REFINANCE ANALYSIS
For
John and Mary Demo

This Property Analysis is for "Personal Home" Located At:
1. Fair Oaks, CA
2. Single Family Home

3. Market Value $ 225,000

4. Current Financing:

LOAN:	Date	Principal	Interest	Term	Mo. Pay	Balance
VA 1st Mtge	5/1989	135,000	11.50%	360	1,337	122,390

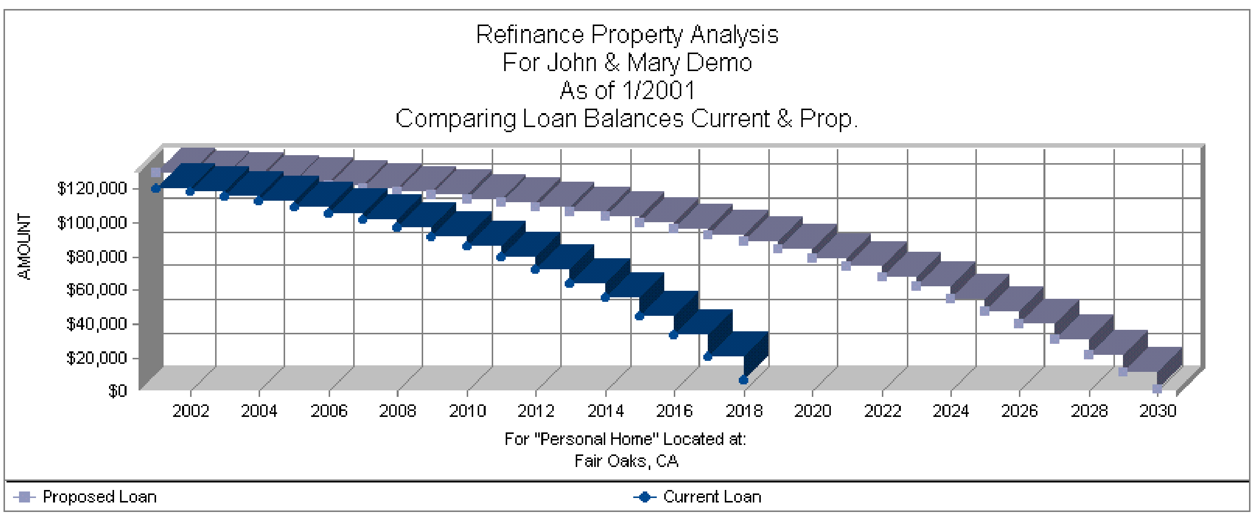
Proposed Financing:

LOAN:	Date	Principal	Interest	Term	Mo. Pay	Balance
What-If Loan on Residence	1/2001	130,000	8.00%	360	954	130,000

EQUITY DOLLARS RELEASED:

5. New Loan(s)	130,000
6. Existing Loan(s)	122,390
7. Total Loan and/or Prepayment Costs	0
8. NET RELEASED EQUITY	7,610
9. MONTHLY PAYMENT INCREASE	-383

MARGINAL TAX RATE:		41.00%	41.00%	41.00%	41.00%	41.00%
End of Year:		2001	2002	2003	2004	2005
PROPOSED LOAN(S):						
10.Balance	$	129,008	127,840	126,574	125,204	123,720
11.Payments	$	10,493	11,447	11,447	11,447	11,447
12.Interest/Points	$	9,501	10,278	10,181	10,076	9,963



OLD LOAN(S):						
13.Balance	$	120,497	118,192	115,609	112,711	109,463
14.Payments	$	14,706	16,043	16,043	16,043	16,043
15.Interest	$	12,813	13,738	13,459	13,145	12,794

