

NET-EFFECTIVE INTEREST RATE CHARTS FOR FIRST TIME HOMEBUYERS

The charts you are about to view are very powerful! However, it's critical to understand what the term NET-EFFECTIVE INTEREST RATE means.

It is the effective interest rate your client will pay if they complete a 1040A form when filing their income taxes. While clients will be paying a *real interest rate on their loan*, factoring in the tax write-offs for mortgage interest paid, their *effective interest rate and payment are less*.

All taxpayers have a couple of options when it comes to federal taxes. They can file a new W-4 form with their employers asking to take LESS money out for federal income taxes. Or they can elect to file the 1040A form and if they qualify, get their money back in the form of a tax refund.

The charts are for illustration purposes. A little disclaimer here – the charts are based on general tax criteria and always advise your clients to check with their tax advisor for their actual tax savings. It does not take into account allowed tax deductions for property taxes or any savings they might receive from state income taxes.

SINGLE FILING

	Gross Income				
	(Net Effective Interest Rate/Payment on \$150,000 for 30 Years)				
Loan Rate/Payment	\$40,000	\$45,000	\$50,000	\$60,000	\$70,000
6.00%	5.24%	5.02%	4.84%	4.61%	4.56%
899.33	827.38	807.07	790.63	769.86	765.38
7%	6.11%	5.85%	5.64%	5.38%	5.32%
997.95	909.96	884.91	864.91	840.42	834.82
8%	6.98%	6.69%	6.45%	6.15%	6.08%
1100.65	995.94	966.92	943.18	913.84	907.86
9%	7.86%	7.52%	7.26%	6.92%	6.84%
1206.93	1086.04	1050.88	1024.28	989.91	981.89

FILING JOINTLY

	Gross Income				
	(Net Effective Interest Rate/Payment on \$150,000 for 30 Years)				
Loan Rate/Payment	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000
6.00%	5.39%	5.32%	5.28%	5.14%	4.95%
899.33	841.36	834.82	831.09	818.12	800.65
7%	6.29%	6.21%	6.16%	6.00%	5.78%
997.95	927.48	919.68	914.81	899.33	878.22
8%	7.18%	7.10%	7.04%	6.85%	6.60%
1100.65	1016.15	1008.05	1001.99	982.89	957.99
9%	8.08%	7.99%	7.92%	7.71%	7.43%
1206.93	1109.02	1099.6	1092.29	1070.48	1041.64

Compliments of: ApartmentToolKit.com

...because the addresses never change – but the people who live there do!

1-800-535-3343

Copyright – 2008/2009