

WORKSHEET OF QUESTIONS TO COMPARE LENDERS

Before asking your first question, run a quick calculation on your own to determine a monthly amount you can pay for a home and see if it fits within your budget: Multiply your Gross Monthly Income by 30%; Take that amount & divide by \$6; then Multiply by \$1,000. Result will be about the price of home you can afford. (Example: $\$4,000 \times 30\% = 1,200/6 = \$200 \times \$1,000 = \$200,000$ based on 10-20% down.

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 consider 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 (home inspections, termite inspections, appraisals, utility deposits, etc.,) before closing. General thoughts:

- Better FICO (Fair Isaac Company) scores may mean an easier application process;
- If you are a first time homebuyer or low income earner, there may be special loans – ask the lender;
- Interest only loans may work in specific cases (<http://www.abuyeragent.com/intonly.htm>);
- Think about what is important to you: • Low monthly payment? • Low down payment? • Low interest rate?

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QUESTION	LENDER #1	LENDER #2	LENDER #3	Comments
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 <ul style="list-style-type: none"> • 30 years • 15 years • 3, 5, or 7 year fixed and then adjustable thereafter. Are there any limits on seller contributions: <ul style="list-style-type: none"> • Closing costs (e.g., limited to 3% of sales price)? • Dollar limits for allowances for repairs? • Other restrictions? 				

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Down Payment: What's the amount of down payment required for each program (Note: VA: 0%; FHA: 3.5%; Conventional: 5-20%) Do you offer 100% finance loans (i.e., NO-DOWN PAYMENT)? CLOSING COSTS: Do you have programs that DO NOT require closing costs? What are pros & cons for me?				
Closing Costs (Lender & Closing Attorney Costs) & Prepaids (Property taxes, homeowner's and mortgage insurance): Do you have programs that don't require closing costs? What are the pros/cons? What is the difference in interest rates? Can I pay my own taxes and insurance without escrow?				
INTEREST RATES: Lender's rates for 15 year/30 year loans; 80-95% 1st Mortgage; Adjustable Rate; Interest Only; FHA/VA; First-Time-Homebuyer loans; or Special Circumstance Loans. (A) When will rate be locked (i.e., guaranteed) & when will I get written notice (i.e., int. rate lock letter) when the rate is locked? (B) When can I can lock the interest rate - after I contract or loan application? How long can I lock the interest rate w/o penalty or payment-30/45/60+ days?				
Cost of Discount Points: (% of Loan to drop interest rate) How much do loan discount points cost? What is the payback period? (<=36 months is ok.)				
Will I have a monthly PRIVATE MORTGAGE INSURANCE (PMI) charge and what is it \$? How can I eliminate it? (PMI-Conventional or MIP - FHA Loan) Note: PMI on loans generated on or after 1-1-2007 is tax deductible, but only under certain circumstances.				
Loan Prepayment Penalty on Any Program I like? Does the loan have a prepayment penalty (i.e., pay loan off early)? If so, what are the costs & terms?				
Documentation: What documentation will you need from me to qualify for the loan? W-2's, Bank and Investment Statements, etc,				
Length of time How long will you take to process my loan (from date of loan application to loan approval)?				
Using IRA Funds: What are the pros & cons to use IRA retirement funds for a downpayment? Consult a CPA too. 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.				

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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><u>INTEREST RATE:</u> 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><u>MONTHLY MORTGAGE PAYMENT:</u> including principal, interest, taxes, PMI and hazard/homeowner's insurance;</p> <p><u>CLOSING COSTS:</u> of "required" and "optional" closing costs;</p> <p><u>ESCROWS/PREPAIDS:</u> Prepaid hazard/homeowner's insurance and property taxes to establish escrows; and</p> <p><u>AMOUNT REQUIRED AT CLOSING ESTIMATE:</u> \$ amount to bring to closing.</p>				
Flood Certification: When can I get certification that property is not in a Flood Zone? (Note: Usually a fast turnaround on this 24-48 hours.)				
This isn't a complete list of questions that fit each individual situation. Use as a guideline. Add/change questions to fit your specific situation.				