BOSTON ATLANTIC

PUBLIC CONSUMER GUIDE

Compare With Confidence

Understanding Your Mortgage Options

A better mortgage decision begins with understanding what you're comparing. Look beyond a rate or cash-to-close headline, match the assumptions, and ask questions that help you choose any lender with confidence.

Boston Atlantic is an independent housing advocacy and education organization. It does not originate loans, quote actual mortgage rates, or issue official Loan Estimates. This guide is general education, not individualized financial, legal, tax, or mortgage advice. You remain free to compare financing options and choose any lender.

First, identify the document.

Preliminary financing estimate. Before a property is identified or the applicable application stage is reached, you may receive a preliminary financing estimate or illustrative mortgage scenario. A quote, worksheet, or scenario is not necessarily an official Loan Estimate. Ask which document you have, what assumptions it uses, and what could change.

Official Loan Estimate. An official Loan Estimate is a standardized, regulated disclosure of requested mortgage terms and estimated costs. For covered transactions, receipt of the six application items triggers the disclosure requirement—not signing initial disclosures, paying a credit-report fee, or completing every field on a lender's form. A Loan Estimate is not loan approval or a guarantee that an unlocked rate is available later. [1] [2] [4]

For covered transactions under the TILA–RESPA Integrated Disclosure rules (TRID), an application consists of six items—not a required signature:

1. Your name

2. Your income

3. Your Social Security number to obtain a credit report

4. The property address

5. An estimate of the property's value

6. The mortgage loan amount sought

These are lender application items, not fields to enter in Boston Atlantic.

DISCLOSURES & COSTS

Know the timing. Separate the costs.

For covered transactions, the creditor generally must deliver or mail the Loan Estimate no later than three business days after receiving the application. For this issuance deadline, a business day is a day the creditor's offices are open to the public for substantially all business functions. If a mortgage broker receives the application, the creditor or broker must provide the disclosure under the applicable rule. An application denied or withdrawn within that three-business-day period generally does not require the Loan Estimate. [1] [2]

This framework generally covers closed-end consumer loans secured by real property or a cooperative unit, subject to applicable exemptions. HELOCs, reverse mortgages, and some other transactions use different disclosures. Ask the lender which rules and documents apply to your transaction. The three-business-day issuance deadline is not the same as a closing waiting period. [2] [5]

> **Do not submit sensitive information here.** These six items describe what a lender receives—not what Boston Atlantic asks you to submit. Do not enter or send a Social Security number, income, account details, credit report, or mortgage documents to Boston Atlantic through this guide. Use a lender's verified secure process when applying.

Three categories behind the total

A cash-to-close figure combines different things. These educational groupings help you interpret it; they do not replace the official form. [4]

1 · Lender pricing and lender-controlled fees

Interest-rate/points tradeoffs and total origination charges belong here. On an official Loan Estimate, review page 2, Section A, alongside the rate and any lender credits. Keep third-party or program-set charges separate even when the lender requires them.

2 · Property-related and third-party transaction expenses

Taxes, insurance, title services, appraisal, recording charges, program-set premiums, prepaids, and escrow deposits can vary for reasons other than lender pricing. Review Sections B–H, who selects the provider, and which services you can shop for. These costs still matter to your budget.

3 · Credits, funds already paid, and cash-to-close adjustments

Seller and lender credits, earnest-money deposits, down payment, financed costs, and other adjustments change what you bring to closing. Review lender credits in Section J and the Calculating Cash to Close table. Cash to close is not a stand-alone measure of financing cost.

COMPARISON FACTORS · 01–06

Match assumptions before comparing prices.

A smaller cash-to-close number may reflect a different credit, date, tax estimate, or insurance placeholder rather than a better-priced loan. Check what is known and what is assumed.

1 · Seller credits

Distinguish an assumed credit from one actually negotiated in the purchase contract. Ask whether it is eligible and usable for your loan program and closing costs. An unused or unapproved credit is not guaranteed cash savings, and a seller credit is not a reduction in the lender's price. [4]

Check: Match the negotiated seller-credit amount and confirm eligibility and usable costs.

2 · Closing dates and prepaid interest

Match the estimated closing date, daily-interest amount, and number of charged days. Different dates can change prepaid interest even with identical loan pricing. Ask what happens if closing moves and confirm the actual day-count convention. [5]

Check: Use the same closing date and verify the daily-interest calculation and charged days.

3 · Property taxes

Use the same property and annual-tax assumption. The seller's current tax bill may not reflect your future bill if reassessment or exemptions change. Ask the local tax authority about the applicable assessment and confirm how each lender estimated taxes. [4]

Check: Match annual property-tax estimates and ask about reassessment or exemption changes.

4 · Homeowners insurance

Compare the same coverage, deductibles, annual premium, and required additional coverage, such as flood insurance if applicable. A low placeholder is not an insurance quote. Confirm both the amount paid before closing and the ongoing expense. [4]

Check: Match insurance premiums, coverage, deductibles, and additional required coverage.

