

	Lender 1		Lender 2	
	Mortgage Option 1	Mortgage Option 2	Mortgage Option 1	Mortgage Option 2
OTHER QUESTIONS & CONSIDERATIONS ABOUT LOAN				
Can any of these fees or costs be waived?				
Prepayment Penalties-				
Is there a prepayment penalty?				
If YES, how much is it?				
When does it expire (in 3 yrs, 5 yrs)?				
Are extra principal payments allowed?				
Balloon Loans				
Is it a Balloon Loan?				
If YES, how much is the payment?				
When is it due?				
Lock-Ins (Rate Locks)				
Is there a lock-in agreement in writing?				
Is there a fee to lock the rate?				
When does the lock-in occur? - at application, approval or another time				
How long does it last?				
If the rate drops before closing, can you lock-in at a lower rate?				
Variable or Adjustable Rate Loans				
What is the initial rate?				
What is the maximum the rate could be next year?				
What are the rate and payment caps each year and over the life of the loan?				
What is the frequency of the rate change and any changes to monthly payment?				
What is the index the lender will use?				
What margin will the lender add to the index?				
Does the rate change if you are late on a payment?				
Credit Life/Disability Insurance				
Does the monthly amount quoted to you include a charge for credit insurance?				
If so, does the lender require it as a condition of the loan?				
How much does it cost?				
How much lower would your monthly payment be without the insurance?				
If the lender does not require it and you still want it, what rates can you get from other insurance companies?				
Arbitration Clause				

MORTGAGE TERMS

Annual Percentage Rate (APR): Cost of the credit, which includes the interest and all other finance charges. If APR is more than .75 to 1 percentage point higher than the interest rate you were quoted, there are significant fees being added to the loan.

Points: Fees paid to the lender to obtain the loan. One point is equal to 1% of the loan amount. Points should be paid at the time of the loan.

Prepayment Penalty: Fees required to be paid by you if the loan is paid off early. Try to avoid any prepayment penalty that lasts more than 3 years or is for more than 1-2% of the loan amount. Certain high rate/high cost loans may not have prepayment penalties under state and federal laws.

Balloon Payment: Large payment due at the end of a loan. This happens when a borrower has a low monthly payment covering only interest and a small portion of the principal, leaving almost the whole loan amount due in one payment at the end. If you cannot make this payment, you could lose your home.

Yield Spread Premium (YSP): Payment to the broker for selling a higher interest rate loan than would otherwise be charged for that borrower. It must be disclosed to the borrower at the time of the loan and is generally acceptable if there are no other broker fees and this is how the broker is getting paid for his or her services.

Appraisal: A determination of the value of a home by a third party who is hired by the lender to assure the home has enough value to pay off the loan should the borrower default. It is typically paid for by borrower.

Loan Origination Fees: Fees paid to the lender or broker for handling the paperwork in arranging the loan. These are prepaid finance charges paid at the loan closing and are included in your APR calculation.

Escrow: The holding of money or documents by a neutral third party prior to closing. It can also be an account held by the lender (or servicer) into which a homeowner pays money for taxes and insurance.

Interest Rate: The cost of borrowing money expressed as a percentage rate.

Lock-In: A written agreement guaranteeing a home buyer a specific interest rate on a home loan provided that the loan is closed within a certain period of time, such as 60 or 90 days. Often the agreement also specifies the number of points to be paid at closing.

Private Mortgage Insurance (PMI): Insurance that protects the lender against a loss if a borrower defaults on the loan. It is usually required for loans in which the down payment is less than 20 percent of the sales price or, in a refinancing, when the amount financed is greater than 80 percent of the appraised value.