

# First Entertainment CU's Mortgage Rates

Tuesday, March 31, 2020

For more information on our mortgage loan programs, view online at [Firstent.org/Mortgage](http://Firstent.org/Mortgage) loans, or contact our Real Estate Department at (323) 845-4411



## Fixed Rates

Loan Amount Up to \$510,400			
	Rate	Points	APR *
30 Year Fixed	3.625	-0.500	3.627%
	3.375	0.500	3.456%
	3.125	1.500	3.285%
20 Year Fixed	3.625	-0.500	3.627%
	3.375	0.500	3.489%
	3.125	1.500	3.351%
15 Year Fixed	3.125	-0.500	3.125%
	2.875	0.500	3.017%
	2.625	1.500	2.910%
10 Year Fixed	3.125	0.000	3.230%
	2.875	0.500	3.083%
	2.625	1.000	2.935%

## Adjustable Rates

Loan Amount Up to \$510,400			
	Rate	Points	APR *
3/1 Adjustable Rate 30 Year Term	3.000	-0.500	2.705%
	2.750	0.500	2.728%
	2.500	1.500	2.751%
5/1 Adjustable Rate 30 Year Term	3.000	-0.500	2.752%
	2.750	0.500	2.744%
	2.500	1.500	2.735%
7/1 Adjustable Rate 30 Year Term	3.000	-0.500	2.795%
	2.750	0.500	2.758%
	2.500	1.500	2.721%
5/5 Adjustable Rate 30 Year Term	3.000	-0.500	2.669%
	2.750	0.500	2.661%
	2.500	1.500	2.652%

All loans are contingent on approval, rates, terms, conditions, and are subject to change at any time and without notice. Your rate is not final until you have received a Locked Commitment (30 or 45 day commitments available). APR\* examples above are based on an owner-occupied, detached single family residence, Purchase or Limited Cash Out refinance, loan amount of \$400,000 at a maximum 60% Loan to Value (LTV), minimum Credit Score of 720 and 30-day lock commitment. Disclosed APR\* includes 15 days of estimated prepaid interest. Final rate will depend on factors including market conditions, specific characteristics of the loan transaction, and Private Mortgage Insurance for loans over 80% LTV. For loans less than \$100,000, please contact your Loan Officer for the discounted interest rates and APRs. For purchases, the minimum down payment is 3.0% of purchase price; for refinances, maximum LTV is 97%. Limited Cash Out is receiving cash back in an amount that is not more than the lesser of 2% of the new refinance loan amount or \$2,000.

\*APR - Annual Percentage Rate The APR is a shopping tool that denotes the true cost of credit expressed as a yearly rate. It takes into account the interest rate as well as other charges, such as points, prepaid interest and certain closing fees. One point is 1% of the mortgage amount (for example, \$1,000 on a \$100,000 loan) and adjusts the interest rate on your note.

Adjustable Rate Mortgages (ARM) are based on 30 year terms, other terms are available upon request. The 7/1, 5/1, and 3/1 ARM loan Index is a nominal 1-Year weekly average, and the 5/5 ARM Index is the nominal 5-Year weekly average of the Treasury Constant Maturities, as made available by the Federal Reserve Board. Your interest rate is subject to change at the initial adjustment period and each interest rate adjustment period over the life of the loan. These adjustments may increase the rate after consummation. Example: on a 5/1 ARM loan, the initial adjustment period is after the 60th payment and every 12 months thereafter. On a 5/5 ARM loan, the initial and future adjustment periods occur every 60 months.

See page 6 for important examples and repayment information.

