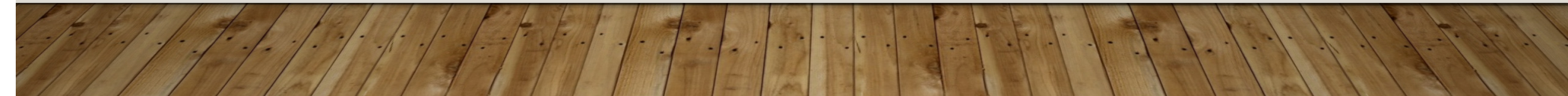




**LET'S TALK LOAN ESTIMATES**

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# IMPORTANT NOTE ABOUT LOAN ESTIMATES

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- Loan estimates are prepared by lenders to ESTIMATE what they foresee costs being associated with the financing of a specific property. The only boxes they are strictly held to getting right are boxes A (their charges) and box E (government/recording charges). All other charges are 3<sup>rd</sup> party charges and they will not have the exact costs until the title company is selected and title work comes in- among other 3<sup>rd</sup> party items
- What this means to you is- having someone who is knowledgeable is KEY. Any loan officer can give a loan estimate that looks like it has low fees and later they come in a lot higher. Their justification is going to be, we had no way of knowing. It isn't our fee. A GREAT loan officer takes the time to do the research and calculations to estimate EVERY possible fee that could be associated with the transaction and disclose it. So that when you get to the end of the process, the final numbers end up being less.
- This is how First Down Mortgage runs every scenario and what sets us apart. No surprises, candid conversations on day 1, expectations set with all parties throughout the process, and full transparency.

# Loan Estimate

**DATE ISSUED** 4/18/2022  
**APPLICANTS**

**PROPERTY** Jacksonville , FL 32205  
**SALE PRICE** \$300,000

**LOAN TERM** 30 years  
**PURPOSE** Purchase  
**PRODUCT** Fixed  
**LOAN TYPE**  Conventional  FHA  VA  \_\_\_\_\_  
**LOAN ID #**  
**RATE LOCK**  NO  YES, until 5/18/2022 at 5:00 PM EDT  
*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **5/2/2022** at 5:00 PM EDT*

This is important. A Loan Estimate that is NOT locked, means that anything on that document is subject to change at any time.

**Loan Terms****Can this amount increase after closing?****Loan Amount**

\$240,000

**NO****Interest Rate**

6.25%

**NO****Monthly Principal & Interest***See Projected Payments below for your  
Estimated Total Monthly Payment*

\$1,477.73

**NO****Prepayment Penalty****Does the loan have these features?****NO****Balloon Payment****NO**

This does not include escrows.

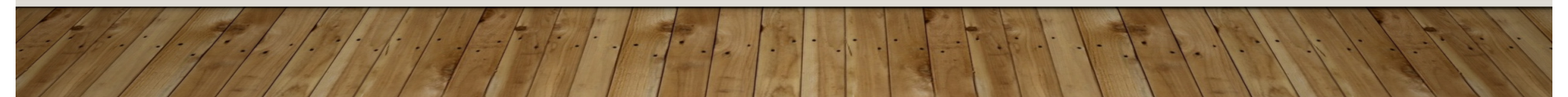
<b>Projected Payments</b>			
<b>Payment Calculation</b>		<b>Years 1 - 30</b>	
Principal & Interest		\$1,477.73	
Mortgage Insurance	+	0	
Estimated Escrow <i>Amount can increase over time</i>	+	467	
<b>Estimated Total Monthly Payment</b>		<b>\$1,945</b>	
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<b>\$467</b> a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other:	<b>In escrow?</b> <b>YES</b> <b>YES</b>
<small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small>			

Side note: if the loan has PMI, this section will break down how much it is monthly and there will be a box to the right that shows what the payment will be when the PMI automatically falls off.

Side note: This section could also have HOA dues listed here. HOA dues are never escrowed and is not added into the overall mortgage payment. It is only listed as an FYI for the buyer

A breakdown of where this number comes from is in box G on the Pg 2

<b>G. Initial Escrow Payment at Closing</b>			<b>\$2,900</b>
Homeowner's Insurance	\$216.67	per month for 3 mo.	\$650
Mortgage Insurance		per month for mo.	
Property Taxes	\$250.00	per month for 9 mo.	\$2,250



The full breakdown of where this figure comes from is on Pg 2. It is the total of Boxes A through H

<b>Costs at Closing</b>		
<b>Estimated Closing Costs</b>	<b>\$23,991</b>	Includes \$7,295 in Loan Costs + \$16,696 in Other Costs -\$0 in Lender Credits. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	<b>\$83,991</b>	Includes Closing Costs <i>See Calculating Cash to Close on page 2 for details.</i>

The full breakdown of where this figure comes from is on PG 2. It is a total of boxes A-H, down payment, and netting out the loan amount, seller credits, and earnest money deposit.

