.80%
Purchase price	\$ 125,000	
Yearly property tax	\$ 2,000	
Yearly property insurance	\$ 200	
Years before you sell or pay off loan	7	
Your savings rate		4.00%

Results

The 15-year loan will cost you \$2,121 less than the 30-year loan.

	Shorter term	Longer term
Principal and interest	\$857	\$632
Taxes and insurance	\$183	\$183
Mortgage insurance	\$0	\$0
Total payment	\$1,041	\$815

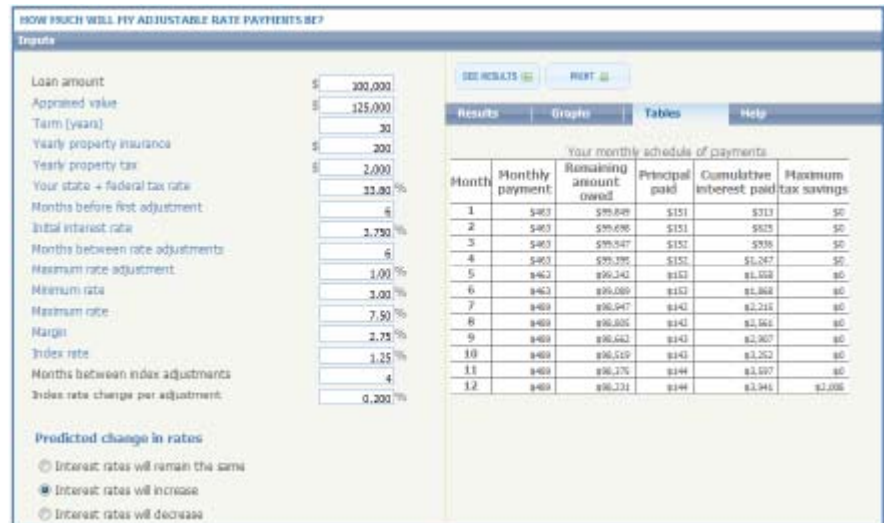
Your PMI might be deductible [find out more]
You might be eligible for a First-Time home buyer's credit [find out more]

Loan terms do not have to be 15 or 30 years. Since these periods are the two most common periods for mortgage loans, they are used as defaults.

A shorter loan term generates less mortgage interest, reducing your mortgage interest deduction. It also requires you to make larger monthly payments. However, a shorter loan term allows you to pay off the loan sooner and invest elsewhere.

Adjustable Rate Amortizer

This calculator calculates your monthly payment for an adjustable-rate mortgage (ARM) loan, given a loan amount and loan terms. Payments on an adjustable-rate mortgage are fixed for an initial period and are usually adjusted annually after the initial period. For example, a 3/1 ARM loan would have a fixed rate for the first three years and be readjusted once a year thereafter.



HOW MUCH WILL MY ADJUSTABLE RATE PAYMENTS BE?

Inputs

Loan amount	\$ 200,000
Appraised value	\$ 125,000
Term (years)	30
Yearly property insurance	\$ 200
Yearly property tax	\$ 2,000
Your state + federal tax rate	33.80%
Months before first adjustment	6
Initial interest rate	3.750%
Months between rate adjustments	6
Maximum rate adjustment	1.00%
Minimum rate	3.00%
Maximum rate	7.50%
Margin	2.75%
Index rate	1.25%
Months between index adjustments	4
Index rate change per adjustment	0.200%

Predicted change in rates

Interest rates will remain the same
 Interest rates will increase
 Interest rates will decrease

Results

Your monthly schedule of payments

Month	Monthly payment	Remaining amount owed	Principal paid	Cumulative interest paid	Maximum tax savings
1	\$483	\$99,849	\$151	\$333	\$0
2	\$483	\$99,696	\$151	\$665	\$0
3	\$483	\$99,547	\$152	\$998	\$0
4	\$483	\$99,395	\$152	\$1,327	\$0
5	\$462	\$99,242	\$152	\$1,658	\$0
6	\$462	\$99,089	\$152	\$1,988	\$0
7	\$469	\$98,947	\$142	\$2,318	\$0
8	\$469	\$98,805	\$142	\$2,648	\$0
9	\$469	\$98,662	\$142	\$2,977	\$0
10	\$469	\$98,519	\$142	\$3,302	\$0
11	\$469	\$98,376	\$144	\$3,627	\$0
12	\$469	\$98,232	\$144	\$3,946	\$2,000

The interest rate on an adjustable-rate mortgage loan is reset on the loan's anniversary date. To calculate the new rate, a spread, or margin, is added to a widely used index rate.

Two widely used index rates are the yield on 1-year U.S. Treasury bills and 11th District Cost of Funds Index (COFI), published by the Federal Home Loan Bank Board.

Your monthly payment increases or decreases with a change in the loan interest rate. Because loan payments change periodically, adjustable-rate mortgages are not for every homeowner.

Adjustable-rate mortgage loans usually have a periodic and lifetime cap that limit how high the interest rate can change in one period and over the lifetime of the loan, respectively.