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## Fixed Rates

Loan Amount Up to \$765,600			
	Rate	Points	APR *
30 Year Fixed	4.125	-0.500	4.115%
	3.875	0.500	3.947%
	3.625	1.500	3.778%
15 Year Fixed	3.500	-0.500	3.479%
	3.250	0.500	3.373%
	3.000	1.500	3.267%

## Adjustable Rates

Loan Amount Up to \$765,600			
	Rate	Points	APR *
3/1 Adjustable Rate	3.000	-0.500	2.693%
30 Year Term	2.750	0.500	2.715%
	2.500	1.500	2.739%
5/1 Adjustable Rate	3.000	-0.500	2.740%
30 Year Term	2.750	0.500	2.731%
	2.500	1.500	2.723%
7/1 Adjustable Rate	3.000	-0.500	2.782%
30 Year Term	2.750	0.500	2.745%
	2.500	1.500	2.709%
5/5 Adjustable Rate	3.000	-0.500	2.657%
30 Year Term	2.750	0.500	2.648%
	2.500	1.500	2.640%

**All loans** are limited on approved County and Zip Codes; and contingent on approval, rates, terms, conditions, subject to change at any time and without notice. Your rate is not final until you have received a Locked Commitment (30 or 45 day commitments available). APR\* examples above are based on an owner-occupied, detached single family residence, Purchase or Limited Cash Out refinance, loan amount of \$700,000 at a maximum 60% Loan to Value (LTV), minimum Credit Score of 720 and 30 day lock commitment. Disclosed APR\* includes 15 days of estimated prepaid interest. Final rate will depend on factors including market conditions, specific characteristics of the loan transaction, and Private Mortgage Insurance for loans over 80% LTV. For purchases, the minimum down payment is 3.0% of purchase price; for refinances, maximum LTV is 97%. Limited Cash Out is receiving cash back in an amount that is not more than the lesser of 2% of the new refinance loan amount or \$2,000.

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**Adjustable Rate Mortgages (ARM)** are based on 30 year terms, other terms are available upon request. The 7/1, 5/1, and 3/1 ARM loan Index is a nominal 1-Year weekly average, and the 5/5 ARM Index is the nominal 5-Year weekly average of the Treasury Constant Maturities, as made available by the Federal Reserve Board. Your interest rate is subject to change at the initial adjustment period and each interest rate adjustment period over the life of the loan. These adjustments may increase the rate after consummation. Example: on a 5/1 ARM loan, the initial adjustment period is after the 60th payment and every 12 months thereafter. On a 5/5 ARM loan, the initial and future adjustment periods occur every 60 months.

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## Fixed Rates

Loan Amount Up to \$1,000,000			
	Rate	Points	APR *
30 Year Fixed	3.750	-0.500	3.736%
	3.500	0.500	3.566%
	3.250	1.500	3.395%
20 Year Fixed	3.750	-0.500	3.731%
	3.500	0.500	3.593%
	3.250	1.500	3.455%
15 Year Fixed	3.250	-0.500	3.222%
	3.000	0.500	3.115%
	2.750	1.500	3.008%
10 Year Fixed	3.250	0.000	3.315%
	3.000	0.500	3.168%
	2.750	1.000	3.021%

## Adjustable Rates

Loan Amount Up to \$1,000,000			
	Rate	Points	APR *
3/1 Adjustable Rate 30 Year Term	3.125	-0.500	2.717%
	2.875	0.500	2.740%
	2.625	1.500	2.763%
5/1 Adjustable Rate 30 Year Term	3.125	-0.500	2.780%
	2.875	0.500	2.772%
	2.625	1.500	2.763%
7/1 Adjustable Rate 30 Year Term	3.125	-0.500	2.837%
	2.875	0.500	2.800%
	2.625	1.500	2.763%
5/5 Adjustable Rate 30 Year Term	3.125	-0.500	2.697%
	2.875	0.500	2.689%
	2.625	1.500	2.680%

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## Fixed Rates

Loan Amount Up to \$1,500,000			
	Rate	Points	APR *
30 Year Fixed	3.750	-0.500	3.734%
	3.500	0.500	3.564%
	3.250	1.500	3.393%
20 Year Fixed	3.750	-0.500	3.728%
	3.500	0.500	3.590%
	3.250	1.500	3.452%
15 Year Fixed	3.250	-0.500	3.219%
	3.000	0.500	3.112%
	2.750	1.500	3.005%
10 Year Fixed	3.250	0.000	3.310%
	3.000	0.500	3.163%
	2.750	1.000	3.016%

