



Freddie Mac April 2018 Insight

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Why Are Consumers Leaving Money on the Table?

MCLEAN, Va., April 17, 2018 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB:FMCC) released its April [Insight](#), which explores the savings borrowers could realize by shopping around for better mortgage rate quotes. Examining the dispersion of 30-year fixed mortgage rates across all lenders during a typical week shows that borrowers could save an average of \$1,500 over the life of the loan by getting just one additional rate quote and could save even more with multiple quotes.

Insight Highlights

- Eighty percent of borrowers who obtain one additional rate quote while shopping for a mortgage will save between \$966 and \$2,086 over the life of their loan. The average expected savings increases to \$2,914 if the borrower receives five rate quotes – and 80 percent of these borrowers who obtain five quotes will save between \$2,089 and \$3,904.
- Several factors will influence the actual expected savings to a household.
 - First, the savings will be proportionate to loan size.
 - Second, borrowers who expect to have their mortgage for a longer term, and neither refinance nor move, will gain more from a reduced rate.
 - Finally, the dispersion of rate offers greatly affects the amount of savings.
- While the dispersion of mortgage rates has remained surprisingly constant over time, it tends to be higher in periods of economic stress. In bad economic times, the gains to be had by rate shopping are even greater.

Quote: Attributed to Len Kiefer, Deputy Chief Economist.

“By shopping more than one mortgage lender, consumers are more likely to get a better interest rate and save money in both the short and long term. With lower monthly payments and lower fixed fees, the loan will be more affordable and thus safer, and consumers may have hundreds or thousands of dollars more in their pockets. Not a bad return for a few phone calls or clicks.”

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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Source: Freddie Mac