Affordability

This calculator calculates the size of a mortgage loan you may be able to afford for a given down payment and total monthly loan payment.

Payments are shown for principal and interest (P+I) and combined payments. Combined payments include insurance and taxes, and mortgage insurance if necessary.

WHAT HOME CAN I AFFORD?

Inputs

Down payment	\$ 15,000
Total monthly payment	\$ 1,500
Term (years)	30
Interest rate	6.500 %
Loan to value ratio	80.00 %
Yearly property tax	1.30 %
Yearly property insurance	\$ 200

SEE RESULTS PRINT

Results | Graphs | Tables | Help

By making a down payment of \$15,000 and paying \$477 per month, you will be able to afford a home that costs \$75,000. You will need to qualify for a loan of \$60,000.

Summary of your monthly payment

Principal and interest	\$379
Taxes and insurance	\$98
Mortgage insurance	\$0
Total monthly payment	\$477

Your PMI might be deductible [find out more]
You might be eligible for a First-Time home-buyer's credit [find out more]

Closing Cost

This calculator calculates your mortgage closing costs for a given set of loan terms. The calculator lumps closing costs into three categories: fees, prepaid interest and impounds. Prepaid interest represents accrued interest up to the first mortgage payment.

Payments are shown for principal and interest (P+I) and combined (P+I+T+I) payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable.

If you enter a loan amount that is more than 80% of the home's appraisal value, the calculator estimates a monthly amount for private mortgage insurance (PMI). Mortgage lenders generally require that you obtain mortgage insurance if your down payment is less than 20% of the home purchase price.

WHAT WILL MY CLOSING COSTS BE?

Inputs

Purchase price	\$ 125,000
Loan amount	\$ 100,000
Term (years)	30
Interest rate	6.500 %

Adjusted Origination Charges:

Origination Charge	\$ 1,500
Charge For Specific Interest Rate	1.000 %

Other Settlement Services

Required services selected by lender:

Appraisal	\$ 300
Credit report	\$ 0
Flood Certification	\$ 50
Tax Service	\$ 150
Title services and lender's title insurance	\$ 350
Owner's title insurance	\$ 350
Government recording charges	\$ 25
Transfer taxes	\$ 0

Required Services You Can Shop For:

Survey	\$ 125
Pest Inspection	\$ 100
Yearly property tax	\$ 2,000
Yearly property insurance	\$ 200

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Results | Tables | Help

Lender origination charge	\$1,500
Charge for specific interest rate	\$1,000
Your adjusted origination charges:	\$2,500
Appraisal	\$300
Credit report	\$0
Flood Certification	\$50
Tax Service	\$150
Title services and lender's title insurance	\$350
Owner's title insurance	\$350
Survey	\$125
Pest Inspection	\$100
Government recording charges	\$25
Transfer taxes	\$0
Initial deposit for your escrow account	\$307
Daily interest charges	\$271
Homeowner's insurance	\$200
Charges for all other settlement services	\$2,338
Total estimated settlement charges	\$4,838
Principal and interest	\$632
Taxes and insurance	\$183
Mortgage insurance	\$0
Total monthly payment	\$815

Down Payment

This calculator calculates your monthly mortgage payment for two loans, given a down payment and other loan terms.

Payments are shown for principal and interest (P+I) and combined (P+I+T+I) payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable.

If you enter a down payment that is less than 20% of the home purchase price, the calculator estimates a monthly amount for private mortgage insurance (PMI). Mortgage lenders generally require that you obtain mortgage insurance if your down payment is less than 20% of the home purchase price.

HOW MUCH SHOULD I PUT DOWN FOR A NEW HOME?

Inputs

	Less down	More down
Down payment	\$ 6,250	\$ 12,500
Interest rate	6.900 %	6.250 %
Term (years)	30	30
Origination Charge	\$ 1,500	\$ 1,500
Charge For Specific Interest Rate	1.000 %	1.000 %
Other settlement services	\$ 1,000	\$ 1,000
Your savings rate		4.00 %
Your state + federal tax rate		33.80 %
Purchase price	\$ 125,000	
Yearly property tax	\$ 2,000	
Yearly property insurance	\$ 200	
Years before you sell or pay off loan		7

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The smaller down payment will cost you \$4,523 over the 7 years.

	Less down	More down
Percentage down	5.00%	10.00%
Loan amount	\$118,750	\$112,500
Principal and interest	\$751	\$693
Taxes and insurance	\$183	\$183
Mortgage insurance	\$93	\$58
Total payment	\$1,027	\$934

Your PMI might be deductible [\[find out more\]](#)
 You might be eligible for a First-Time home buyer's credit [\[find out more\]](#)

Extra Payments

This calculator calculates the savings in mortgage interest you realize by making prepayments for a given set of loan terms. It also calculates how many months sooner you will pay off the loan. The entire amount of additional payments is applied to amortizing the loan principal.

