



# Your Personalized Mortgage Plan

A service provided by Richard T. Cirelli

Total Cost Analysis

your goals + our planning = total strategy

Do you view your mortgage as a loan or a financial instrument? For most people their mortgage represents their largest and most important debt obligation while their home represents their most significant and largest asset. Yet, most consumers lack a plan to manage their mortgage. This isn't the fault of the consumer. Quite simply, the tools and training necessary to provide complete analysis have been absent from the mortgage industry, until now.

Richard T. Cirelli is one of a rare group of mortgage planners in the nation who has invested in the technology, tools and training necessary to deliver a comprehensive mortgage plan. A mortgage plan allows you to consider several mortgage options and determine the strategy that best helps you to accomplish your goals.

A mortgage plan will have a powerful impact on your overall financial plan. Consumers who secure the services of a qualified mortgage planning professional are uniquely empowered to make solid decisions. Whether it be optimizing equity or debt, aligning the mortgage with financial goals, adjusting for life events, or saving money through identifying the lowest cost transaction, a mortgage plan clarifies your options and illuminates quality decisions.

## Mortgage Plan Benefits

- Understand how to identify the lowest cost option.
- Accelerate your goals by determining your "Freedom Point"
- Integrate your mortgage into your overall financial plan
- Optimize your equity and debt configuration

### RTC MORTGAGE CORPORATION

Professional Mortgage Planning: Now and for the Future!  
1180 N. Coast Highway Laguna Beach, CA 92651  
Tel:(949) 494-4701 Fax:(949) 494-6703

The purpose of this analysis is to help you make an informed decision when selecting your home loan.

Prepared by Richard T. Cirelli Date prepared 4/7/2007

#### Total Cost Analysis

Sample Homeowner  
1180 N. Coast Highway  
Laguna Beach, CA 92651

- FOLLOW THESE 3 SIMPLE STEPS:**
1. Review the SUMMARY of your loans. Details for each program can be found on the second page.
  2. Next, review the TOTAL COST ANALYSIS for each loan so that you can determine which program might be right for your financial situation.\*
  3. Finally, review the suggested Debt Free or Asset Accum. plan to see which program might be right for your financial situation. Also, you can review the MONTHLY TAX BENEFIT table to see how much you can save on your taxes. Also, you can review the MONTHLY TAX BENEFIT table to see how much you can save on your taxes.

#### SUMMARY

This summary table displays information on up to four loan programs, including their respective fees and monthly payments.

Each program shows a first mortgage, and possibly a second mortgage.

Although this table will show you which loan will provide you the lowest payment, such a loan may not be the right loan for your financial situation.\*

Current Property Value: **\$1,000,000.00**

|        |               | Current   | 40 yr Opt ARM | 5 Yr Int Only |
|--------|---------------|-----------|---------------|---------------|
| 1st    | Loan Amount   | \$489,008 | \$700,000     | \$700,000     |
|        | Interest Rate | 6.000%    | 1.000%        | 5.750%        |
|        | Term (months) | 360       | 480           | Int. On       |
|        | P&I           | \$2,998   | \$1,770       | \$3,354       |
|        | MI            | \$0       | \$0           | \$0           |
|        | MI Cut Off    | N/A       | N/A           | N/A           |
| 2nd    | Loan Amount   | \$200,000 | \$0           | \$0           |
|        | Interest Rate | 8.250%    | 0.000%        | 0.000%        |
|        | Term (months) | Int. Only | Int. Only     | Int. On       |
|        | P&I           | \$1,375   | \$0           | \$0           |
| Totals | Total Payment | \$4,373   | \$1,770       | \$3,354       |
|        | Net Savings   | \$0       | \$2,603       | \$1,019       |

#### TOTAL COST ANALYSIS

A true loan comparison cannot be made simply by comparing the payments that a loan offers. There are various other fees and issues which affect the overall cost of a loan. The table at the right analyzes the difference in total overall cost of your home loan.

