

Questions For Your Lender

- Are both fixed-rate and adjustable mortgage loans available?
- What is the interest rate?
- How long can I "lock-in" the financing at the current interest rate?
- Is a float down lock available in case rates drop after I have locked in?
- What are the other fees a lender may charge me in conjunction with my loan?
- Are funds for a second mortgage available?

On adjustable loans:

- How often will the interest rate be adjusted?
- Is there a maximum limit on each rate change?
- How often will the monthly payment be adjusted?
- Is there a ceiling on payment adjustments?
- Can the term of the loan be extended?
- What is the maximum rate that can be charged over the life of the loan?
- Is there any potential for negative amortization?

Is there a pre-payment penalty clause?

This involves extra charges for paying off the loan before maturity. About 80% of all loans in the United States are paid off early.

- What is the "grace" period? How late can a monthly payment be made before a late charge is assessed?
- What will happen if a payment is missed?
- If you sell your house, will the new buyer (if he/she qualifies) be able to assume your mortgage at the same interest rate?
- Do you have to pay "points" to get your new mortgage? Usually lenders charge points for the cost of giving you a mortgage loan. A "point" is 1% of the loan.
- Will the lender require mortgage insurance?
- Is the loan serviced locally or is the servicing sold?
- Ask for a written "good faith deposit".