## Adjustable Rates

Loan Amount Up to \$1,500,000			
	Rate	Points	APR *
3/1 Adjustable Rate	3.125	-0.500	2.715%
30 Year Term	2.875	0.500	2.738%
	2.625	1.500	2.761%
5/1 Adjustable Rate	3.125	-0.500	2.779%
30 Year Term	2.875	0.500	2.770%
	2.625	1.500	2.761%
7/1 Adjustable Rate	3.125	-0.500	2.835%
30 Year Term	2.875	0.500	2.798%
	2.625	1.500	2.761%
5/5 Adjustable Rate	3.125	-0.500	2.696%
30 Year Term	2.875	0.500	2.687%
	2.625	1.500	2.678%

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## Fixed Rates

Not Available

## Adjustable Rates

Loan Amount Up to \$2,500,000

	Rate	Points	APR *
5/5 Adjustable Rate	3.125	-0.500	2.693%
30 Year Term	2.875	0.500	2.684%
	2.625	1.500	2.676%

For Loan Amounts above \$2,500,000, please contact our Loan Officers

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**Adjustable Rate Mortgages (ARM)** are based on 30 year terms, other terms are available upon request. The 5/5 ARM Index is the nominal 5-Year weekly average of the Treasury Constant Maturities, as made available by the Federal Reserve Board. Your interest rate is subject to change at the initial adjustment period and each interest rate adjustment period over the life of the loan. On a 5/5 ARM loan, the initial and future adjustment periods occur every 60 months. These adjustments may increase the rate after consummation.

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### **Important Assumptions and Disclosures**

Representative Examples

#### **30 – Year Fixed-Rate Mortgage:**

The payment on a \$200,000 30-year Fixed-Rate Loan at 3.625% and 60% loan-to-value (LTV) is \$ 912.10 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.739%. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Some state and country maximum loans amount restrictions may apply.

#### **20 – Year Fixed-Rate Mortgage:**

The payment on a \$200,000 20-year Fixed-Rate Loan at 3.375% and 60% loan-to-value (LTV) is \$1,147.11 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.531%. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Some state and country maximum loans amount restrictions may apply.

#### **15 – Year Fixed-Rate Mortgage:**

The payment on a \$200,000 15-year Fixed-Rate Loan at 3.000% and 60% loan-to-value (LTV) is \$1,381.16 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.198%. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Some state and country maximum loans amount restrictions may apply.

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## **10 – Year Fixed-Rate Mortgage:**

The payment on a \$200,000 10-year Fixed-Rate Loan at 3.000% and 60% loan-to-value (LTV) is \$1,931.21 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.288%. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Some state and country maximum loans amount restrictions may apply.

## **3/1 Adjustable-Rate Mortgage**

The initial payment on a 30-year \$200,000 3/1 Adjustable-Rate at 2.500% and 60% loan-to-value (LTV) is \$790.24 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.773%. After the initial 3 years, the principal and interest payment is \$939.94. The fully indexed rate of 7.500% is in effect for the remaining 27 years and can change once every year for the remaining life of the loan. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Rate is variable and subject to change after 3 years, and can increase. These rates assume no increase in the financial index after the initial fixed period. APR and Index values are as of 1/3/2020.

## **5/1 Adjustable-Rate Mortgage**

The initial payment on a 30-year \$200,000 5/1 Adjustable-Rate at 2.750% and 60% loan-to-value (LTV) is \$816.48 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.669%. After the initial 5 years, the principal and interest payment is \$934.23. The fully indexed rate of 7.750% is in effect for the remaining 25 years and can change once every year for the remaining life of the loan. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Rate is variable and subject to change after 5 years, and can increase. These rates assume no increase in the financial index after the initial fixed period. APR and Index values are as of 1/3/2020.

