



[Current Interest Rate Newsletter \(Click Here\)](#)

**Here is an example of a Cash Out Refinance High Balance Conforming Loan in 2021**  
 To understand it... see the bottom example and explanation.

Commitment Period:  
 30 Day Lock

Rates effective as of 10/13/2021 10:50:00 AM EST, quoted at 10/13/2021 7:58:08 PM EST.

**30 YEAR ELITE HIGH BALANCE**

INTEREST RATE	BASE PRICE	FINAL PRICE AFTER COMPENSATION (% RATE / \$ AMOUNT)	P & I	MI (FACTOR / AMOUNT)	PAYMENT
3.334	-3.334	0.000 / (\$0.01)	\$3,617.05	0.00 / \$0.00	\$3,617.05
<b>VIEW MORE RATES</b> <b>EXACT RATE AVAILABLE</b>					<b>TOTAL ADJUSTMENT: 1.875</b>
2.000	4.385	7.719 / \$63,480.67	\$3,039.66	0.00 / \$0.00	\$3,039.66
2.125	3.420	6.754 / \$55,544.76	\$3,091.32	0.00 / \$0.00	\$3,091.32
2.250	2.518	5.852 / \$48,126.93	\$3,143.50	0.00 / \$0.00	\$3,143.50
2.375	1.737	5.071 / \$41,704.18	\$3,196.18	0.00 / \$0.00	\$3,196.18
2.500	1.050	4.384 / \$36,054.47	\$3,249.38	0.00 / \$0.00	\$3,249.38
2.625	0.184	3.518 / \$28,932.70	\$3,303.07	0.00 / \$0.00	\$3,303.07
2.750	-0.666	2.668 / \$21,942.51	\$3,357.27	0.00 / \$0.00	\$3,357.27
2.874	-1.250	2.084 / \$17,139.84	\$3,411.53	0.00 / \$0.00	\$3,411.53
2.875	-1.250	2.084 / \$17,139.84	\$3,411.97	0.00 / \$0.00	\$3,411.97
2.999	-1.783	1.551 / \$12,756.58	\$3,466.72	0.00 / \$0.00	\$3,466.72
3.000	-1.783	1.551 / \$12,756.58	\$3,467.17	0.00 / \$0.00	\$3,467.17
3.125	-2.500	0.834 / \$6,860.16	\$3,522.85	0.00 / \$0.00	\$3,522.85
3.250	-3.048	0.286 / \$2,353.54	\$3,579.03	0.00 / \$0.00	\$3,579.03
3.334	-3.334	0.000 / (\$0.01)	\$3,617.05	0.00 / \$0.00	\$3,617.05
3.375	-3.473	-0.139 / (\$1,141.55)	\$3,635.69	0.00 / \$0.00	\$3,635.69
3.500	-3.855	-0.521 / (\$4,283.03)	\$3,692.83	0.00 / \$0.00	\$3,692.83
3.625	-4.101	-0.767 / (\$6,306.07)	\$3,750.45	0.00 / \$0.00	\$3,750.45

**LOAN DETAIL**

Total Loan Amount: \$822,375.00  
 Interest Rate: 3.334

**PRICING BREAKDOWN**

Adjustment Name	Adj. %	Dollar Amt.
Base Price:	-3.334	(\$27,417.98)
C/O LTV 60.01-75 FICO >=740:	0.625	\$5,139.84
FICO >=740 LTV 60.01-75%:	0.250	\$2,055.94
High Balance Cash-Out:	1.000	\$8,223.75
Escrow Waiver Fee:	0.000	\$0.00
<b>FINAL PRICE:</b>	<b>-1.459</b>	<b>(\$11,998.45)</b>
Compensation:	1.459	\$12,000.00
<b>FINAL PRICE AFTER COMP:</b>	<b>0.000</b>	<b>\$1.55</b>

*Does not include UWM Underwriting Fee*

**In the Loan Detail box you can see this is a \$822,375 loan for Summit County, CO**

Summit County is a "High Balance Conforming Loan" county in Colorado.  
 The word "Elite" indicates that this client had a 700 FICO score giving them the best interest rates.  
 This was for a Cash Out loan where the client was getting money back after paying off the existing loan.  
 In this case, he was doing home improvement to his primary residence.