5 · Discount points

Points are paid upfront for a lower interest rate; one point equals 1% of the loan amount. The rate reduction per point is not universal. Ask for scenarios with the same points or credits and compare costs across plausible periods you may keep the loan. [3]

Check: Match discount points in dollars and percentages, or identify the upfront/rate tradeoff.

6 · Origination and lender fees

Compare the total origination charges, not just a fee's label. Processing, underwriting, application, and other charges may be itemized differently. Separate points from the other lender charges so a lower rate does not conceal a higher upfront price. [4]

Check: Compare total lender charges and separate points from other origination fees.

COMPARISON FACTORS · 07–12

Compare the whole financing structure.

Compare like with like first, then examine intentional differences. Include mortgage insurance, rate-lock conditions, and loan structure—not just the starting payment.

7 · Mortgage insurance

Ask about any upfront premium, whether it is financed, the monthly cost, and when or whether it can end. Duration and cancellation depend on the program and circumstances. Include it in ongoing housing costs rather than comparing principal and interest alone. [4]

Check: Match upfront and monthly mortgage insurance, financing treatment, and duration.

8 · Rate-lock status and period

Compare scenarios prepared at a similar time. Confirm whether each rate is locked, the lock expiration date, and whether the period covers your closing. Ask who pays possible extension costs and how changed circumstances affect terms. An unlocked estimate is not a promise of a later rate. [4]

Check: Match quote timing, lock status and expiration, and ask about extension costs.

9 · Lender credits

Rate-linked lender credits reduce upfront costs in exchange for a higher interest rate. Some credits are unrelated to the rate, such as compensation or a temporary offer. Ask the lender to explain the reason, terms, and costs over time; do not treat every credit as free financing. [3] [4]

Check: Match lender credits and identify any related interest-rate or other conditions.

10 · Loan amount and down payment

Match purchase price, loan amount, down payment, and whether any fees or premiums are financed. Borrowing more or using a smaller down payment can change cash to close, payments, and mortgage insurance. The lower cash number alone does not show a cheaper loan. [4]

Check: Match purchase price, loan amount, down payment, and any financed charges.

11 · Prepaid expenses and escrow deposits

Prepaids pay expenses such as interest or insurance in advance. Initial escrow deposits fund an account for later tax and insurance bills. They are not the same as lender origination fees. Compare annual estimates and deposit assumptions; an escrow waiver does not eliminate the underlying bills. [4] [5]

Check: Match prepaid periods and initial escrow deposits; identify bills paid outside escrow.

12 · Loan program and term

Compare the same loan program, repayment term, and fixed or adjustable structure. For an adjustable-rate loan, ask about the first adjustment, index, margin, caps, and possible later payments. Review any balloon payment or prepayment penalty, and compare full housing costs—not only the starting rate. [4]

Check: Match program, term, rate structure, repayment features, and full monthly housing costs.

FICTIONAL EXAMPLES · 01–02

Different assumptions. Different cash totals.

All examples are fictional, hypothetical, and educational—not current financing offers, available products, or personalized recommendations.

1 · An assumed seller credit

Assume every cost, loan term, and other adjustment is identical. Only the seller-credit assumption differs.

Assumption	Scenario A	Scenario B
Cash needed before this credit	$12,000	$12,000
Assumed seller credit	$0	$5,000
Illustrative cash needed	$12,000	$7,000

The $5,000 difference is a credit assumption—not evidence of cheaper lender financing. Remove the assumed credit from B, or apply the same negotiated, eligible, usable credit to both. Then compare lender charges and terms. Ask what happens if the seller does not agree or the full credit cannot be used. [4]

2 · Closing dates change prepaid interest

Assume the same $300,000 loan at a fictional 6.50% annual rate. This illustration uses a **365-day year** and charges interest from closing through **September 30, including both dates**. Actual lender conventions may differ. Daily interest = $300,000 × 0.065 ÷ 365 = $53.42, displayed rounded.

Closing date	Charged days	Prepaid interest
September 10	21	$1,121.92
September 25	6	$320.55

Day counts: 30 − 10 + 1 = 21; 30 − 25 + 1 = 6. Totals multiply the unrounded daily interest by charged days, then round to cents. The **$801.37 difference** reflects 15 fewer prepaid-interest days—not cheaper loan pricing or proof of lower lifetime cost. Match the closing date and ask about first-payment periods, tax prorations, and any other timing changes. [5]

FICTIONAL EXAMPLE · 03

A lower rate may cost more upfront.

All examples are fictional, hypothetical, and educational—not current financing offers, available products, or personalized recommendations. Assume two fully amortizing **$300,000 fixed-rate loans over 30 years** (360 monthly payments). The $4,000 points are paid separately in cash, not added to the loan. Other charges are identical and there are no lender credits.

Measure	With points	Without points
Annual interest rate	6.25%	6.50%
Upfront discount points	$4,000	$0
Monthly principal & interest	$1,847.15	$1,896.20

The monthly principal-and-interest difference is **$49.05**. These payments exclude property taxes, homeowners insurance, mortgage insurance, HOA dues, and other housing costs. Calculation: M = P × r ÷ (1 – (1 + r)^(-n)), where P = $300,000, r = annual rate ÷ 12, and n = 360. Rates in the formula are decimal values.

