

Mortgage Costs and APR Comparison Guide

How to compare loan offers: rate vs APR, points, lender fees, third-party costs, prepaids, escrow and mortgage insurance - with a side-by-side worksheet.

REAIXO CHECKLIST

For homebuyers and refinancers comparing lenders · Version October 24, 2026

Use this guide with two or three Loan Estimates issued on the same day for the same loan type.
Compare the full cost over the time you expect to keep the loan, not just the rate.

What each number means

- ☐ The interest rate sets your principal-and-interest payment. **Interest Rate explained**
- ☐ The APR adds points and certain lender fees, expressed as a yearly rate - useful for comparing offers. **APR explained**
- ☐ Discount points lower the rate for cash at closing; check the break-even month.
Discount Points explained
- ☐ Origination and underwriting fees are lender charges you can compare.
Loan Origination Fee explained
- ☐ Prepaids and escrow deposits are your own future bills, not lender fees. **Prepaids explained**
- ☐ Mortgage insurance (PMI on conventional loans, MIP on FHA loans) adds to the monthly cost.
Private Mortgage Insurance explained

Comparing offers, step by step

- ☐ Request Loan Estimates the same day, for the same loan amount, term and loan type.
Loan Estimate explained
- ☐ Compare section A (origination charges) and points between lenders.
- ☐ Compare the APR on page 3, then the cash to close on page 1. **Cash to Close explained**
- ☐ Check whether each rate is locked, and for how long. **Rate Lock explained**
- ☐ If you may sell or refinance within a few years, favour lower upfront costs over a lower rate.

Watch for

- ☐ A low rate that depends on several points.
- ☐ Third-party costs (appraisal, title) are generally not in the APR - read the fee pages too.
Closing Costs explained
- ☐ FHA loans carry an upfront and an annual premium set by HUD.
Mortgage Insurance Premium explained

Calculators and guides

- **Mortgage Rate Comparison Calculator**
- **Mortgage APR Calculator**
- **Mortgage Points Calculator**

Sources and review

1. **What is the difference between a mortgage interest rate and an APR?**, Consumer Financial Protection Bureau. Supports: APR includes the interest rate plus points and certain other charges.
2. **How should I use lender credits and points (also called discount points)?**, Consumer Financial Protection Bureau. Supports: Points and lender credits trade upfront cost for rate.
3. **Loan Estimate explainer**, Consumer Financial Protection Bureau. Supports: Where rate, APR and costs appear on the Loan Estimate.
4. **Mortgagee Letter 2023-05, Reduction of FHA Annual Mortgage Insurance Premium Rates**, U.S. Department of Housing and Urban Development. Supports: FHA upfront and annual mortgage insurance premiums.

Where this applies: United States. Federal disclosure rules apply nationwide; loan pricing varies by lender.

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Worked examples use illustrative round numbers, not current market data. Rates, limits and program rules change - confirm current figures with your lender or a qualified professional.

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