

## Existing Mortgage Payment on Current Home

Home is valued at \$250,000

Balance is \$150,000 owed on mortgage

\$1,500.00 (included Principal, Interest, Taxes and Insurance)

Bank will give you 80% of the current Equity of the home:

$\$100,000 \times 80\% = \$80,000$

Purchase of a New Home Valued at \$350,000

Down Payment: \$70,000 (20% of Purchase price)

Mortgage amount : \$280,000

Principal and Interest: \$1,862.86 (7% on \$280,000 amount borrowed)

Taxes: Approximately \$6,000 annually = \$500 monthly\*\*

Insurance: \$700 annually = \$583 monthly

Total of new payment is : \$2,945.86

\*\*NOTE: Tax amount of \$500 a month can be delayed and paid by the purchaser 2 x a year in installments rather than on a monthly basis because they are putting 20% down.

Total monthly payment would be:	\$1500.00 on existing mortgage
	535.00 on \$80,000 @ 7% interest
	2945.86 on New Mortgage (PITI)
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Total monthly payment:	\$4980.86

When the existing home sells and closes, the \$1500.00 and \$535.00 payments will be paid off and monies can be applied to current mortgage (more than the \$80,000 if there are additional proceeds from the sale) And the new mortgage amount can also be reduced .