Some mortgage loans may have a prepayment penalty. Check with your lender to verify whether your loan has such a penalty.

HOW ADVANTAGEOUS ARE EXTRA PAYMENTS?

Inputs

Original loan terms	
Loan amount	\$ 100,000
Appraised value	\$ 125,000
Term (years)	30
Yearly property tax	\$ 2,000
Yearly property insurance	\$ 200
Interest rate	6.500 %
Extra payments	
Additional monthly payment	\$ 100
Months until you start extra payments	60

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	Without extra payments	With extra payments
Principal and interest	\$632	\$732
Taxes and insurance	\$183	\$183
Mortgage insurance	\$0	\$0
Total payment	\$815	\$915
Months from now until payoff	360	279
Total interest paid	\$127,544	\$97,798

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 You might be eligible for a First-Time home buyer's credit [\[find out more\]](#)

Financial Amortizer

This calculator calculates your monthly mortgage payment for a given loan amount, interest rate and loan term.



Payments are shown for principal and interest (P+I) and combined (P+I+T+I) payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable.

If you enter a loan amount that is more than 80% of the home's appraisal value, the calculator estimates a monthly amount for private mortgage insurance (PMI). Mortgage lenders generally require that you obtain mortgage insurance if your down payment is less than 20% of the home purchase price.

HOW MUCH WILL MY MORTGAGE PAYMENTS BE?

Inputs

Loan amount	\$	100,000
Appraised value	\$	125,000
Term (years)		30
Interest rate		6.500%
Yearly property tax	\$	2,000
Yearly property insurance	\$	200

SEE RESULTS  PRINT 

Results Graphs Tables Help

Principal And Interest	\$632
Taxes and insurance	\$183
Mortgage insurance	\$0
Total Payment	\$815

Your PMI might be deductible [\[find out more\]](#)

You might be eligible for a First-Time home buyer's credit [\[find out more\]](#)

Interest Only Payments

This calculator estimates your monthly mortgage payment for an interest-only loan. An interest-only loan is a loan in which the borrower pays only interest payments and doesn't pay off any of the loan balance at the beginning of the loan. After this interest-only period, payments are increased to repay the principal fully in the remaining time. The longer the interest-only period lasts, the sharper the jump in monthly payment will be once it ends.

Monthly payments are shown both during and after the initial, interest-only period. This calculator also shows the components of the payment: principal and interest, taxes and insurance, and mortgage insurance when your down payment is less than 20% of the value of the home.

The interest-only loan used in this calculator is assumed to have a fixed rate.

HOW MUCH WILL MY INTEREST-ONLY PAYMENT BE?

Inputs

Loan amount	\$	100,000
Appraised value	\$	125,000
Term (years)		30
Interest rate		6.500%
Interest-only period (years)		5
Yearly property tax	\$	2,000
Yearly property insurance	\$	200

SEE RESULTS  PRINT 

Results Graphs Tables Help

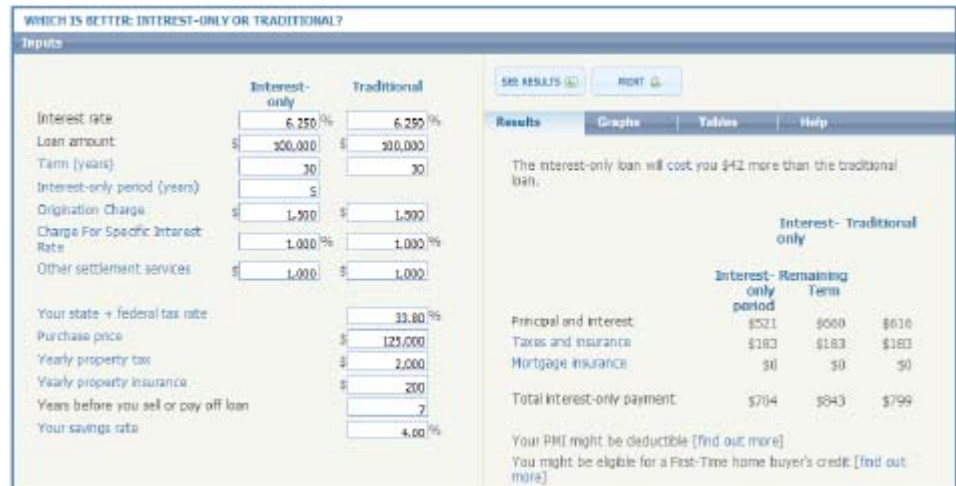
	Interest-only period	Remaining term
Principal and interest	\$542	\$675
Taxes and insurance	\$183	\$183
Mortgage insurance	\$0	\$0
Total monthly payment	\$725	\$859

Your PMI might be deductible [\[find out more\]](#)

You might be eligible for a First-Time home buyer's credit [\[find out more\]](#)

Interest Only vs. Traditional

This calculator compares a traditional, fixed rate mortgage loan to an interest-only loan. The difference between the two is shown in terms of overall cost difference for the time you plan to be paying both loans, as well as a comparison of the monthly payments. Monthly payments for the interest-only loan are shown both during and after the initial, interest only period.



