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FREE GUIDE

How to Shop for a Mortgage.

How rates are priced, how to compare Loan Estimates the same day, and when to lock. With a printable comparison worksheet.

Plain-English education for home buyers · offerprep.com · Not a lender. No rates, no sales pitch.

How to Shop Mortgage Rates (Without Getting Played)

How rates are priced, why the advertised number is rarely your number, and a same-day, same-scenario method for comparing lenders on the one form that keeps everyone honest.

KEY TAKEAWAYS

- Compare official Loan Estimates for the same scenario, requested the same day.
- An advertised rate means little without the points, credits, and lock period behind it.
- Do the points break-even math against how long you expect to keep the loan.

Pay points
↑ more cash at closing
↓ lower monthly payment
Makes sense if you keep the loan past break-even.

No points (baseline)
Compare every lender here first.
The cleanest apples-to-apples view.

Take a lender credit
↓ less cash at closing
↑ higher monthly payment
Can fit a short expected stay or tight cash.

PLAIN ENGLISH

Discount point: prepaid interest; one point = 1% of the loan amount
Same-day comparison: pricing changes daily, so quotes from different days aren't comparable

The short version

1. **Know what moves your price** before anyone quotes you.
2. **Pick one scenario** (loan type, term, amount, down payment, occupancy) and give every lender the same one.
3. **Request Loan Estimates the same day**, inside the CFPB's 45-day credit-shopping window.
4. **Compare Section A plus points or credits**, not the headline rate.
5. **Decide on points with break-even math**, not a gut feeling.
6. **Lock on purpose**: right length, extension terms in writing.

Why this matters

Offers for the same borrower can differ from lender to lender, and the only way to see yours is to compare. Even two or three Loan Estimates give you a real picture.

Part 1: How a mortgage rate is priced

There isn't one "today's rate." Lenders start from market pricing and adjust it for risk and features. The biggest levers:

Lever	What it means	Why it moves pricing
Credit score	Your scores at application	Higher scores generally price better
Loan-to-value (LTV)	Loan amount ÷ home value	More equity usually means less risk to the lender
Loan type	Conventional, FHA, VA, USDA, jumbo	Each has its own pricing and fees or insurance
Term	e.g. 30-year vs. 15-year	Shorter terms often price differently
Fixed vs. adjustable	Whether the rate can change	ARMs price their initial fixed period differently
Occupancy	Primary home, second home, investment	Investment and second homes typically cost more
Property type	Single-family, condo, 2–4 units	Some types add pricing adjustments
Loan amount	Size of the loan	Very small or above-conforming loans can price differently
Lock period	How long pricing is held	Longer locks can cost more
Points or credits	Upfront cost you pay or receive	Trades upfront cash for rate, or the reverse

The takeaway: an ad's rate assumes someone else's scenario. Your number only exists once a lender prices *your* scenario. The CFPB's explore interest rates tool shows how these levers interact.

Part 2: Rate vs. APR

- **Interest rate:** sets your monthly principal and interest.
- **APR (annual percentage rate):** folds in certain costs, such as points and some lender fees, and expresses the total as a yearly rate.

When two offers have similar rates but different APRs, the higher APR usually signals more upfront cost. APR assumes you keep the loan for its full term, so it's a comparison tool, not the whole story.

Part 3: Points vs. lender credits, with a worked example

- **Discount points:** money you pay at closing to lower the rate. One point equals 1% of the loan amount.
- **Lender credits:** money the lender puts toward your closing costs in exchange for a higher rate.

Worked example. Made-up numbers for illustration only. Not a quote and not current market pricing.

	Option 1: no points	Option 2: pay 1 point	Option 3: take a credit
Example loan amount	$300,000	$300,000	$300,000
Rate	Example base rate	Lower than base	Higher than base
Upfront cost or credit	$0	$3,000 paid (1 point)	$2,000 credit received
Example monthly P&I vs. Option 1	—	$50 less	$35 more

Break-even for Option 2: $3,000 ÷ $50 = **60 months (5 years)**. If you'll likely sell or refinance before year 5, the point probably doesn't pay off.

Option 3: you keep $2,000 now and pay $35 more each month. $2,000 ÷ $35 ≈ **57 months**. Keep the loan longer than that and the credit costs more over time; shorter, it may come out ahead, and it leaves more cash in your pocket at closing.

Make it your own

Use the real numbers from your Loan Estimates: cost of points ÷ monthly savings = break-even month. Then ask yourself honestly how long you expect to keep this loan.

Part 4: Lender fees vs. third-party fees

On page 2 of the Loan Estimate:

- **Section A, origination charges:** the lender's own fees, including points. **This is where lenders differ most.** Compare it line by line.
- **Section B, services you cannot shop for:** the lender picks the provider (for example appraisal, credit report, flood certification).
- **Section C, services you can shop for:** often title and settlement services. The lender gives you a list, and you may be able to choose others.
- **Sections E–H:** taxes, government fees, prepaids, and escrow. These mostly depend on the home and closing date, not the lender, so they shouldn't decide your comparison.

Tip: a lower Section C may just mean a lower estimate. Center your comparison on Section A plus points or credits.

Part 5: The same-day, same-scenario method

1. **Write down one scenario:** loan type, term, fixed or ARM, price, down payment, loan amount, occupancy, property type, and estimated closing date.
2. **Choose two or three licensed lenders** you found yourself. Check licenses at nmlsconsumeraccess.org.
3. **Ask for an official Loan Estimate**, not a worksheet or a text message. A lender must send one within three business days of receiving your application.
4. **Request them the same day, ideally the same morning.** Pricing changes daily, sometimes more often.
5. **Ask each for the same structure**, for example "no points," so you compare like for like. Then ask what one point or a credit would change.
6. **Line them up** on the worksheet below.