Evaluating the total cost is the key to selecting the lowest cost mortgage for your individual needs.\*

| Months: 60     | Current   | 40 yr Opt ARM | 5 Yr Int Only |
|----------------|-----------|---------------|---------------|
| Total Payment  | \$262,365 | \$194,620     | \$201,250     |
| Principal Paid | \$39,734  | (\$99,145)    | \$0           |
| Int / MI Paid  | \$222,631 | \$293,766     | \$201,250     |
| Balance Left   | \$649,273 | \$799,145     | \$700,000     |
| Closing & Pts. | \$0       | \$3,500       | \$3,500       |
| Total Cost     | \$222,631 | \$297,266     | \$204,750     |
| Net Savings    | \$74,635  | \$0           | \$92,516      |
| Break Even*    | N/A       | 1.3 mos.      | 3.4 mos.      |

#### MORTGAGE PLAN WITH ASSET ACCUMULATION

This Mortgage Plan is designed to help you make an informed decision on a mortgage integrated with your overall financial plan. This example displays an estimated Real Estate value combined with potential investment account growth.\*

Years: 5

Years: 10

|                | Current     | 40 yr Opt ARM | 5 Yr Int Only |
|----------------|-------------|---------------|---------------|
| Monthly Amount | \$0         | \$2,603       | \$1,019       |
| Int. Rate      | 8.00%       | 7.00%         | 7.00%         |
| Home Value     | \$1,276,282 | \$1,276,282   | \$1,276,282   |
| Loan Balance   | \$649,273   | \$799,145     | \$700,000     |
| Equity         | \$627,008   | \$477,136     | \$576,282     |
| Accum. Total   | \$0         | \$122,202     | \$74,398      |
| Net Worth      | \$627,008   | \$599,338     | \$650,679     |
| Home Value     | \$1,628,895 | \$1,628,895   | \$1,628,895   |
| Loan Balance   | \$595,678   | \$772,069     | \$700,000     |
| Equity         | \$1,033,217 | \$856,826     | \$928,895     |
| Accum. Total   | \$0         | \$173,236     | \$105,468     |
| Net Worth      | \$1,033,217 | \$1,030,062   | \$1,034,363   |
| Assets > Debts | 27.75 yrs.  | 26.67 yrs.    | 30.00 yrs.    |

#### MONTHLY TAX BENEFIT

Consider the tax benefits of your home mortgage. By consolidating your non-tax deductible debt (credit cards, etc.) into your mortgage, you can save \$\$\$! This is just an estimate - contact your tax consultant for advice.

| Tax Brac: 33% | Current | 40 yr Opt ARM | 5 Yr Int Only |
|---------------|---------|---------------|---------------|
| 1st Mortgage  | \$825   | \$1,488       | \$1,107       |
| 2nd Mortgage  | \$454   | \$0           | \$0           |
| Property Tax  | \$0     | \$165         | \$0           |
| Total Monthly | \$1,279 | \$1,653       | \$1,107       |
| Net Savings   | \$172   | \$546         | \$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 assumption 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.

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# 1 Review the Summary Options

The summary table offers information on up to four mortgage configurations. A few of the key data points include:

- A 1st and 2nd Mortgage:** This is a breakdown of the loan amounts, interest rates and term for both the first mortgage and the second mortgage.
- B Totals:** This area helps you understand the Total Payment (P&I = principal and interest only) and then identify the net savings for the lower payment options.
- C MI:** If your first mortgage requires mortgage insurance, the amount of the premium will show up on this line and is included in the total payment.

|               |               | Program 1 | 0 Points  | 1 Point   |
|---------------|---------------|-----------|-----------|-----------|
| <b>1st</b>    | Loan Amount   | \$225,000 | \$225,000 | \$225,000 |
|               | Interest Rate | 8.125%    | 7.750%    | 7.500%    |
|               | Term (months) | 360       | 360       | 360       |
|               | P&I           | \$1,671   | \$1,612   | \$1,573   |
|               | MI            | \$0       | \$0       | \$0       |
| <b>2nd</b>    | Loan Amount   | \$0.00    | \$0.00    | \$0.00    |
|               | Interest Rate | 0.000%    | 0.000%    | 0.000%    |
|               | Term (months) | 180       | 180       | 180       |
|               | P&I           | \$0       | \$0       | \$0       |
| <b>Totals</b> | Total Payment | \$1,671   | \$1,612   | \$1,573   |
|               | Net Savings   | \$0       | \$59      | \$97      |

# 2 Calculate the Bottom Line

An optimized mortgage will maximize the bottom line. This key area of the report empowers you to make informed decisions by first breaking down the total cost:

