

# Home loan comparison

Here are two hypothetical loan scenarios that illustrate how financing options have changed for a \$200,000 house in the Madison area. The first scenario, available a year ago, finances the purchase with no down payment. The second requires 5 percent down and primary mortgage insurance, which would cover payments in the event of a default. For ease of comparison, the fixed interest rate is assumed to be 6 percent in both years. If the first scenario could be found today, it likely would require a minimum FICO score of 720.

Bottom line: Although the total monthly payments are nearly the same in both scenarios, today's loan applicant would need to have \$10,000 in cash for a down payment and a credit score 20 points higher than a year ago.

	March 2007	March 2008
Purchase price	\$200,000	\$200,000
Down payment	\$0	\$10,000
First mortgage	\$150,000	\$190,000
Monthly payment	\$899.33	\$1,140
Interest rate	6% fixed/30 years	6% fixed/30 years
Second mortgage	\$50,000	\$0
Monthly payment	\$365.14	\$0
Interest rate	7.95% adjustable	\$0
Primary mortgage insurance	\$0	\$123.50
Minimum FICO credit score	660	680
<b>TOTAL MONTHLY PAYMENT</b>	<b>\$1,264.47</b>	<b>\$1,263.50</b>

Source: Joe Theisen, Fairway Independent Mortgage Corp., Sun Prairie