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Board announces availability of online Mortgage Comparison Calculator

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Press Release

June 19, 2007

Board announces availability of online Mortgage Comparison Calculator

For immediate release

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The Federal Reserve Board on Tuesday announced the availability of an online Mortgage Comparison Calculator that consumers can use to compare monthly mortgage payments and the amount of equity they will build for up to six types of fixed- and adjustable-rate mortgages. The calculator, which can be accessed at <https://www.federalreserve.gov/apps/mortcalc/>, is one of several resources the Board provides to help consumers make informed decisions when shopping for home loans.

“We have created a tool that will allow consumers to look ahead to see how much equity they will build and what their mortgage payments might be three, five, seven or ten years down the road with different mortgage products,” said Federal Reserve Board Governor Randall S. Kroszner. The calculator will make it easy for consumers to compare monthly payments and equity accumulation among 30-year and 15-year fixed-rate mortgages, interest-only fixed-rate mortgages, adjustable-rate mortgages (ARMs), interest-only ARMs, and payment-option ARMs. “These comparisons should encourage more consumers to shop around and compare mortgage offers,” Kroszner said.

In addition to identifying the types of mortgages they are considering, consumers are asked to provide information on home value, primary mortgage amount, second mortgage amount (optional), private mortgage insurance (PMI) premium (optional), estimated interest rates, and expectations about future interest rates (for adjustable-rate mortgages).

The calculator estimates the loan balance in future years, home equity in future years, initial monthly payment (principal and interest), future monthly payments with no interest rate change, and future monthly payments with an interest rate change.

The user-friendly calculator includes a mortgage shopping worksheet, a glossary of mortgage terms, and links to the Board’s other consumer education resources on mortgages.

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