



2007 – November Newsletter 3.0
Maple Tree Funding, LLC
1202 Troy Schenectady Rd. Bldg. 3
Latham, NY 12110
Phone: 518-782-1202

Our third newsletter deals with an important topic featuring the “Extra Payment”. This quick article will give you insight on what an extra payment is, an extra payment analysis, and some common methods on how others perform the extra payment.

First, what is an extra payment exactly? An extra payment is a monetary value above the minimum mortgage payment that is applied directly to your principle. This is any amount above your monthly minimum payment. It is considered an “optional” payment that can be every month, quarter, semi-annual, one lump sum, or simply sporadic. It is an optional payment so you are not under any contract to continue the payment and therefore if a financial situation arises, you can stop the extra payment at any time. What will the extra payment do, why bother with it? Here is an example of what could happen if you make extra payments:

Assumption:

\$200,000 Loan - 30 Year Fixed - 6.5% Rate Monthly Payment of \$1,264 (Principle & Interest)

<u>Method</u>	<u>Extra Payment</u>	<u>Total Principle</u>	<u>Total Interest</u>	<u>Savings</u>	<u>Loan Duration</u>	<u>Years off Loan</u>
Regular Payment	\$0	\$200,000	\$255,000	\$0	30 Years	0 Years
+\$50 / Month	\$50	\$200,000	\$223,000	\$32,000	26.8 Years	3.2 Years
+\$100 / Month	\$100	\$200,000	\$199,000	\$56,000	24.4 Years	5.6 Years

As you can see the extra payments go directly to principle first and reduce the amount of interest you have to pay over the duration of the loan. Because of this, it reduces your total loan term as well. It’s a win/win situation.

Some common methods on how people choose to set up their extra payments are as follows:

- Standard Fixed Dollar (Extra \$50 or Extra \$100 every month)
- Round up to next hundred (If payment is \$1,264; some will pay \$1,300 each month)
- Use tax return for one lump sum towards principle
- Apply any work related raise towards extra payment (3% raise goes to extra payment)
- \$10 extra payment first year, \$20 second year; \$10 increments each year

If you have any questions about the extra payment or would like to speak to one of our loan representatives to see how much you can afford towards your extra payment (to review your debt-to-income ratio [DTI]) please don’t hesitate to call us at 518-782-1202 (toll free 866-782-1202) or email us at mtf@mapletreefunding.com. We will give you a free analysis of how much you would save over the duration of your loan and how much it would affect your DTI if you choose to set up an extra payment. We can also show you how to set up an auto-pay system with your current financial lender so the minimum payment and any extra payment comes directly out of your checking account each month, avoiding any hassle of writing checks.

Email mtf@mapletreefunding.com for any questions or comments you may have. If you would like us to cover any topics in our upcoming newsletter, your requests are appreciated. We look forwards to working with you in the future.

Sincerely;

Martin Pfeiffenberger – President

Website: www.mapletreefunding.com

Email: mtf@mapletreefunding.com