## **7/1 Adjustable-Rate Mortgage**

The initial payment on a 30-year \$200,000 7/1 Adjustable-Rate at 3.000% and 60% loan-to-value (LTV) is \$843.21 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.644%. After the initial 7 years, the principal and interest payment is \$931.78. The fully indexed rate of 8.000% is in effect for the remaining 23 years and can change once every year for the remaining life of the loan. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Rate is variable and subject to change after 7 years, and can increase. These rates assume no increase in the financial index after the initial fixed period. APR and Index values are as of 1/3/2020.

## **5/5 Adjustable-Rate Mortgage**

The initial payment on a 30-year \$200,000 5/5 Adjustable-Rate at 3.125% and 60% loan-to-value (LTV) is \$856.75 with 0.5 points due at closing. The Annual Percentage Rate (APR) is 3.882%. After the initial 5 years, the principal and interest payment is \$953.03. The fully indexed rate of 8.125% is in effect for the remaining 25 years and can change once every 5 years for the remaining life of the loan. Payment does not include taxes and insurance premiums. The actual payment amount will be greater. Rate is variable and subject to change after 5 years, and can increase. These rates assume no increase in the financial index after the initial fixed period. APR and Index values are as of 1/3/2020.

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## More General Information

**What is the APR?** Is comparing APRs the best way to decide which lender has the lowest rates and fees?

The Federal Truth in Lending law requires that all financial institutions disclose the APR (Annual Percentage Rate) when they advertise a rate. The APR is designed to present the actual cost of obtaining financing by requiring that some, but not all, closing fees are included in the APR calculation. These fees, in addition to the interest rate, determine the estimated cost of financing over the full term of the loan. Since most people do not keep the mortgage for the entire loan term, it may be misleading to spread the effect of some of these up-front costs over the entire loan term. The APR does not include all the closing fees such as appraisals, title work, and document preparation, even though you'll probably have to pay them. For adjustable rate mortgages, the APR can be even more confusing. Since no one knows exactly what market conditions will be in the future, assumptions must be made regarding future rate adjustments. You can use the APR as a guideline to shop for loans but you should not depend solely on the APR in choosing the loan program that's best for you. Look at total fees, possible rate adjustments in the future, if you are comparing adjustable rate mortgages, and consider the length of time that you plan to have the mortgage. Don't forget that the APR is an effective interest rate--not the actual interest rate. Your monthly payments will be based on the actual interest rate, the amount you borrow, and the term of your loan.

**What are Points?** Each point is equal to one percent of the loan amount. You pay points up front, or at your loan closing, in exchange for a lower interest rate over the life of your loan. This means more money will be required at closing, however, you will have lower monthly payments over the term of your loan. To determine whether it makes sense for you to pay points, you should compare the cost of the points to the monthly payments savings created by the lower interest rate. Divide the total cost of the points by the savings in each monthly payment. This calculation provides the number of payments you'll make before you actually begin to save money by paying points. If the number of months it will take to recoup the points is longer than you plan on having this mortgage, you should consider the loan program option that doesn't require points to be paid. Talk with your Loan Officer for more details on different options.

**Can I lock-in an Interest Rate?** The interest rate market is subject to movement without advance notice. Locking in a rate protects you from interest rate changes for a set period of time during the underwriting process. Locking in a rate protects you from the time of your lock confirmation, to the day that your lock period expires. A lock is an agreement by the borrower and the Credit Union, and specifies the number of days for which a loan's interest rate and points are guaranteed during the loan process. Should interest rates rise during that period, we are obligated to honor the committed rate. Should interest rates fall during that period, the borrower must honor the lock. Please ask about our special one-time float down rate lock provision, allowing members to break their lock once, during the process, to take advantage of a falling interest rate trend. **When Can I Lock?** Your Loan Officer will notify you when and how to request a rate lock, after we have reviewed your documentation and credit package. For your convenience, we offer 30-day and 45-day lock-in periods. Additionally, the Credit Union may offer a courtesy extension to your rate lock period, to provide time to fund your loan.

