

FIXED RATE VS. ARM COMPARISON

Fixed Rate Mortgages

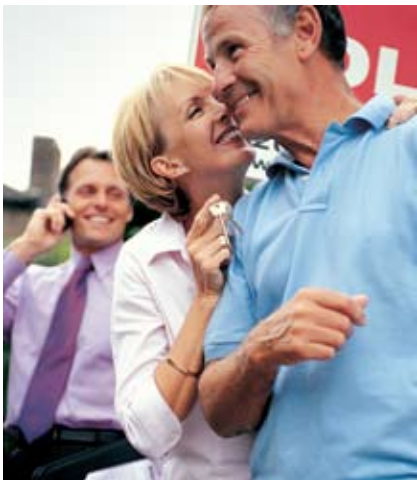
Many homebuyers choose fixed rate mortgages because these mortgages are simple, stable and conservative.

- Your interest rate and your payment remain the same for the life of the loan.
 - Even if market conditions change, your interest rate and your payment will not be affected.
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Adjustable Rate Mortgages (ARMs)

Some homebuyers choose adjustable rate mortgages instead of fixed rate mortgages.

- Your interest rate and your payment may increase or decrease during the life of the loan, depending on market conditions.
- Because the initial interest rate may be lower than a fixed rate mortgage, your initial payment may be lower and you may qualify for a larger mortgage amount.



NOTES: _____

GOOD FAITH ESTIMATE EXAMPLE

A written Good Faith Estimate of Closing Costs is provided to you by the lender at the time of application. These costs are over and above the price you pay for your property.

In this Pre-Qualification Example:

Loan Type	Fixed Rate
Loan Term	30 years
Loan Amount	\$185,250.00
Interest Rate	5.50%
Discount Points	-0-

A Good Faith Estimate of Closing Costs would include:

Appraisal	\$ 250.00
Credit Report	15.00
Discount Points	-0-
Flood Certification	9.00
Tax Service Fee	55.00
Underwriting Fee	550.00
Hazard Insurance Premium	475.00
Settlement/Closing Fee	400.00
Title Charges	650.00
Recording Fee	132.50
Total	\$2,536.50*

*Other items that must be prepaid or escrowed include interest, real estate taxes, hazard insurance, private mortgage insurance and flood insurance. Closing costs, prepaids and escrows may vary depending upon the specific characteristics of your transaction. This example is for illustrative purposes only.

At Harris, an estimate of all costs is disclosed at the time of application. There are no hidden fees and there are no surprises. We'll explain the entire process to you in simple, easy-to-understand language. We'll tell you up front what your costs are going to be and we'll put a competitive interest rate in writing for you.

You are charged only for the third-party services required to obtain your mortgage (i.e., appraisal, credit report, flood certification, title insurance, etc.).

In addition to the closing costs itemized above, other lenders may charge the following fees: application, origination, processing, commitment, document preparation, courier, pre-paid life insurance, broker and many other fees that could cost you hundreds (or even thousands) of extra dollars.

APPRAISAL AND INSURANCE

What is the value and condition of the property that I want to purchase?



An appraisal is a written report that describes the property and estimates its value and marketability. The appraisal evaluation takes into consideration the neighborhood, the site, and the physical characteristics and condition of the property. Appraisals are performed by state-licensed and/or certified appraisers. The appraisal is used to determine if the property is sufficient collateral (or security) for the loan.

Before your closing, you will be required to purchase hazard insurance in an amount equal to the amount of the mortgage or the maximum insurable value of the property (whichever is less). This insurance is intended to pay for physical damage to the property from fire, wind, vandalism or other hazards. The policy and a paid receipt for the first year's premium must be presented at your closing.

Most homebuyers purchase homeowner's insurance instead. This is a combination of coverage (hazard insurance and personal liability) for the property and its contents (i.e. furniture, appliances, clothing, etc.).

If the property is located in a Special Flood Hazard Zone, you also will be required to purchase flood insurance. The policy and a paid receipt for the first year's premium also are required at closing.