

10 Questions to Ask Your Lender

Catherine Myers, REALTOR

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Be sure you find a loan that fits your needs with these comprehensive questions. First and foremost make sure that a lender will be available to update your pre-approval and to be available to you and your Realtor during the offer, purchase and escrow process.

1. What are the most popular mortgage loans you offer?
2. Which type of mortgage plan do you think would be best for us? Why?
3. Are your rates, terms, fees, and closing costs negotiable?
4. Will I have to buy private mortgage insurance? If so how much will it cost and how long will it be required? NOTE: Private mortgage insurance usually is required if you make less than a 20 percent down payment, but most lenders will let you discontinue the policy when you've acquired a certain amount of equity by paying down the loan. And, if you are putting less than 20% down, consider your options like an 80% first loan and a supplementary second loan or home equity line to avoid PMI.
5. Who will service the loan? Your bank or another company? Not good or bad necessarily, but information you'll need to know.
6. What escrow requirements do you have? Usually a lender will have some conditions prior to funding including items such as homeowners insurance.
7. How long is your loan lock-in period (the time that the quoted interest rate will be honored)? Will I be able to obtain a lower rate if they drop during this period?
8. How long will the loan approval process take?
9. How long will it take to close the loan?
10. Are there any charges or penalties for prepaying the loan?

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