<b>A. Origination Charges</b>	<b>\$4,177</b>
1.301% of Loan Amount (Points)	\$3,122
Underwriting Fee	\$1,055

Other fees you could see here:

- Admin fee
- Origination Charge

## BOX A CHARGES – ORIGINATION CHARGES

This is what the lender charges.

Points – This is the cost associated with securing the rate the borrower chose. Typically, the lower the rate, the higher the points.

Underwriting fee (could also be called Origination fee) – This is the fee the lender charges. This is their profit on the transaction. It is customarily a set dollar amount and varies lender to lender

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## BOX B CHARGES – MANDATORY 3<sup>RD</sup> PARTY CHARGES

<b>B. Services You Cannot Shop For</b>	<b>\$1,033</b>
Appraisal Fee	\$850
Credit Report	\$65
Electronic Registration (MERS) Fee	\$25
Flood Certification	\$8
Tax Service	\$85

Other fees you could see here:

- Pest inspection
- Final inspection

These are all 3<sup>rd</sup> party charges.

Appraisal – Actual cost set by the Appraisal management company and can vary from \$550 +.

Credit Report – This cost can vary between \$20 -100 depending on the vendor and if any additional credit supplements are required

MERS fee –Electronic Mortgage filing fee

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Flood Cert – A Flood Certification is pulled on every property to determine if the property is in a flood zone and if flood insurance will be mandated

Tax Service – A one time charge that covers the cost of the lender maintaining property tax records after closing to ensure taxes are paid timely (whether by them or the buyer) to avoid any tax liens



### C. Services You Can Shop For

Title - Endorsement Fee

Title - Premium for Lender's Coverage

Title - Settlement Or Closing Fee

The naming conventions may be different from one title company to another. Regardless of what they call it, they typically fall into the above 3 categories

## BOX C CHARGES – “SHOPPABLE CHARGES”

These are all 3<sup>rd</sup> party charges.

Pest inspection – The WDO. Typically the buyer chooses the pest company they want to go with.

Courier/Wire/Email/Doc Prep/Settlement/Closing fee– Pass through cost for the title company. Different title companies call it different things, but its all basically the same. This is what the title company is charging to offset their costs and make a profit.

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Lender's Title insurance – This is a title insurance policy purchased by the buyer to protect the LENDERS interests in the property against any potential lien or default issues in the future.

<b>E. Taxes and Other Government Fees</b>	<b>\$1,621</b>
Recording Fees and Other Taxes	\$301
Transfer Taxes	\$1,320

## BOX E CHARGES – TAXES/ GOVERNMENT FEES

The % rate is set by the county or local municipality.

Recording fees/ other taxes– Typically there is a Deed recording fee and a mortgage recording fee. This is the charge from the county for e-filing the Mortgage and Deed of Trust with their office to become part of public records.

Doc stamp tax – This is an excise tax imposed on borrowing money. In the state of Florida it is equal to 35 cents for every \$1 financed.

Intangible tax - This is a an intangible property tax on financed properties that is equal to about 2 mils (\$.002) on each dollar of the valuation of the mortgage.

\*\*All of the above apply on financed real estate transactions in Florida.

<b>F. Prepaids</b>	<b>\$3,175</b>
Homeowner's Insurance Premium (12 months)	\$2,600
Mortgage Insurance Premium ( months)	
Prepaid Interest (\$41.10 per day for 14 days @ 6.25%)	\$575
Property Taxes ( months)	

## BOX F CHARGES – “PREPAIDS”

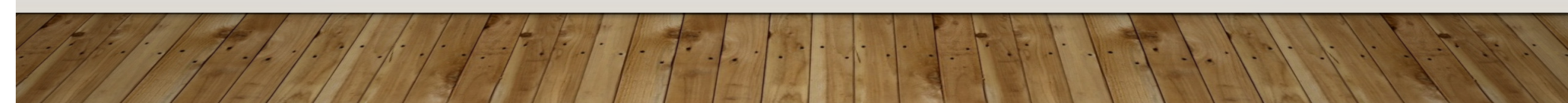
These are all 3<sup>rd</sup> party charges.