	Interest-only	Traditional
Interest rate	6.250%	6.250%
Loan amount	\$ 300,000	\$ 300,000
Term (years)	30	30
Interest-only period (years)	5	
Origination Charge	\$ 1,500	\$ 1,500
Charge For Specific Interest Rate	1.000%	1.000%
Other settlement services	\$ 1,000	\$ 1,000
Your state + federal tax rate		33.80%
Purchase price	\$ 125,000	
Yearly property tax	\$ 2,000	
Yearly property insurance	\$ 200	
Years before you sell or pay off loan	7	
Your savings rate	4.00%	

	Interest-only	Remaining only	Term
Principal and interest	\$521	\$668	\$616
Taxes and insurance	\$183	\$183	\$183
Mortgage insurance	\$0	\$0	\$0
Total interest-only payment	\$704	\$843	\$799

An interest-only loan might be advantageous if the borrower has an uneven stream of income (commissions), if the borrower expects to have an increase in income before the payments increase, or if the borrower intends to sell the house in a short time and home values are increasing. Also, an interest-only loan allows someone to qualify for a more expensive home.

On the other hand, the actual amount of interest paid over the term of the loan is higher with an interest-only loan and during a period of stagnant or falling real estate prices, it is easy to get into a position where the value of the property is less than the loan balance. In cases where the interest-only loan is also an adjustable rate mortgage, the payment increase at the end of the interest-only period can be dramatic.

Lender vs. Lender

This calculator calculates which of two mortgage loans is the better deal. Either or both of the loans may be fixed- or adjustable-rate (ARMs) loans.

Amounts are shown for principal and interest (P+I) and combined (P+I+T+I) payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable.

The interest rate on an adjustable-rate mortgage loan is reset on the loan's anniversary date. To calculate the new rate, a spread, or margin, is added to a widely used index rate.



	Lender 1	Lender 2
Purchase price	\$ 125,000	
Loan amount	\$ 300,000	
Term (years)	30	
Yearly property tax	\$ 2,000	
Yearly property insurance	\$ 200	
Your savings rate	4.00%	
Your state + federal tax rate		33.80%
Years before you sell or pay off loan	7	
Interest rate	6.250%	5.800%
Origination Charge	\$ 1,500	\$ 1,000
Charge for Specific Interest Rate	1.000%	1.125%
Other settlement services	\$ 1,000	\$ 800

	Lender 1	Lender 2
Principal and interest	\$668	\$608
Taxes and insurance	\$183	\$183
Mortgage insurance	\$0	\$0
Total monthly payment	\$843	\$794

Two widely used index rates are the yield on 1-year U.S. Treasury bills and 11th District Cost of Funds Index (COFI), published by the Federal Home Loan Bank Board.

Your monthly payment increases or decreases with a change in the loan interest rate. Because loan payments change periodically, adjustable-rate mortgages are not for every homeowner.

Adjustable-rate mortgage loans usually have a periodic and lifetime cap that limit how high the interest rate can change in one period and over the lifetime of the loan, respectively.

Loan Compare

This calculator calculates which of two mortgage loans is the better deal. Either or both of the loans may be fixed- or adjustable-rate (ARMs) loans.

Amounts are shown for principal and interest (P+I) and combined payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable. The calculator also calculates the effective interest rate for the two loans.

The interest rate on an adjustable-rate mortgage loan is reset on the loan's anniversary date. To calculate the new rate, a spread, or margin, is added to a widely used index rate.



	Loan 1	Loan 2
Term (years)	30	30
Interest rate	6.000%	5.500%
Origination Charge	\$ 1,500	\$ 1,500
Charge for Escrow Interest Rate	1.000%	0.500%
Other settlement services	\$ 1,000	\$ 800
If loans have adjustable rates		
Months before first adjustment	6	6
Months between rate adjustments	6	6
Maximum rate adjustment	1.00%	1.00%
Minimum rate	1.00%	1.00%
Maximum rate	7.50%	7.50%
Margin	2.75%	2.50%
Index rate	1.25%	1.00%
Index rate change per adjustment	0.250%	0.250%
Months between index adjustments	6	6
Loan Amounts:		
Purchase price	\$ 200,000	\$ 200,000
Your state + Federal tax rate	\$ 115,000	\$ 115,000
Yearly property tax	\$ 3,000	\$ 3,000
Yearly property insurance	\$ 200	\$ 200
Years before you sell or pay off loan	7	7
Your savings rate	5.00%	5.00%

Two widely used index rates are the yield on 1-year U.S. Treasury bills and 11th District Cost of Funds Index (COFI), published by the Federal Home Loan Bank Board.

Your monthly payment increases or decreases with a change in the loan interest rate. Because loan payments change periodically, adjustable-rate mortgages are not for every homeowner.

Adjustable-rate mortgage loans usually have a periodic and lifetime cap that limit how high the interest rate can change in one period and over the lifetime of the loan, respectively.