- A Months:** Reviewing the total cost over a specific time frame allows you to align your decision with your goals.
- B Total Payment Factors:** Based on the specified period, your total payments are calculated and then broken down to illustrate how much principal and interest you've paid.
- C Closing and Points:** Most mortgage analyses fail to factor in the costs associated with closing and points. As your President / Mortgage Planner, I want to help you make an informed decision by including this information.

| Months: 84           |  | Program 1 | 0 Points  | 1 Point   | 2 Poi |
|----------------------|--|-----------|-----------|-----------|-------|
| <b>Total Payment</b> |  | \$140,332 | \$140,358 | \$140,300 | \$140 |
| Principal Paid       |  | \$16,579  | \$24,191  | \$29,047  | \$33  |
| Int / MI Paid        |  | \$123,753 | \$116,167 | \$111,253 | \$106 |
| Balance Left         |  | \$208,421 | \$200,809 | \$195,953 | \$191 |
| Closing & Pts.       |  | \$0       | \$3,200   | \$5,450   | \$7   |
| <b>Total Cost</b>    |  | \$123,753 | \$119,367 | \$116,703 | \$114 |
| <b>Net Savings</b>   |  | \$0       | \$4,386   | \$7,050   | \$9   |

- D Total Cost:** Finally a way to compare the True Costs associated with a mortgage transaction, over time. The actual costs associated with a loan include Interest, PMI (Mortgage Insurance), Closing Costs, and Points. Principal is not considered a cost factor, because as it is paid it is converted to equity.

# 3 Understand How Each Options Impacts Your Strategy and Goals

Your Mortgage Plan integrates the costs and timelines and calculates how each option assists you in reaching your goals.

- A Equity Increase:** If your goal is to pay down your mortgage principle faster, the Equity Increase Plan will illustrate over several periods of time, how each option impacts that goal.
- B Debt Free In and Interest Saved:** By singling out the least effective option, your report shows you how long each option will take to pay off your mortgage and what you will save in interest.

| <b>Equity Increase</b> |                | Program 1 | 0 Points  | 1 Point   |
|------------------------|----------------|-----------|-----------|-----------|
| <b>1st</b>             | Reduction      | \$0       | \$59      | \$97      |
|                        | 7 years        | \$0       | \$6,553   | \$10,673  |
|                        | 10 years       | \$0       | \$10,645  | \$17,259  |
|                        | 15 years       | \$0       | \$19,970  | \$32,118  |
| <b>Totals</b>          | Debt Free in   | 0.0 yrs.  | 26.3 yrs. | 24.7 yrs. |
|                        | Interest Saved | \$0       | \$51,435  | \$71,817  |

# 4 Understand the Likely Tax Benefits

Because the IRS allows most borrowers (see a qualified tax advisor for specifics) to deduct the cost of interest and property taxes from their income, you will want to review the potential impact.

- A Tax Bracket:** Richard T. Cirelli has estimated your likely tax bracket to use in calculating your tax benefit.
- B Total Monthly and Net Savings:** The likely total benefit is calculated and then compared to the least favorable option to show you your net savings.

| <b>Tax Brac: 33%</b> |  | Program 1 | 0 Points | 1 Point | 2 Poi |
|----------------------|--|-----------|----------|---------|-------|
| <b>1st Mortgage</b>  |  | \$503     | \$480    | \$464   |       |
| <b>2nd Mortgage</b>  |  | \$0       | \$0      | \$0     |       |
| <b>Property Tax</b>  |  | \$0       | \$0      | \$0     |       |
| <b>Total Monthly</b> |  | \$503     | \$480    | \$464   |       |
| <b>Net Savings</b>   |  | \$54      | \$31     | \$15    |       |

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Prepared by  
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Date prepared  
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### Total Cost Analysis

Sample Homeowner  
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- FOLLOW THESE 3 SIMPLE STEPS:**
1. Review the SUMMARY of your loans. Details for each program can be found on the second page.
  2. Next, review the TOTAL COST ANALYSIS for each loan so that you can compare which program might be right for your financial situation.\*
  3. Finally, review the suggested Debt Free or Asset Accum. plan to see how you can save thousands on your loan. Also, you can review the MONTHLY TAX BENEFITS.

#### SUMMARY

This summary table displays information on up to four loan programs, including their respective fees and monthly payments.

