

Loan Pricing Disclosure

We use a system of risk-based pricing to determine the interest rate and points that we charge. This disclosure explains the basics of risk-based pricing and gives you notice of our practices and procedures in determining the interest rate and costs for your mortgage loan.



What is Risk-Based Pricing?

Risk-based pricing is a system that evaluates the risk factors of your mortgage application and credit profile and adjusts the interest rate and discount points up or down based on this risk evaluation.

What Factors Can Affect My Loan Pricing?

Various factors interact to adjust your loan pricing. The major factors include:

Credit Profile: We will obtain a credit report that shows the amount of debt you have outstanding and how you have historically paid on your debt. The credit report will also contain a "credit score" that ranks your credit history. Credit scores look at five main kinds of credit information, namely: payment history; amount owed; length of credit history; new credit; and types of credit in use. Generally, if you have had any history of nonpayment or late payments on any loans or debt, this may lower your credit score and increase your interest rate and costs. People with high credit scores consistently: pay their debts on time, keep balances low on credit cards and other revolving loans; and apply for and open new credit accounts as needed.

Property: The property you are mortgaging also impacts your loan pricing. For example, investment property, condominiums or multifamily housing are usually considered to have a higher risk to lenders than single-family detached homes. The value of the property (usually determined by an appraisal) as compared to the amount you wish to borrow (the "loan-to-value ratio" or "LTV") also impacts your loan price. The higher the LTV, the higher the interest rate and costs. LTV's over 80% also usually require mortgage insurance. The price of mortgage insurance may vary based on your credit profile.

Income/Debt: The amount of your mortgage payments and total debt payments as compared to your income, ("debt-to-income ratios") may also impact your loan cost. The higher your debt-to-income ratio, the higher our risk, and so the higher the interest rate and fees.

Other Factors: Other factors may also affect our risk, and your interest rate and fees. These factors include, but are not limited to: previous bankruptcies, foreclosures or unpaid judgments; and the type of loan product applied for, such as adjustable rate versus fixed rate, or cash out refinance versus rate and term refinance.

How And When Is My Price Determined?

Your price is determined by evaluating all the risk factors that are involved in your loan, and determining where you fit into our risk/price range.

We will give you an estimate of your risk-based pricing after we have done an initial evaluation of your credit history and a review of your proposed property.

REMEMBER, however, that your risk-based pricing may change from this initial estimate if any of the risk factors discussed above change – for example, if the appraised value of the property is determined to be different than the value used for your initial estimate or if your credit profile changes between the time of the initial estimate and closing.

If you choose to "lock" a rate prior to the final risk assessment, you will be locked for the interest rate range available at that time. Your actual price will be established based on where your final risk level fits into that particular interest rate range. Your final risk level is determined at time of closing, when there are no further changes to your credit profile or loan factors.

Is There a Way to Obtain a Lower Price?

If you are not in the lowest price bracket available, you may be able to obtain a lower price if you are able to lower our risk. You may accomplish this in various ways, such as: by putting more money down and lowering the LTV; finding a co-signer with additional income to support the loan; clearing inaccurate items on your credit report; paying off other debt to lower your debt-to-income ratio; changing from a cash-out refinance to rate and term refinance; or changing the term on the loan.