> **Limited simple cash-flow breakeven**
> $4,000 ÷ unrounded monthly P&I difference ≈ **81.5 months**, or about **82 scheduled payments**.

The simple cash-flow breakeven divides the $4,000 extra upfront cost by the unrounded monthly principal-and-interest difference. It is not a full economic comparison or a recommendation. It leaves out remaining loan balances and equity, time value and opportunity cost of cash, taxes, other fees, and early sale, refinancing, or prepayment. Ask for total-cost and remaining-balance comparisons over several plausible holding periods. There is no universally best choice. [3] Ask whether paying points would reduce your emergency reserves and what happens if you sell or refinance before recovering the upfront cost. A lower rate and lower upfront costs are different priorities; this guide does not choose for you.

Make the comparison actionable.

Ask each lender to show comparable assumptions and explain intentional differences in writing. Compare lender charges, third-party expenses, cash-to-close adjustments, and full monthly housing costs separately. On an official Loan Estimate, also review page 3’s Comparisons section, including the five-year comparison and APR. APR is not your monthly payment or a substitute for matched assumptions. [4]

PRINTABLE CHECKLIST

Your apples-to-apples comparison

Tick a box when assumptions match—or an intentional difference has been explained clearly. A checkmark is a preparation aid, not loan approval, a ranking, or a recommendation. Leave unresolved items unchecked and ask for clarification. Online checkmarks stay only in temporary page memory. No financial details are requested. Use your own paper copy for notes, without Social Security numbers or account details.

- ☐ **1. Seller credits**
  Match the negotiated seller-credit amount and confirm eligibility and usable costs.
- ☐ **2. Closing dates and prepaid interest**
  Use the same closing date and verify the daily-interest calculation and charged days.
- ☐ **3. Property taxes**
  Match annual property-tax estimates and ask about reassessment or exemption changes.
- ☐ **4. Homeowners insurance**
  Match insurance premiums, coverage, deductibles, and additional required coverage.
- ☐ **5. Discount points**
  Match discount points in dollars and percentages, or identify the upfront/rate tradeoff.
- ☐ **6. Origination and lender fees**
  Compare total lender charges and separate points from other origination fees.
- ☐ **7. Mortgage insurance**
  Match upfront and monthly mortgage insurance, financing treatment, and duration.
- ☐ **8. Rate-lock status and period**
  Match quote timing, lock status and expiration, and ask about extension costs.
- ☐ **9. Lender credits**
  Match lender credits and identify any related interest-rate or other conditions.
- ☐ **10. Loan amount and down payment**
  Match purchase price, loan amount, down payment, and any financed charges.
- ☐ **11. Prepaid expenses and escrow deposits**
  Match prepaid periods and initial escrow deposits; identify bills paid outside escrow.
- ☐ **12. Loan program and term**
  Match program, term, rate structure, repayment features, and full monthly housing costs.

Next question for a lender:

General education only. Boston Atlantic does not originate loans, quote actual rates, or issue Loan Estimates. You may choose any lender.

RELATIONSHIP & REFERENCES

Ask about the people behind the terms.

Clear explanations and reliable communication matter alongside financing terms. These questions help you evaluate fit; they do not promise that any professional or product is superior.

1. How do you determine a sustainable monthly housing payment for me, beyond what I technically qualify for?
2. How will you explain the different loan structures, possible payment changes, and long-term costs?
3. Which charges are controlled by your company, and which are third-party or program-set estimates?
4. What assumptions are you using for taxes, insurance, credits, prepaid expenses, and closing dates?
5. Who is responsible for communicating with me, how often, and how do I reach that person?
6. How do you handle unexpected underwriting complications, and who explains my options?
7. What happens if my employment, credit, finances, or closing timeline changes before closing?
8. How will you help me evaluate whether the option fits my financial goals, expected holding period, and cash reserves?
9. Is this rate locked or floating, how long does the lock last, and what happens if it expires or needs an extension?
10. Which alternative loan programs or rate, points, and credit structures should I compare against my financial goals?

Keep independent sources available.

Primary CFPB sources verified November 7, 2026. Boston Atlantic is not affiliated with or endorsed by the CFPB. These references support the cited explanations; the fictional calculations are Boston Atlantic educational illustrations.

[1] CFPB Regulation Z §1026.2: application and business-day definitions

consumerfinance.gov/rules-policy/regulations/1026/2/

[2] CFPB Regulation Z §1026.19(e): Loan Estimate coverage and timing

consumerfinance.gov/rules-policy/regulations/1026/19/

[3] CFPB: How should I use lender credits and points?

consumerfinance.gov/ask-cfpb/how-should-i-use-lender-credits-and-points-also-called-discount-points-en-136/

[4] CFPB Loan Estimate Explainer

consumerfinance.gov/owning-a-home/loan-estimate/

[5] CFPB: What are prepaid interest charges?

consumerfinance.gov/ask-cfpb/what-are-prepaid-interest-charges-en-161/

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