Homeowner's insurance – paid to the company the buyer selected for the 1<sup>st</sup> year of homeowner's insurance coverage. This is NOT escrow.

Mortgage insurance premium – This is the upfront cost of mortgage insurance for an FHA or conventional loan when mortgage insurance applies.

Prepaid interest – this is the daily interest rate X the # of days left the in the calendar month. This will vary based on the actual date you are closing.

Property taxes – Only visible here when property taxes are due and payable currently or within 60 days of closing.



<b>G. Initial Escrow Payment at Closing</b>		<b>\$2,900</b>
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Homeowner's Insurance	\$216.67 per month for 3 mo.	\$650
Mortgage Insurance	per month for mo.	
Property Taxes	\$250.00 per month for 9 mo.	\$2,250

If a borrower does not escrow,  
this section will be blank

## BOX G CHARGES – “Escrow set up”

### Homeowner's insurance AND Property taxes –

The escrow account is set up to pay the insurance and taxes for NEXT year.

The \$ amount is determined by taking the annual bill and dividing by 12.

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The # of months is determined by figuring out when the bill is next due and how many mortgage payments the buyer would have made by then. For example, If the first mortgage payment is due January 1 and the tax bill is due October 1; That means the buyer would have made 9 mortgage payments definitively. The escrow would be set up for the other 3 months worth and typically lenders will add a cushion of 1-2 months just in case the bill comes out a little higher than the prior year.

<b>H. Other</b>	<b>\$9,000</b>
Seller Paid Closing Costs	\$9,000

## BOX H CHARGES – “Miscellaneous 3<sup>rd</sup> party fees”

Examples could be:

- Prorated HOA dues
- HOA Capital Contribution/ transfer fee
- Builder Fee
- Realtor broker fee
- Owner’s title policy – similar to a Lender’s title policy, but this protects the buyer against any frivolous liens or title issues from prior owners or lienholders
- Property survey
- Condo questionnaire

Often, this section will be very blank, because this info may not be available until title work, contract, and estoppel come in. However, a knowledgeable skilled lender will put estimates in for fees they feel will reasonably apply based on the transaction. When there are surprise fees at the end, this is usually the section they appear in.

### Calculating Cash to Close

Total Closing Costs (J)	\$23,991
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$60,000
Deposit	\$0
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$83,991</b>

Sum of all fees just covered

This is where financed PMI would be

Difference of Purchase price – Loan amount

This is where your EMD would be

Typically blank on an LE, but when you get to closing, this is where property tax proration credits would appear, or lender credits if they apply.

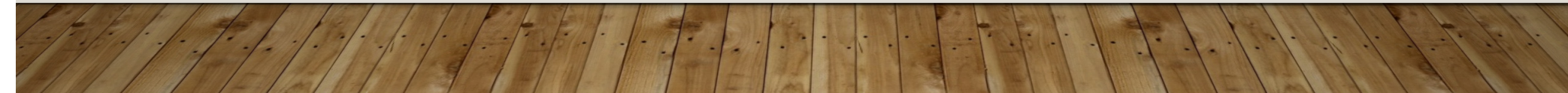
Same number as the bottom of Pg I

Comparisons		Use these measures to compare this loan with other loans.
In 5 Years	\$96,534	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	\$15,991	Principal you will have paid off.
Annual Percentage Rate (APR)	6.44%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	121.895%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

This is not the buyer's rate. This is a comparison tool to determine if one lender is giving a lower rate in exchange for higher fees. This percentage takes the rate and adjusts in the closing costs expressed as a percentage so you can compare one lender to another to determine which lender is the best overall value.

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For example: When you go to the grocery store and you see an item that is \$5 and is 20 ounces and an item that is \$4 and is 15 ounces, you may look at the tag to see what the cost per ounce is to see which is the best bang for your buck. Using the APR is doing exactly that.



# DID YOU KNOW?!?!?!?

Anyone can go to [NMLSCustomerAccess.org](http://NMLSCustomerAccess.org) and put in a loan officer's license number and see their full work history. You can see what kind of experience they have, how long they have been in the business, etc.

Who you work with matters! Don't let your 1<sup>st</sup> time homebuyers be sold on a mortgage from someone who worked at a carwash 6 months ago and they have been doing mortgages for 4 months. It is NOT going to be a smooth process.

The less digits the license # is, the longer they have been in the industry.



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