

# How Much Will Your Home Purchase or Refinance Cost?

UNDERSTANDING THE CASH REQUIREMENTS TO OBTAIN A HOME LOAN

Assuming a purchase price of \$ \_\_\_\_\_, here are your out-of-pocket expenses

## DOWN PAYMENT

( \_\_\_\_% DOWN) \$ \_\_\_\_\_

## FINANCING COSTS

**CLOSING COSTS** \$ \_\_\_\_\_

### LOAN FEES

Loan Origination Fee \$ \_\_\_\_\_

Loan Discount \$ \_\_\_\_\_

**TOTAL LOAN FEES** \$ \_\_\_\_\_

## PREPAID ITEMS

INTERIM INTEREST \$ \_\_\_\_\_

### HOMEOWNER'S INSURANCE

First year premium \$ \_\_\_\_\_

Two month in reserve \$ \_\_\_\_\_

### TAXES

Assume 5.5 months total \$ \_\_\_\_\_

**TOTAL PREPAID ITEMS** \$ \_\_\_\_\_

\$ \_\_\_\_\_ + \$ \_\_\_\_\_ + \$ \_\_\_\_\_ = \$ \_\_\_\_\_

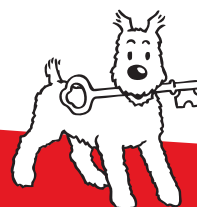
**DOWN PAYMENT + FINANCING COSTS + PREPAIDS = TOTAL CASH REQUIRED TO CLOSE**

## Closing Costs: Third Party Fees

Closing Costs pay for specific services involved in packaging and documenting a loan file. These services are required for every loan and the fees set forth are typical in the Seattle area. If one lender or broker represents that the charge will be significantly different, that difference will usually be compensated for in interest rate, loan fee or discount.

SERVICE	FEE
Appraisal	\$450-\$650
Credit Report	\$20
Escrow (Settlement) fee	\$450-\$1,200
Underwriting & Document Preparation	\$600-\$1,000
Processing	\$375-\$500
Title Insurance	\$450-\$1,700
Reconveyance Fee (per lien payoff)	\$150
Recording Fee	\$60-\$150
Flood Certification	\$10-20
Courier & Wire Transfer	\$50-\$200
Tax Service Contract	\$75
<b>TOTAL</b>	<b>\$2,690 - \$5,665</b>

For an full explanation of each of these fees, visit [www.myIntegra.com](http://www.myIntegra.com)



**INTEGRA**  
**REAL ESTATE**  
**& MORTGAGE**

# Understanding Loan Fees

**Loan Fees** are made up of a **Loan Origination Fee** (charged by the Mortgage Broker) and a **Loan Discount Fee** (charged by the Lender to obtain a particular interest rate on a given day). Every Mortgage Broker has access to the same loan programs, interest rates and loan discounts. Your primary focus should be on the experience, service, skill and trustworthiness of the mortgage broker. But, for any given loan program, there are several variables that can change your cost on a loan, such as interest rate, Loan Origination Fee, margin and prepayment penalty.

## INTEGRA'S LOAN ORIGATION FEE FOR A STANDARD PURCHASE OR REFINANCE

LOAN AMOUNT	LOAN ORIGATION FEE
\$0 TO \$40,000	\$1,000 FLAT FEE
\$40,001 TO \$60,000	3.00% OF LOAN AMOUNT
\$60,001 TO \$80,000	2.50% OF LOAN AMOUNT
\$80,001 TO \$100,000	2.00% OF LOAN AMOUNT
\$100,001 TO \$125,000	1.75% OF LOAN AMOUNT
\$125,001 TO \$175,000	1.50% OF LOAN AMOUNT
\$175,001 AND UP	1.25% OF LOAN AMOUNT

## Loan Origination Fee

Integra's Loan Origination Fee assumes a relatively clean credit history and a fixed rate or two-step loan program. It does not change with changes in market conditions. Add 0.25% for a custom construction loan. The Loan Origination Fee is independent of the Loan Discount. Often called "points," each point is equal to one percent of the loan amount. Integra will quote a fixed price for all costs and fees on each loan upon request of a client.

Once engaged as Mortgage Broker for a borrower, Integra's goal is to obtain the best loan terms available for our borrower's situation. With the advantage and assurance of a pre-determined fixed fee, you get all the benefit of our efforts and advice plus any reductions in rate or fee due to market conditions.

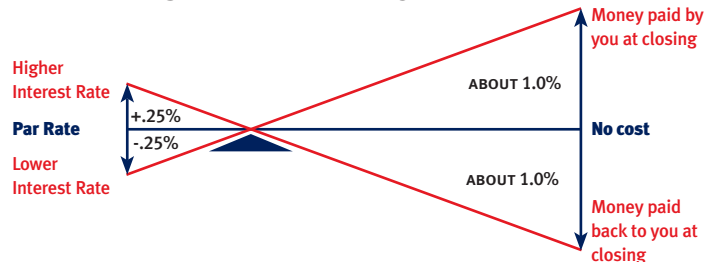
## Loan Discount

When you get a mortgage loan, where does the money come from? Almost all home loans are bundled with other loans and sold to investors, through Wall Street, in the form of a security called a mortgage-backed security (MBS). Lenders determine the yield (interest rate) Wall Street needs to sell a mortgage (via an MBS) by referring to the bond market.

Lenders can provide a wide variety of interest rates to borrowers by adjusting the amount of money paid by a borrower (discount points) to get a lower rate or the amount of money paid to a borrower (rebate or "yield spread premium") for accepting a higher rate. The interest rate you get on a loan and the amount you pay for it (discount points or rebate) are related like two ends of a teeter-totter.

Knowing this relationship allows you to choose the loan program and interest rate that best fits your situation. If you are short of cash and can afford a slightly higher payment, you can select a higher interest rate and receive a rebate from the lender to cover your closing costs. Conversely, if you have enough cash and plan on keeping your loan for a long time (more than five years), it may save you money to "buy down" the interest rate to lower your monthly payments. We can help you determine the break-even point for this decision regarding your loan.

### THE INTEREST RATE TEETER-TOTTER



**At Integra, we always quote our clients at "par" and pass on to them any rebate or discount points associated with the interest rate selected.**

## Prepaid Items: Insurance and Taxes



### Reserve Requirements for a purchase:

Insurance: 12 months in advance + 2 months in reserves  
Taxes: 5-6 months

### Reserve Requirements for a refinance:

Insurance: 2-13 months, depending on renewal date  
Taxes: 2-7 months, depending on closing date