

WORKSHEET OF QUESTIONS TO COMPARE LENDERS

Before asking your first question, you may want to perform some calculations on your own to determine the monthly amount you plan to pay for a home and see if it fits within your budget.

You can simply multiply your Gross Monthly Income by 30% as a guideline for you as an average monthly payment. A more sophisticated worksheet is available from me but it simply involves estimating monthly mortgage; utilities; and miscellaneous household expenses such as lawn care, furniture, draperies, and monthly home maintenance costs. Don't forget to add the costs to move including any early move out penalties from apartments, moving & truck rental expenses, home inspection, homeowner's insurance, and some other prepaid costs before closing.

- Better FICO (Fair Isaac Company) scores may mean a no documentation loan;
- if you are a first time homebuyer, there may be special loans;
- Interest only loans may work in specific situations (<http://www.abuyeragent.com/intonly.htm> to see my discussion on interest only loans),etc;
- Think about what is important to you:
 - Low monthly payment?
 - Low or "NO" down payment?
 - Low interest rate?

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QUESTION	LENDER #1	LENDER #2	LENDER #3
Lender Name	_____	_____	_____
Phone #	# _____	# _____	# _____
Loan Program Names What type of loan(s) best fit my specific buying situation? What are your specific guidelines to qualify for these loans?(FICO scores, income level, employment, assets, liabilities, etc.) Please explain how each is better than the others.	-	-	-
Loan term & Conditions • 30 years • 15 years • 3, 5, or 7 year fixed and then adjustable thereafter. Are there any limits on seller contributions: • Closing costs(e.g., limited to 3% of sales price)? • Dollar limits for allowances for repairs? • Other restrictions?	-	-	-
DOWN PAYMENT: Amount of down payment required for the specific program (Note: some programs offer <u>NO</u> money down programs) Do you offer 100% finance loans (i.e., NO-DOWN PAYMENT)?	-	-	-

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<p>CLOSING COSTS: Do you have programs that DO NOT require closing costs? What are their pros and cons for me?</p>			
<p>INTEREST RATES:</p> <p>Note: Record lender's rates for 15 year & 30 year loans; 80%1st Mortgage & 10-15% 2nd Mortgage; Adjustable Rate; Interest Only; 100%; FHA/VA; First-Time-Homebuyer loans; or Special Circumstance Loans.</p> <p>Ask when will the rate be locked (i.e., guaranteed) and when will I get written notice (i.e., interest rate lock letter) that the rate is locked?</p> <p>Ask how long you can lock your interest rate without penalty or payment - 30/60/90 days?</p> <p>Ask what are the ADVANTAGES & DISADVANTAGES of locking now?</p> <p>Ask how you can get a better interest rate?</p>	-	-	-
<p>Cost of DISCOUNT POINTS: (Percentage of Loan to drop interest rate) Ask how much loan discount points cost? What is the payback period? (36 or fewer months is acceptable.)</p>	-	-	-
<p>How can I eliminate PRIVATE MORTGAG INSURANCE? (PMI or MIP on FHA Loan)Note: PMI on loans generated on or after 1-1-2007 is tax deductible, but only under certain circumstances.</p> <p>Does the loan have a monthly PMI charge? How much per month?</p>	-	-	-
<p>Loan Prepayment Penalty on Any Program I like? Does the loan have a prepayment (i.e., paying your loan off early) penalty? If so, what are the costs and terms?</p>	-	-	-
<p>Documentation: What documentation will you need from me to qualify for the loan? W-2's, Bank and Investment Statements, etc,</p>	-	-	-
<p>Length of time How long will you take to process my loan (from date of loan application to loan approval)?</p>	-	-	-
<p>Using IRA Funds: What are the pros & cons to use IRA retirement funds for a downpayment? Consult a CPA too.</p> <p>Note: IRS Publication #590 states the will permit up to \$10,000 for down payment without penalty, but appropriate taxes are charged and you have a period of time to pay it back without penalty.</p>	-	-	-

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Escrows/Prepays: Will your lender allow the seller to pay prepaid escrows (i.e., property taxes and homeowner's insurance) in the agreed upon closing costs? Will the lender allow me to pay annual property taxes and homeowner's insurance directly?	-	-	-
Property Survey: Does the lender require one? (If not & you want it, ask the closing attorney to order it. 2-3 weeks.)	-	-	-
May I make additional payments toward principle without penalties?	-	-	-
Lender costs: What are your fees: application, origination, appraisal, credit report, processing fees, and other charges? (Note: The lender you select will provide you a Good Faith Estimate of charges to back this information up.)	-	-	-
<p>Good Faith Estimate: When will you furnish a Good Faith Estimate (GFE)? The GFE should reflect five separate major financial factors:</p> <p>INTEREST RATE: The rate of your loan(This is normally after you lock your rate so they can prepare a good faith estimate using the appropriate interest rate);</p> <p>MONTHLY MORTGAGE PAYMENT: including principal, interest, taxes, PMI and hazard/homeowner's insurance;</p> <p>CLOSING COSTS ESTIMATE: of "required" and "optional" closing costs; Please</p> <p>ESCROWS or PREPAID ESTIMATE: Prepaid hazard/homeowner's insurance and property taxes to establish escrows; and</p> <p>AMOUNT REQUIRED AT CLOSING ESTIMATE: amount required at closing.</p>	-	-	-
Flood Certification: When can I get certification that property is not in a Flood Zone? (Note: Usually a fast turnaround on this.)	-	-	-

This is not the complete list of questions that would fit each individual situation. Use it as a guideline. Add or change questions to fit your specific situation.