Each program shows a first mortgage, and possibly a second mortgage.

Although this table will show you which loan will provide you the lowest payment, such a loan may not be the right loan for your financial situation.\*

Current Property Value: **\$1,000,000**

|                    | Current   | 40 yr Opt ARM | 5 Yr Int Only | 30-Yr Fixed |
|--------------------|-----------|---------------|---------------|-------------|
| <b>1st</b>         |           |               |               |             |
| Loan Amount        | \$489,008 | \$700,000     | \$700,000     | \$700,000   |
| Interest Rate      | 6.000%    | 1.000%        | 5.750%        | 6.250%      |
| Term (months)      | 360       | 480           | Int. Only     | 360         |
| <b>P&amp;I</b>     | \$2,998   | \$1,770       | \$3,354       | \$4,310     |
| <b>MI</b>          | \$0       | \$0           | \$0           | \$0         |
| <b>MI Cut Off</b>  | N/A       | N/A           | N/A           | N/A         |
| <b>2nd</b>         |           |               |               |             |
| Loan Amount        | \$200,000 | \$0           | \$0           | \$0         |
| Interest Rate      | 8.250%    | 0.000%        | 0.000%        | 0.000%      |
| Term (months)      | Int. Only | Int. Only     | Int. Only     | Int. Only   |
| <b>P&amp;I</b>     | \$1,375   | \$0           | \$0           | \$0         |
| <b>Totals</b>      |           |               |               |             |
| Total Payment      | \$4,373   | \$1,770       | \$3,354       | \$4,310     |
| <b>Net Savings</b> | \$0       | \$2,603       | \$1,019       | \$63        |

#### TOTAL COST ANALYSIS

A true loan comparison cannot be made simply by comparing the payments that a loan offers. There are various other fees and issues which effect the overall cost of a loan. The table at the right analyzes the difference in total overall cost of your home loan.

Evaluating the total cost is the key to selecting the lowest cost mortgage for your individual needs.\*

| Months: 60              | Current   | 40 yr Opt ARM | 5 Yr Int Only | 30-Yr Fixed |
|-------------------------|-----------|---------------|---------------|-------------|
| Total Payment           | \$262,365 | \$194,620     | \$201,250     | \$258,601   |
| Principal Paid          | \$39,734  | (\$99,145)    | \$0           | \$46,639    |
| Int / MI Paid           | \$222,631 | \$293,766     | \$201,250     | \$211,962   |
| Balance Left            | \$649,273 | \$799,145     | \$700,000     | \$653,361   |
| Closing & Pts.          | \$0       | \$3,500       | \$3,500       | \$3,500     |
| <b>Total Cost</b>       | \$222,631 | \$297,266     | \$204,750     | \$215,462   |
| <b>Net Savings</b>      | \$74,635  | \$0           | \$92,516      | \$81,804    |
| Break Even <sup>^</sup> | N/A       | 1.3 mos.      | 3.4 mos.      | 55.8 mos.   |

#### MORTGAGE PLAN WITH ASSET ACCUMULATION

This Mortgage Plan is designed to help you make an informed decision on a mortgage integrated with your overall financial plan. This example displays an estimated Real Estate value combined with potential investment account growth.\*

|                     | Current            | 40 yr Opt ARM      | 5 Yr Int Only      | 30-Yr Fixed        |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| Monthly Amount      | \$0                | \$2,603            | \$1,019            | \$63               |
| Int. Rate           | 8.00%              | 7.00%              | 7.00%              | 7.00%              |
| Home Value          | \$1,276,282        | \$1,276,282        | \$1,276,282        | \$1,276,282        |
| Loan Balance        | \$649,273          | \$799,145          | \$700,000          | \$653,361          |
| Equity              | \$627,008          | \$477,136          | \$576,282          | \$622,921          |
| <b>Accum. Total</b> | \$0                | \$122,202          | \$74,398           | \$4,600            |
| <b>Net Worth</b>    | <b>\$627,008</b>   | <b>\$599,338</b>   | <b>\$650,679</b>   | <b>\$627,521</b>   |
| Home Value          | \$1,628,895        | \$1,628,895        | \$1,628,895        | \$1,628,895        |
| Loan Balance        | \$595,678          | \$772,069          | \$700,000          | \$589,664          |
| Equity              | \$1,033,217        | \$856,826          | \$928,895          | \$1,039,231        |
| <b>Accum. Total</b> | \$0                | \$173,236          | \$105,468          | \$11,031           |
| <b>Net Worth</b>    | <b>\$1,033,217</b> | <b>\$1,030,062</b> | <b>\$1,034,363</b> | <b>\$1,050,262</b> |
| Assets > Debts      | 27.75 yrs.         | 26.67 yrs.         | 30.00 yrs.         | 28.67 yrs.         |