Points Amortizer

This calculator calculates the monthly mortgage payment for two mortgage loans, given their respective interest rates and other loan terms, and helps you determine whether paying additional mortgage points in exchange for a lower interest rate is a good deal.

Either or both of the loans may be fixed- or adjustable-rate mortgages (ARMs).

Payments on an adjustable-rate mortgage are fixed for an initial period and are usually adjusted annually after the initial period. For example, a 3/1 ARM loan would have a fixed rate for the first three years and be readjusted once a year thereafter.



	Loan 1	Loan 2
Loan amount	\$ 200,000	\$ 200,000
Term (years)	30	30
Interest rate	6.000%	5.500%
Origination Charge	\$ 1,500	\$ 1,500
Charge for Escrow Interest Rate	1.000%	0.500%
Other settlement services	\$ 1,000	\$ 800
Your state + Federal tax rate		
Purchase price	\$ 200,000	\$ 200,000
Yearly property tax	\$ 3,000	\$ 3,000
Yearly property insurance	\$ 200	\$ 200
Years before you sell or pay off loan	7	7
Your savings rate	5.00%	5.00%
If loans have adjustable rates		
Months before first adjustment	6	6
Months between rate adjustments	6	6
Maximum rate adjustment	1.00%	1.00%
Minimum rate	1.00%	1.00%
Maximum rate	7.50%	7.50%
Margin	2.75%	2.50%
Index rate	1.25%	1.00%
Index rate change per adjustment	0.250%	0.250%
Months between index adjustments	6	6

The interest rate on an adjustable-rate mortgage loan is reset on the loan's anniversary date. To calculate the new rate, a spread, or margin, is added to a widely used index rate.

Two widely used index rates are the yield on 1-year U.S. Treasury bills and 11th District Cost of Funds Index (COFI), published by the Federal Home Loan Bank Board.

Your monthly payment increases or decreases with a change in the loan interest rate. Because loan payments change periodically, adjustable-rate mortgages are not for every homeowner.

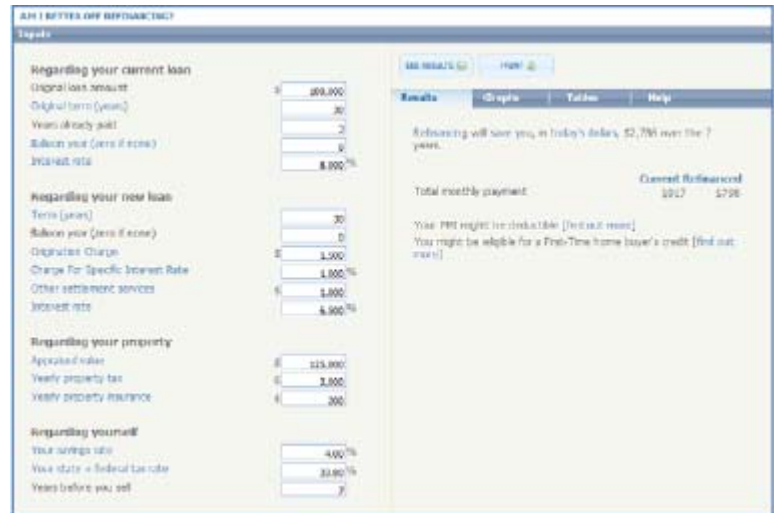
Adjustable-rate mortgage loans usually have a periodic and lifetime cap that limit how high the interest rate can change in one period and over the lifetime of the loan, respectively.

Refinancing

This calculator calculates whether the decision to refinance your mortgage loan is a good one based on the terms you enter for your current loan and the refinance loan that you are considering. Since it compares costs for the same loan amount, the calculator is not used to evaluate a cash-out refinancing.

The calculator calculates your current monthly payment and the payment you would make if you refinance using the loan terms you designate.

Refinancing generally makes sense if you can lower your monthly payment by enough to cover the associated closing costs. Often, the break-even point for a refinance is two to three years. If you plan on selling your home within a year or so, refinancing may not make sense.



AM I BETTER OFF REFINANCING?

Inputs

Regarding your current loan
 Original loan amount: \$ 80,000
 Original term (years): 30
 Years already paid: 2
 Balance now (zero if none): 0
 Interest rate: 8.00%

Regarding your new loan
 Term (years): 30
 Balance now (zero if none): 0
 Origination Charge: \$ 1,000
 Charge For Specific Interest Rate: 1.00%
 Other settlement services: \$ 1,000
 Interest rate: 6.00%

Regarding your property
 Appraised value: \$ 125,000
 Yearly property tax: \$ 2,000
 Yearly property insurance: \$ 200

Regarding yourself
 Your savings rate: 4.00%
 Your state + federal tax rate: 33.80%
 Years before you sell: 7

SEE RESULTS **PRINT**

Results **Graphs** **Tables** **Help**

Refinancing will save you, in today's dollars, \$2,796 over the 7 years.

