



Comparing Mortgages Can Save You Money

You have probably heard the largest purchase you ever make is your home; however this is incorrect, your home mortgage will cost **EVEN MORE!** Comparison shopping and wise decision making will save you money. When shopping for a mortgage, use this comparison chart to examine differences in available mortgage options.

	<i>Lender 1</i>	
Name of Lender	ABC Bank	
Contact	Amy	
Date	3/30/08	
Mortgage Amount	\$100,000	
	<i>Mortgage 1</i>	<i>Mortgage 2</i>
Basic Loan Information		
Type of Loan	<i>Fixed Rate</i>	<i>ARM</i>
Qualifying Ratios	28/36	33/41
Minimum down payment required	3%	5%
Interest Rate	6.5%	4.50%
Points	2 (\$2000)	1 (\$1000)
Length of loan	<i>30 years</i>	<i>30 years</i>
Requirements and Restrictions/Limits	<i>None</i>	<i>Up to \$150,000</i>
Assumable?	<i>No</i>	<i>No</i>
Estimated monthly escrow for taxes and hazard insurance	\$200	\$200
Estimated monthly payment (principal, interest, taxes, PMI)	\$813	\$710
Fees (Names of some fees may differ by lender)		
Application fee or loan processing fee	\$250	\$275
Original fee or underwriting fee		
Lender fee	\$800	\$780
Document Preparation and recording fees	\$200	\$200
Appraisal fee	\$300	\$300
Attorney fees	\$400	\$490
Credit Report fee	\$18	\$20
Other fees:		
Late Payment Charge	\$35	\$50

Other Costs at Closing/Settlement	Lender 1	Lender 2
Title Search/Title Insurance	\$900	\$875
Estimated prepaid amounts for interest, taxes, hazard insurance, payments to escrow		
State and local taxes, start up or transfer taxes		
Flood determination	\$15	\$18
Prepaid Private Mortgage Insurance (PMI)		
Termite Inspection	\$60	\$60
Surveys and home inspections	\$225	\$220
Total Fees and Other Closing/Settlement Cost Estimates		
Additional Items to Consider		
Prepayment penalties		
Is there a prepayment penalty (early termination clause)?	Yes	Yes
If so, how much is it?	2%	5%
How long does the penalty period last? (1, 2, 3, 4, 5 years)	2	5
Are extra principal payments allowed?	Yes	Yes
Lock-Ins		
Is the lock-in agreement in writing?	Yes	Yes
Is there a fee to lock-in?	No	Yes
When does the lock-in occur (at application, approval or another time)?	Application	Application
How long will the lock-in last?	30 days	30 days
If the rate drops before closing, can you lock-in at a lower rate?	No	No
Adjustable Rate Mortgage		
What is the initial rate?		4.5%
What is the maximum the rate could be next year?		+1%
What are the rate and payment caps each year and over the life of the loan?		+6%
What is the frequency of rate change and changes to the monthly payment?		Annual
What is the index that the lender will use?		1 yr Treasury
What margin will the lender add to the index?		2%
Credit Life Insurance		
Does the monthly amount quoted to you include a charge for credit life insurance?	No	No
If so, does the lender require credit life insurance as a condition of the loan?		
How much does the credit life insurance cost?		

Mortgage Comparison Chart				
	Lender 1		Lender 2	
Name of Lender				
Contact				
Date				
Mortgage Amount				
	Mortgage 1	Mortgage 2	Mortgage 1	Mortgage 2
Basic Loan Information				
Type of Loan				
Qualifying Ratios				
Minimum down payment required				
Interest Rate				
Points				
Length of loan				
Requirements and Restrictions/Limits				
Assumable?				
Estimated monthly escrow for taxes and hazard insurance				
Estimated monthly payment (principal, interest, taxes, PMI)				
Fees (Names for some fees may differ by lender.) Typical fees are listed below.				
Application fee or loan processing fee				
Original fee or underwriting fee				
Lender fee				
Document Preparation and recording fees				
Appraisal fee				
Attorney fees				
Credit Report fee				
Other fees:				
Late Payment Charge				
Other Costs at Closing/Settlement				
Title Search/Title Insurance				
Estimated prepaid amounts for interest, taxes, hazard insurance, payments to escrow				
State and local taxes, start up or transfer taxes				
Flood determination				
Prepaid Private Mortgage Insurance (PMI)				
Termite Inspection				
Surveys and home inspections				
Total Fees and Other Closing/Settlement Cost Estimates				

Additional Items to Consider				
Prepayment penalties				
Is there a prepayment penalty (early termination clause)?				
If so, how much is it?				
How long does the penalty period last? (1, 2, 3, 4, 5 years)				
Are extra principal payments allowed?				
Lock-Ins				
Is the lock-in agreement in writing?				
Is there a fee to lock-in?				
When does the lock-in occur (at application, approval or another time)?				
How long will the lock-in last?				
If the rate drops before closing, can you lock-in at a lower rate?				
Adjustable Rate Mortgage				
What is the initial rate?				
What is the maximum the rate could be next year?				
What are the rate and payment caps each year and over the life of the loan?				
What is the frequency of rate change and changes to the monthly payment?				
What is the index that the lender will use?				
What margin will the lender add to the index?				
Credit Life Insurance				
Does the monthly amount quoted to you include a charge for credit life insurance?				
If so, does the lender require credit life insurance as a condition of the loan?				
How much does the credit life insurance cost?				

Adapted from: Reichel, C. (1998). <i>Your Path to Home Ownership</i> . Baton Rouge, La.; LSU AgCenter.	
Additional References: Freddie Mac. (n.d.). <i>Buying and Owning a Home: Mortgage Shopping Worksheet</i> . Retrieved on April 10, 2008 from http://www.freddiemac.com/corporate/buyown/english/pdf/mortgage_shopping_worksheet.pdf	
<p>LSU AgCenter Writing Team: Jeanette A. Tucker, Ph.D., Professor Deborah L. Hurlbert, Extension Associate Sheri Richard Fair, Extension Agent, Ascension Parish Deborah C. Cross, Extension Agent, Iberville Parish Cynthia C. Richard, Extension Agent, Calcasieu Parish Cynthia B. Stephens, Extension Agent, Ouachita Parish</p> <p>This material is based on work supported by the Restoring Home Ownership in Louisiana Hurricane Recovery project funded in part by USDA Cooperative State Research, Education and Extension Service, Smith-Lever Special Needs project number 2007-41210-03986.</p>	<p>Visit our Web site: www.lsuagcenter.com Louisiana State University Agricultural Center William B. Richardson, Chancellor Louisiana Agricultural Experiment Station David Boethel, Vice Chancellor and Director Louisiana Cooperative Extension Service Paul D. Coreil, Vice Chancellor and Director Pub. 3087-C 09/08</p> <p>Issued in furtherance of Cooperative Extension work, Acts of Congress of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. The Louisiana Cooperative Extension Service provides equal opportunities in programs and employment. This institution is an equal opportunity provider.</p>