#### MONTHLY TAX BENEFIT

Consider the tax benefits of your home mortgage. By consolidating your non-tax deductible debt (credit cards, etc.) into your mortgage, you can save \$\$\$! This is just an estimate - contact your tax consultant for advice.

| Tax Bracket: 33%     | Current        | 40 yr Opt ARM  | 5 Yr Int Only  | 30-Yr Fixed    |
|----------------------|----------------|----------------|----------------|----------------|
| 1st Mortgage         | \$325          | \$1,488        | \$1,107        | \$1,203        |
| 2nd Mortgage         | \$454          | \$0            | \$0            | \$0            |
| Property Tax         | \$0            | \$165          | \$0            | \$0            |
| <b>Total Monthly</b> | <b>\$1,279</b> | <b>\$1,653</b> | <b>\$1,107</b> | <b>\$1,203</b> |
| <b>Net Savings</b>   | <b>\$172</b>   | <b>\$546</b>   | <b>\$0</b>     | <b>\$96</b>    |

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## Making an Informed Decision

### Why Total Cost Matters

Understanding the total cost of your mortgage means understanding the true cost. The only way to measure the performance of your mortgage is to assess all the various elements over time.

### How Long Will You Keep Your Loan?

When time is a factored into comparing loan options it can greatly alter the difference between options and scenarios. A Total Cost Analysis allows you and your mortgage planner to determine which option is truly in your best interest based on the time you'll want to keep your loan. Small differences, properly managed over time, can mean many thousands of dollars in savings.

### Factoring in Tax Benefits

In most cases the interest you pay on your mortgage is tax deductible (please see your CPA or other tax advisor for specifics). Because your Total Cost Analysis report includes Tax Savings you have a complete picture of the potential benefits your home provides in terms of taxes.

### Aligning your Mortgage with Your Other Financial Goals

Financial goals are a personal element. Because most individuals see their mortgage as being separate from their other financial instruments, they can miss opportunities to accelerate their objectives.

Your mortgage planner has the unique software specially designed to help illustrate how your mortgage will impact your financial goals. Whether its paying off your home faster or increasing your savings and investment contributions, the Total Cost Analysis will show you the bottom line.

## Total Cost Analysis (TCA)

The TCA performs the industry's most powerful side-by-side analysis of the net cost of a loan over time. More importantly, it highlights two specific areas of the total loan cost. First, it measures the financial impact the homeowner would feel if he or she were to invest the savings of a given loan into an asset-accumulation account. Second, it demonstrates the power of repaying the loan and the savings.

## Richard T. Cirelli, President / Mortgage Planner



*Richard T. Cirelli  
President & Certified  
Mortgage Planning Specialist  
RTC Mortgage Corporation*

### **Professional Mortgage Planning: Now, and for Your Future**

RTC Mortgage Corporation is owned and operated by Richard T. Cirelli, a mortgage industry veteran with over 30 years of mortgage experience. Prior to founding RTC Mortgage, Rick held executive positions with some of the nations most respected mortgage companies.

Rick and his RTC Mortgage Planning Team have built a strong reputation as a highly professional and knowledgeable mortgage firm committed to the highest principles and levels of customer service.

As a Certified Mortgage Planner, "my goal is to not only assist my clients in obtaining the best rate and terms but to also work in conjunction with their Tax and Financial Advisors to integrate the mortgage they select into their overall long and short-term financial plan".

At RTC Mortgage, we help our clients create wealth by managing their home equity to increase Liquidity, Safety and Rate of Return while minimizing income taxes.

We understand that a mortgage is not an isolated transaction but an opportunity to help a client strategically manage the equity in their home. We ask second and third-level questions to truly understand what's important to each client about their loan.

Our expertise in Mortgage Planning helps all clients in choosing the right loan now and for your future!



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