Total monthly payment: **Current Refinanced**
 \$927 \$798

Your PMI might be deductible [find out more]
 You might be eligible for a First-Time home buyer's credit [find out more]

Tax Savings

This calculator shows your average yearly tax savings on a mortgage loan and calculates your after-tax interest rate on the loan.

Loan closing costs, including mortgage points, are amortized over the term of the loan.

Tax savings on a mortgage loan increase at higher income tax rates, all else remaining the same. This is because mortgage interest is generally tax-deductible, reducing the after-tax interest rate.



HOW MUCH CAN I SAVE IN TAXES?

Inputs

Loan amount: \$ 100,000
 Term (years): 30
 Interest rate: 6.500%
 Origination Charge: \$ 1,500
 Charge For Specific Interest Rate: 1.000%
 Other settlement services: \$ 1,000
 Your state + federal tax rate: 33.80%
 Appraised value: \$ 125,000
 Yearly property tax: \$ 2,000
 Yearly property insurance: \$ 200

SEE RESULTS **PRINT**

Results **Graphs** **Tables** **Help**

Rate adjusted by tax savings: 3.56%
 Average yearly tax savings: \$2,124

Your PMI might be deductible [find out more]
 You might be eligible for a First-Time home buyer's credit [find out more]

Misc. Calculators

Buyer Qualify

This calculator calculates a range of monthly mortgage payments for two underwriting scenarios: one that uses aggressive underwriting guidelines and one that uses conservative guidelines.

The calculator uses the lower of two ratios for each set of results: payment-to-income ratio (also called housing ratio) and debt-income ratio (also called debt ratio).

When the economy is strong, lenders are more aggressive and raise these ratios to compete for business. When the economy is weak, lenders are more conservative and lower their ratios.

Mortgage payments are shown for a range of down payments that are in the range of your estimated down payment. Amounts are shown for principal and interest (P+I) and combined (P+I+T+I) payments. Combined payments include insurance, taxes, and private mortgage insurance where applicable.

The following housing ratios are used for conservative results: 29% for down payments of less than 20% and 30% for down payments of 20% or more. A debt ratio of 36% is used for all down payments.

The following ratios are used for aggressive results: housing and debt ratios of 31% and 38%, respectively, for down payments of less than 10%; housing and debt ratios of 32% and 40%, respectively, for down payments of 10% or more but less than 20%; and housing and debt ratios of 33% and 41%, respectively, for down payments of 20% or more.

Buyer's Cost

This calculator calculates the initial and ongoing cost of buying a home under four different prospective buying scenarios: an all cash purchase, use of a conventional mortgage, FHA mortgage financing and VA mortgage financing. It allows you to select the purchase option you wish to consider and determine the costs associated with that option.

The all cash purchase scenario assumes that the house is paid for in cash and that the only costs associated with the purchase would be the costs associated with executing the transaction. These costs include attorney, title, government recording and transfer fees and additional fees associated with evaluating the home purchase.

Mortgage financing purchase options consider conventional mortgage purchases, FHA or VA financing. As a result, monthly payment information is evaluated, including escrow of property tax and insurance payment requirements. Additionally, settlement charges associated with the mortgage selected are provided as are any fees associated with the obtainment of the loan.




Buying vs. Renting

This calculator calculates whether buying a home is a better deal than renting. In some cases, renting may be cheaper than buying. For example, renting often requires a smaller monthly cash outflow than a combined mortgage payment that includes principal and interest, insurance, taxes, (P+I+T+I) and possibly mortgage insurance.

As a result, renting may free up your cash flow and allow you to contribute or save. The calculator allows you to designate a savings interest rate to include these savings in the analysis.



Category	Value
Monthly rent	\$ 300
Monthly rental's insurance	\$ 18
Yearly rent increase	4.00%
Purchase price	\$ 125,000
Appreciation rate	4.00%
Your savings rate	4.00%
Your state + federal tax rate	20.00%
Years before selling off loan	7
Loan amount	\$ 100,000
Term (years)	30
Interest rate	6.800%
Origination Charge	\$ 1,500
Charge for specific borrower items	\$ 800
Other settlement services	\$ 2,000
Yearly property tax	\$ 2,800
Yearly maintenance	\$ 300
Yearly property insurance	\$ 200
Selling costs (% of selling price)	36.00%

Category	Buying	Renting
Total tax savings	\$10,778	
Total maintenance	\$4,800	
Selling price	\$154,209	
Equity	\$63,253	
Selling costs	\$15,437	
Total payments		
Principal and interest	\$632	1074
Taxes and insurance	\$183	1074
Mortgage insurance	\$8	1074
Total initial payment	\$815	\$715

Overing will save you \$21,121 compared to renting over the 7 years, at today's rates.