Part 6: The 45-day credit window

Worried that several credit checks will hurt your score? According to the CFPB, within a 45-day window, multiple credit checks from mortgage lenders are recorded on your credit report as a single inquiry. So compare in a tight window rather than spreading it over months.

Part 7: When to lock, and for how long

- **Lock or float:** floating means your pricing can move until you lock. A lock trades possible upside for certainty. Nobody can reliably predict rates, and OfferPrep doesn't try.
- **Common timing:** many buyers lock once they have an accepted contract and a closing date.
- **Length:** match it to your closing date plus a cushion. Longer locks may cost more.
- **Extensions:** ask the cost up front, and who pays if the delay is the lender's.
- **Get it in writing.** Your Loan Estimate shows whether the rate is locked and until when.

Float-down basics

Some lenders offer a **float-down**: if market pricing improves after you lock, you can take the improved pricing, often once and with conditions (a minimum improvement, a fee, or a time window). Ask whether it's offered, what triggers it, and what it costs.

Part 8: Questions to ask every lender

1. Is this an official Loan Estimate for my exact scenario?
2. What's in Section A, and can any of it be reduced?
3. Does this pricing include points or lender credits?
4. What would one point, or a credit, change?
5. What lock period is this priced for? What does an extension cost?
6. Is there a float-down option?
7. Which Section C services can I shop for?
8. Are you a direct lender or a broker?

Part 9: Red flags

- A quote that won't come as an official Loan Estimate.
- A "rate" with no mention of points, credits, or lock period.
- Pressure to sign or pay a fee before you've received a Loan Estimate.
- Pricing that changes after lock without a change in your scenario.
- Anyone discouraging you from comparing.
- Urgent emailed wire instructions. Always verify by phone at a number you looked up yourself.

Part 10: Your comparison worksheet

Prefer not to do the math by hand? Our free Compare Loan Estimates tool reads your Loan Estimate PDFs right in your browser (nothing is uploaded), lines them up, and works out lender-controlled costs, points break-even, and questions to ask. Or print the worksheet below.

Line	Lender A	Lender B	Lender C
Date and time of Loan Estimate			
Loan type / term / fixed or ARM			
Loan amount			
Interest rate			
APR			
Locked? Until when?			
Section A: origination charges			
Points ($)			
Lender credits ($)			
Section B total			
Section C total			
Monthly principal & interest			
"In 5 Years" total (page 3)			
Lock length and extension cost			
Float-down offered?			

WORKED EXAMPLE

EXAMPLE ONLY

Points break-even, Lender B (made-up numbers)

Option	Upfront	Monthly P&I	Monthly savings	Break-even
No points (baseline)	$0	$1,900	—	—
Pay points	+$3,000	$1,850	$50	$3,000 ÷ $50 = 60 months
Take a credit	−$2,000	$1,940	−$40	Saves $2,000 now; costs $40/mo more

Reading it: if this buyer expects to keep the loan about 8 years (96 months), the points option passes break-even at month 60. If they expect to sell or refinance in 3 years (36 months), it does not. The credit lowers cash to close but costs more every month.

Made-up numbers to show the math. Not a quote, not a rate offer, and not what you will be offered.

DO THIS NOW

Fill in **My one scenario**, read the call script, then request Loan Estimates from at least three lenders on the same day.

Sources

- CFPB, what exactly happens when a mortgage lender checks my credit (45-day window): https://www.consumerfinance.gov/ask-cfpb/what-exactly-happens-when-a-mortgage-lender-checks-my-credit-en-2005/
- CFPB, explore interest rates: https://www.consumerfinance.gov/owning-a-home/explore-rates/
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- CFPB, what's a lock-in or a rate lock: https://www.consumerfinance.gov/ask-cfpb/whats-a-lock-in-or-a-rate-lock-en-143/
- NMLS Consumer Access (license lookup): https://www.nmlsconsumeraccess.org/

WORKSHEET

My one scenario

Give every lender exactly this. Change one thing and the comparison breaks.

How to fill this in: one line per item; use the same answers with every lender.

Scenario item	Mine
Loan type (conventional, FHA, VA, USDA, other)	
Term (e.g. 30-year, 15-year)	
Fixed or adjustable	
Purchase price (estimate)	
Down payment (amount)	
Loan amount	
Occupancy (primary, second home, investment)	
Property type (single-family, condo, 2–4 units)	
County	
Estimated closing date	
Structure to request first (e.g. no points)	
Date I'm requesting all Loan Estimates	

WORKSHEET

Loan Estimate side-by-side

Same scenario, requested the same day. Copy numbers straight from each Loan Estimate.

How to fill this in: copy numbers exactly as printed. Page 1 for terms, page 2 for sections A–J, page 3 for APR and In 5 Years.

	Lender A	Lender B	Lender C
Date and time issued			
Loan type / term / fixed or ARM			
Loan amount			
Interest rate			
APR (page 3)			
Rate locked? Until when?			
Section A: origination charges			
Points paid ($)			
Lender credits ($)			
Section B total			
Section C total			
Total closing costs (J)			
Cash to close			
Monthly principal & interest			
In 5 Years: total paid			
Prepayment penalty?			

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