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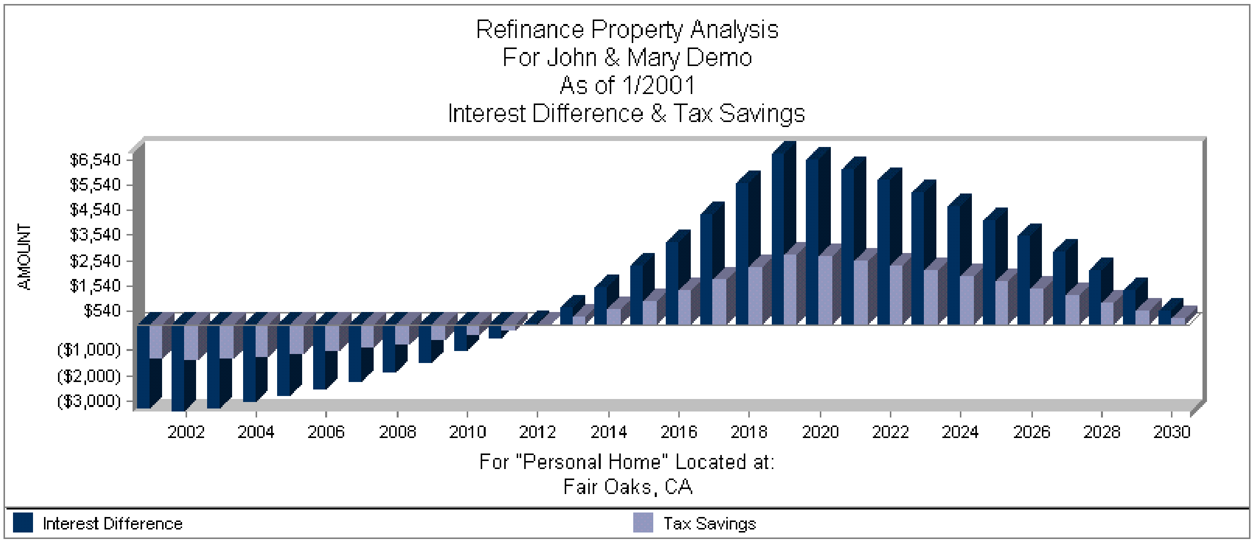
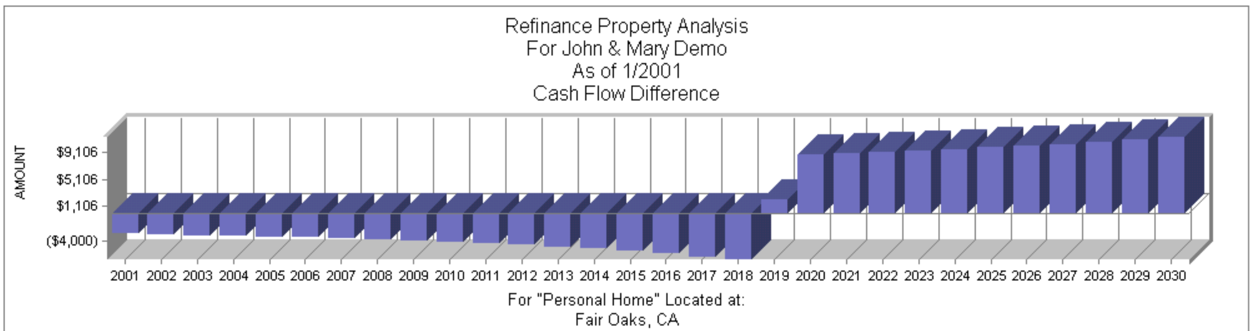


16.Interest Difference	$	-3,312	-3,460	-3,277	-3,069	-2,831
17.Tax Savings	$	-1,358	-1,419	-1,344	-1,258	-1,161
18.Payment Difference	$	-4,213	-4,596	-4,596	-4,596	-4,596
19.Cash Flow Difference	$	-2,855	-3,177	-3,252	-3,338	-3,435
20.Mortgage Reduction Difference	$	901	1,136	1,319	1,527	1,765
21.NET COST OF	**$**	**-1,954**	**-2,041**	**-1,934**	**-1,811**	**-1,671**
22.RELEASED EQUITY		**-28.01%**	**-23.98%**	**-20.04%**	**-16.51%**	**-13.37%**

23.AVG. COST RELEASED EQUITY:5 Yrs: -20.39% 10 Yrs: -6.29% Life Of Loan: 3.28%

The purpose of this analysis is to evaluate the results of either refinancing an existing mortgage or adding additional financing to your property. It's not uncommon to have real estate equities represent 50% or more of the net worth of our financial planning candidates. It is imperative therefore that you know just what your options are with regard to this trapped equity.

The analysis compares the current financing on the property with any proposed changes and relates this proposal to both your income tax bracket and the after-tax investment return you'll need to break even.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cash Flow Difference	($2,855)	($3,177)	($3,252)	($3,338)	($3,435)	($3,546)	($3,673)	($3,816)	($3,980)	($4,166)	($4,377)	($4,616)	($4,888)	($5,196)	($5,545)	($5,940)	($6,387)	($6,894)	$2,004

For the property known as Personal Home, the analysis suggests that placing a new loan of $130,000 at 8.00% on the property will release $7,610 in cash. In year 2002 you'll need to realize an after-tax return on this money of -23.98% in order to break even.

Due to the one-time costs of obtaining a new loan you'll notice that the first year's net cost percentage is considerably higher than subsequent years. Since these costs are nonrecurring they tend to distort the overall effect of obtaining new financing. Therefore, we recommend using the break-even percentages for 2002 and later years when determining whether to refinance.