Regarding ownership for the 7 years

Your PMI might be deductible (find out more)
You might be eligible for a first-time home buyer's credit (find out more)

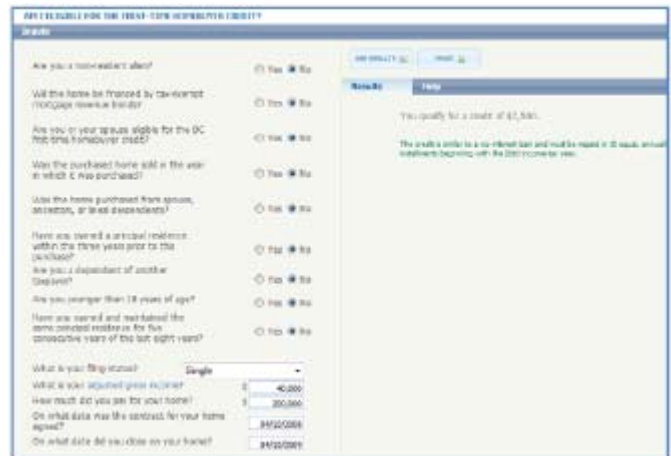
The calculator calculates the tax savings you realize from deducting mortgage interest and mortgage points. It also estimates the equity that you earn in your home over the time you own it, which boosts your personal net worth. Renting does not create net worth.

First Time Buyer Eligibility

The first-time homebuyer credit is a refundable tax credit available to first-time homebuyers who close on a home between April 9, 2008 and June 30, 2010. The credit is also available to long-term residents who close on a home between November 7, 2009 and June 30, 2010. If the buyer is in the U.S. Armed Forces, the U.S. Foreign Service, or an employee of the intelligence community, the closing deadline may be June 30, 2011. Please check with your tax advisor for details.

The credit may be taken on a 2008 tax return even if the home is purchased in 2009. For those who purchase the home in 2008, beginning with the second year after the year in which the credit is claimed, one-fifteenth of the credit must be paid back each year. The repayment is done through an addition to the tax of the homebuyer each year for fifteen years. This credit may be thought of as a fifteen year interest-free loan.

For those who purchase the home in 2009 or after, there is no repayment requirement as long as the new owner holds the new home as a principal residence for at least 3 years. To qualify as a first-time homebuyer, the buyer must not have owned a principal residence during the previous three years. To qualify as a long-term resident, the buyer must have had a principal residence for five consecutive years out of the prior eight years.



Are you a homeowner also? Yes No

Will this home be financed by a qualified mortgage lender (QM)? Yes No

Are you or your spouse eligible for the DC first-time homebuyer credit? Yes No

Was the purchased home sold in the year in which it was purchased? Yes No

Was the home purchased from spouse, ancestor, or lineal descendant? Yes No

Have you owned a principal residence within the three years prior to this purchase? Yes No

Are you a dependent of another taxpayer? Yes No

Are you younger than 18 years of age? Yes No

Have you owned and resided in the same principal residence for five consecutive years of the last eight years? Yes No

What is your filing status? Single

What is your adjusted gross income? \$ 40,000

How much did you pay for your home? \$ 200,000

On what date was the contract for your home signed? 1/15/2008

On what date did you close on your home? 1/15/2008

You qualify for a credit of \$7,500.

The credit is only for a one-time use and must be used in 2009, unless you are a long-term resident of the DC income tax year.

Net Proceeds

This calculator helps a homeowner determine the net proceeds that will result from the sale of their home given outstanding mortgage balances and fees associated with the sale of the home, including realtor fees, and a refund of any existing escrow account balances.

The calculator takes the sale price of the home and uses the funds received from the sale to pay off any existing mortgage balances, including accrued interest and any prepayment penalties that may be part of the loan agreement. Second mortgages (or home equity loans) are paid in a similar fashion.

Once mortgage loans are satisfied, remaining proceeds are used to pay real estate commissions, real estate transfer taxes and any other fees associated with the sale of the home.

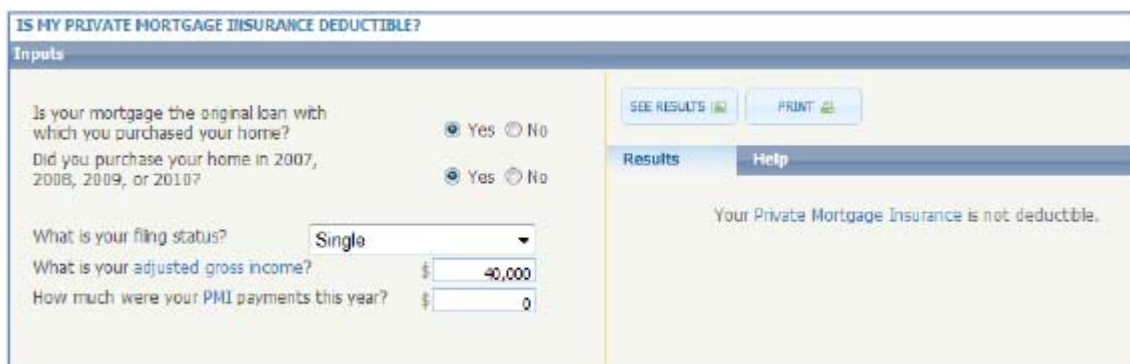
Homeowners that make escrow payments as part of their monthly mortgage payment may also have an escrow account balance that will be refunded to them following the sales of their home, provided all payment obligations for property taxes and homeowner's insurance are made up until the sale date.



