

You May Be **Paying** Too Much For Your **Mortgage**

Federal Reserve Bank of Boston



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Did You know ...

That mortgage rates and terms vary greatly among lenders?

It is up to YOU to find the best deal on your mortgage. Shop around!

Did You Know ...

That while many borrowers got loans that were reasonable at the time, some may now qualify for better terms that potentially could save them thousands of dollars?

*For example, on a 30-year fixed, \$200,000 mortgage:**

- The going national rate for a borrower with a 700 credit score would be 6.2%. The monthly payment would be approximately \$1,227.
- The going national rate for a borrower with a 620 credit score would be 9.4%. The monthly payment would be approximately \$1,671.

The difference in price of these two loans is \$444 a month or \$5,328 a year!

So it may be in your financial interest to ensure that YOU have the best product for which you now qualify!

* September 25, 2007 – using rates that were current as of this date.

Ask Yourself the Following...

1. Have I paid all of my bills on time over the past two years?
2. Is my credit history free from any judgments, liens, or bankruptcies in the past five years?
3. Is my credit score over 680? **
4. Is my mortgage rate over 7%?

IF your answer to any of these questions is YES, you might qualify for a loan that could save you money in the long run.

Steps You Should Take ...

- Talk to your lender! Your lender may be able to help you modify or refinance into a more appropriate product. ***
- Shop around! It is important to comparison shop and understand the loan terms and associated benefits and risks before choosing a product. Some loans start out with lower interest rates than others. These rates, however, may simply be introductory or “teaser” rates to attract customers.

** To review your credit history and get your credit score, contact the national consumer reporting companies: Equifax, Experian, and TransUnion, at (877) 322-8228 or visit <http://www.annualcreditreport.com>. You are entitled to one free credit report every 12 months at your request. You may, however, be charged a nominal fee to get your credit score.

*** Caution: prepayment penalties and/or decreasing housing values may make it difficult to refinance despite your good credit history.

Questions...

For more information on mortgage loans, subprime lending or foreclosures, visit our website at www.TheInformedHomebuyer.org

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