



## Pathway to Information

### Piggyback Loan

A piggyback loan is two loans, a first and second mortgage on a property that allow you to structure your purchase or refinance more advantageously than a single loan

**EXAMPLE:** A \$100,000 purchase with \$5,000 down and \$95,000 financed.  
Traditional loan: (1) \$95,000 loan, PMI, mandatory escrow of taxes and a maximum seller concession of 3%

Piggyback: 2 loans of \$80,000 1st mortgage and \$15,000 2<sup>nd</sup> mortgage

#### Pros

- Eliminates the non-tax deductible expense of PMI
- Escrow of real estate taxes and homeowners insurance optional
- Allows up to 6% seller concession
- Reduces closing costs
- Excellent tool for non-contingent buyers

#### Cons

- Processing time
- 2<sup>nd</sup> mortgage rate either adjustable or carries higher fixed rate

#### Qualifications

- Same as any other loans

For more information on this product and others, call a mortgage expert at Flaherty Funding.