PMI Deductible

Mortgage insurance premiums paid on acquisition indebtedness (original loan) for a property acquired between 2007 and 2010 may be deducted as mortgage interest. Any prepaid mortgage insurance premiums must be deducted evenly over 84 months and, therefore, can't all be deducted in the year of payment.

The deduction is phased out for taxpayers with adjusted gross income of over \$100,000 (\$50,000 for married filing separate taxpayers) and is completely phased out at \$109,000 (\$54,500). The deduction was originally available only for 2007, but was extended through 2010.

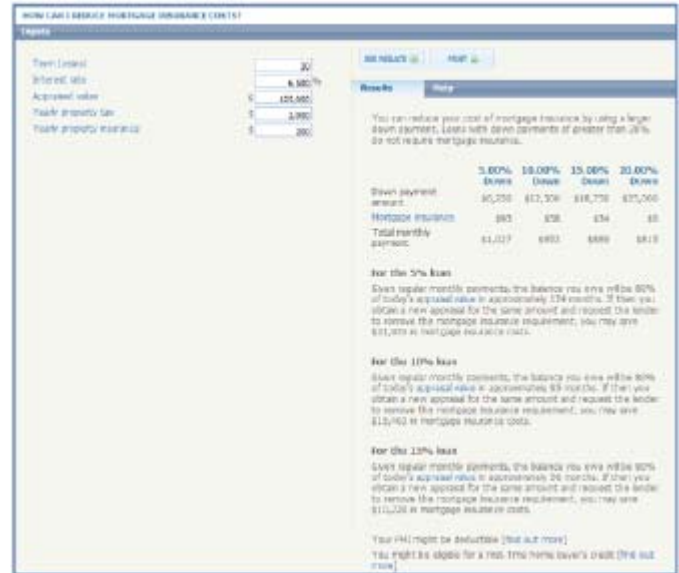


Reduce Mortgage Insurance Costs

This calculator estimates your monthly payment for private mortgage insurance (PMI) over a range of down payments. If your down payment is at least 20% of the appraisal value of your home, your lender does not require you to obtain mortgage insurance.

Mortgage lenders require mortgage insurance if the loan-to-value (LTV) ratio is greater than 80%. When you close a mortgage loan, the ratio may be greater than 80% but it may be reduced in a few years as you pay off your loan principal and the value of your home appreciates.

You may have to pay for an appraisal to substantiate that your home's loan-to-value ratio is 80% or less. The Homeowner's Protection Act (HPA), passed in 1998, mandates that lenders cancel mortgage insurance when the loan-to-value ratio reaches 22%.



Down payment amount	5.00% Interest Rate	6.00% Interest Rate	7.00% Interest Rate	8.00% Interest Rate
\$25,000	\$1,250	\$1,300	\$1,350	\$1,400
\$50,000	\$833	\$850	\$867	\$883
\$75,000	\$417	\$425	\$433	\$441
\$100,000	\$0	\$0	\$0	\$0

Refinancing Costs

This calculator calculates your closing costs if you decide to refinance your mortgage for a given set of loan terms. The calculator lumps closing costs into three categories: fees, prepaid interest and impounds. Prepaid interest represents accrued interest up to the first mortgage payment.

Refinancing generally makes sense if you can lower your monthly payment by enough to cover the associated closing costs. Often, the break-even point for a refinance is two to three years. If you plan on selling your home within a year or so, refinancing may not make sense.



Category	Item	Amount
Adjusted Origination Charges	Origination Charge	\$1,500
	Charge For Specific Interest Rate	\$1,000
Other Settlement Services	Appraisal report	\$300
	Credit report	\$8
	Flood Certification	\$9
	Tax Service	\$10
	Lender's title insurance	\$10
	Borrower's title insurance	\$10
	Recording fee	\$25
	Yearly property tax	\$1,000
	Yearly private insurance	\$200
	Required services selected by lender	Origination charge
Charge for specific interest rate		\$1,000
Your adjusted origination charges		\$2,500
Appraisal report		\$300
Credit report		\$8
Flood Certification		\$9
Tax Service		\$10
Lender's title insurance		\$10
Borrower's title insurance		\$10
Recording fee		\$25
Total estimated settlement charges	Principal and interest	\$600
	Taxes and insurance	\$100
Total monthly payment	Principal and interest	\$500
	Taxes and insurance	\$97

Payments are shown for principal and interest (P+I) and combined (P+I+T+I) payments.

Combined payments include insurance, taxes and private mortgage insurance where applicable.

If you enter a loan amount that is more than 80% of the home's appraisal value, the calculator estimates a monthly amount for private mortgage insurance (PMI). Mortgage lenders generally require that you obtain mortgage insurance if your down payment is less than 20% of the home purchase price.