**Can I apply for a loan before I find a property to purchase?** Yes, applying for a mortgage loan before you find a home may be the best thing you could do! If you apply for your mortgage now, we will issue an approval subject to you finding the perfect home. We will issue a pre-approval letter you can share with a Real Estate Agent. You may ask for a pre-qualifying letter, letting you know how much of a mortgage you may qualify for. You can use the pre-approval letter to assure real estate brokers and sellers that you are a qualified buyer. Having a pre-approval letter in hand may give more weight to your offer to purchase a property. Having a pre-approval letter provides you with peace of mind as to your loan options, the loan amount you may qualify for, and what the payment would be on your loan.

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**What is an adjustable rate mortgage?** An adjustable rate mortgage, or an "ARM", as it is commonly called, is a loan type that offers a lower initial interest rate than most fixed rate loans. The tradeoff is that the interest rate can change periodically, usually in relation to an index, and the monthly payment will go up or down accordingly. You should weigh the advantage of a lower payment at the beginning of the loan against the risk of interest rate increases that would lead to higher monthly payments in the future. It is a trade-off. You get a lower rate with an ARM in exchange for assuming more risk. For many people, an ARM is the right mortgage choice, particularly if you don't plan on being in the home for more than 3 to 5 years. Here's some detailed information explaining how ARMs work. The Adjustment Period with most ARMs includes an initial period where the interest rate and monthly payment are fixed during an initial period such as three years, five years, or seven years and annually thereafter. For example, one of our most popular adjustable rate mortgages is a 5/5 ARM. The interest rate will not change during the first 5 years (the initial adjustment period) but can after the 60th payment and every 5 years thereafter. **What is an Index?** Our ARM interest rate changes are tied to an index rate. Using an index to determine future rate adjustments provides you assurance that rate adjustments will be based on actual market conditions at the time of the adjustment. The current values of most indices, including the Federal Reserve rates used by First Entertainment Credit Union, are published weekly in the Wall Street Journal. If the index rate moves up, so does your mortgage interest rate, which may result in a higher monthly payment. On the other hand, if the index rate goes down your monthly payment may decrease. **What is a Margin?** To determine the interest rate on an ARM at each change date, we'll add a pre-disclosed amount to the index called the Margin. If you're still shopping, comparing one lender's margin to another's can be more important than comparing the initial interest rate, since it will be used to calculate the interest rate you will pay in the future. An interest-rate cap places a limit on the amount your interest rate can increase or decrease. **What are Caps?** There are three types of caps: 1. Initial adjustment caps, which limit how much the increase or decrease of the interest rate from the start rate to the first adjustment period. 2. Periodic or adjustment caps, which limit the increase or decrease of the interest rate from one adjustment period to the next. 3. Overall or lifetime caps, which set the maximum interest rate, over the life of the loan. As you can imagine, interest rate caps are very important since no one knows what can happen in the future. All of the ARMs we offer have all three types of adjustments and lifetime caps. Please see each product description for full details.

**What is mortgage insurance and when is it required?** First, let's make sure what we are referring to when we discuss "mortgage insurance." Mortgage insurance should not be confused with Mortgage Life Insurance, which is designed to pay off a mortgage in the event of a borrower's death. Property, fire and/or hazard insurance is required in case something happens physically to the house. **Mortgage Insurance** makes it possible for you to buy a home with less than a 20% down payment, or refinance your home with less than 20% equity, by protecting the lender against the additional risk associated with low equity lending. Low down payment mortgages are becoming more and more popular, and by purchasing mortgage insurance, lenders are comfortable with down payments as low as 3 - 5% of the home's value. It also provides you with the ability to buy a more expensive home than would have been possible, if a 20% down payment were required. The Mortgage Insurance Premium is based on the loan-to-value ratio, type of loan, loan amount, and amount of coverage required by the lender. Usually, the premium is included in your monthly payment. One or two months' of the premium may be collected as a required advance at loan closing. It may be possible to cancel the mortgage insurance at some point, such as when your loan balance has reduced to a specified amount. Recent federal legislation requires automatic termination of mortgage insurance for many borrowers when their loan balance has been reduced to 78% of the original property value. If you have any questions about when your mortgage insurance could be cancelled, please contact your Loan Officer.

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