**Note:**  
 "Rate and Term" refinances will have a lower interest rate (See the adjustment under "Pricing Breakdown")  
 The FICO score and LTV (Loan to Value) also change the interest rate.

**Here is how to read this rate sheet:**

**The green bar shows the "PAR" rate where you are not "Buying Down the Rate" or Conversely "Getting a Lender Credit" from this lender (UWM) to cover some or all of the closing costs.**

Everything above the green bar is "Buying Down the Rate"

Everything below the green bar is "Getting a Lender Credit"

**For a 30 year fixed "Conforming High Balance Loan" in this example, here are the rates:**

The 3.125% rate is fixed for 30 years with a monthly payment of \$3,522.85 but you have to pay \$6,860.16 to get this lower interest rate plus pay all the closing costs

The 3.25% rate is fixed for 30 years with a monthly payment of \$3,579.03 but you have to pay \$2,353.54 to get this lower interest rate plus pay all the closing costs

**The 3.334% rate is fixed for 30 years with a monthly payment of \$3,617.05**

The 3.375% rate is fixed for 30 years with a monthly payment of \$3,635.69 and you get \$1,141.55 to apply to the title charges or some other closing cost.

The 3.5% rate is fixed for 30 years with a monthly payment of \$3,692.83 and you get \$4,283.03 to apply to most if not all of the closing costs.

**Which rate to choose depends on your specific situation**

**Choice 1. Buying Down the Rate for lower monthly payments with higher closing costs (The Lender's version of "Pay Me Now")**

If you were going to keep the home forever and someday and give it to your children...It might make sense to "Buy Down the Rate" in this example

\$38.02 lower monthly payment for a 3.25% (Vs the 3.334% rate) x 12 months = \$456.24 less each year in payments  
\$2,353.54 Cost to Buy Down the Rate divided by \$456.24 = Takes 5.16 years to break even (every year after this you are ahead of the game)

**Choice 2. PAR Rate with No "Buying Down the Rate" or "Lender Credit"**

Getting a rate of 3.334% and either paying the closing costs on the Loan Estimate or using some of the home's equity to cover the closing costs with a higher loan amount.

Keep in mind...no matter how much money you are borrowing at any interest rate...you are paying "Future Dollars" to pay off the loan.

Think of "Future Dollars" as "Cheap Dollars" that do not have the same ability to buy goods down the road.

**Choice 3. Getting a Lender Credit in return for paying more in monthly payments (The Lender's version of "Pay Me Later")**

If your main goal is to pay off the existing loan and not have any closing costs...this might make sense to do.

\$18.64 higher monthly payment for a 3.375% (Vs the 3.334% rate) x 12 months = \$223.68 more each year in payments

\$2,353.54 Cost to Buy Down the Rate divided by \$456.24 = Takes 5.16 years to break even (every year after this you are ahead of the game)

*On a side note...I hate the words "No Cost Refinance" because it is not truthful. There are always costs in financing. You are just choosing to have those costs taken out of the home's equity or paying a higher monthly payment for the entire loan.*

As you can see... the choice is really yours to make. When you look at the rate sheet we will send you the numbers will be different each day depending on daily rates, midday pricing changes and your unique loan details like FICO score, LTV (Loan to Home Value), Etc.

I hope this explanation helps give you clarity on things most loan officers don't explain.

Keep in mind that a Loan Estimate is another piece of the puzzle that you should always ask for (Not a "Fee Worksheet")

Don't worry...we will explain that in another email.

The top rate sheet is your scenario.

To understand it... see the bottom example and explanation.

The bottom example shows a \$822,375 loan for Summit County, CO

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**Don Reynolds, NMLS 1217170, is a licensed loan broker in these states:  
Colorado 100055545 & Florida LO-5331 Apex Mortgage Brokers (NMLS 1731285)**

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