

ADDENDUM ONE

How to Figure Your New Payment

Monthly Payment per \$1,000 in Loan Amount

Rate	15-Year	30-Year
4.5%	7.65	5.07
5.0%	7.91	5.37
5.5%	8.17	5.68
6.0%	8.44	6.00
6.5%	8.71	6.32
7.0%	8.99	6.66
7.5%	9.28	7.00
8.0%	9.56	7.34
8.5%	9.85	7.69
9.0%	10.15	8.05
9.5%	10.44	8.41
10.0%	10.75	8.78
10.5%	11.05	9.15
11.0%	11.37	9.52
11.5%	11.68	9.90
12.0%	12.00	10.29

$$\frac{\text{Sales Price}}{1,000} = \frac{\text{Sales Price} \setminus 1,000}{\#1000\text{'s}} \times \text{Factor} = \text{Monthly Pymt}$$

Example: Sales Price - \$90,000, 15 years at 8%

$$\$90,000 \setminus 1,000 = 90 \times 9.56 \text{ (look at rate and \# of years financed) } =$$

\$860.40 Monthly Payment

Addendum Two

Should I Refinance?

Current Principal and Interest Payment _____
(without taxes & insurance)

New Principal and Interest Payment (minus) _____

Equals Monthly Savings _____

$$\frac{\text{_____}}{\text{_____}} = \text{_____}$$

Total Closing Costs Divided by Savings = Number of Months to Break Even.

Example: Refinance on a \$90,000 mortgage

\$1,100 current payment - \$950 new payment = \$150 savings

\$1,950 closing cost divided by \$150 savings = 13 months

Will you stay in your home longer than the number of months to break even? If so, you are a candidate for a refinance.

ESTIMATED CLOSING COSTS TABLE

Loan Amount	Closing Costs	Loan Amount	Closing Costs
30,000	1,500	35,000	1,550
40,000	1,600	45,000	1,650
50,000	1,700	55,000	1,725
60,000	1,775	65,000	1,800
70,000	1,825	75,000	1,850
80,000	1,900	85,000	1,925
90,000	1,950	95,000	1,975
100,000	2,000	150,000	2,300
200,000	2,600	250,000	2,900

ADDENDUM THREE

How To Figure The Change In Your ARM

Your Adjustable Rate Mortgage adjusts based on the movement of an index. You can find your index in your original note or mortgage. The most commonly used index is the Treasury Bill. The one-year ARM uses the one-year T-Bill, and the three-year ARM uses the three-year T-Bill, and so on. Other commonly used indexes are the LIBOR and THE 11TH DISTRICT COST OF FUNDS.

First, find out what index you use and when it is adjusted.

Next, find out (also from your paperwork) what “margin” was assigned to your loan (usually 2.59).

Basically your ARM moves as the index moves.

The index is usually published daily in the *Wall Street Journal*.

So if you have a one-year ARM that adjusts with the one-year T-Bill and a margin of 2.59 (which is typical), then at the one-year anniversary of your closing you would look up the one-year T-Bill in the *Wall Street Journal*. Add the T-Bill to your margin, and you have your new rate (if it is not capped).

Example: T-Bill 4.41 plus margin 2.59 = 7% new interest rate.

Warning: Almost all ARMs start below margin the first year, guaranteeing a payment increase at anniversary unless rates DROP.