

HINTS FOR HOMEBUYERS

Questions To Ask When Considering A Mortgage

(NAPSA)—Navigating the mortgage process can be both confusing and overwhelming.

“As interest rates rise, you’ll find lenders becoming more competitive to get your business, so be sure to compare multiple loan offers to find the deal that’s right for you,” said Brian Regan, LendingTree’s chief consumer officer.

Here are 8 questions to ask when shopping for a mortgage:

1) What is my credit rating? The better your credit, the more options you’ll have. The three major consumer credit bureaus are Equifax (www.equifax.com), Experian (www.experian.com) and TransUnion (www.transunion.com). Be sure to correct any inaccuracies on your reports.

2) How much cash do I have on hand for a down payment and closing costs? Lenders generally require anywhere from five to 20 percent of a home’s value as down payment. You’ll need cash to cover closing costs, which can add up to two to six percent of your loan amount. Ask for a “good faith estimate” in writing to avoid surprises.

3) What type of mortgage makes sense for me? In addition to the traditional 30-year fixed rate mortgage, there are dozens of mortgage loan products available, from adjustable rate mortgages to interest-only and negative amortization loans.

4) When can I lock in my rate? Once you’ve selected your lender, consider locking-in your interest rate to protect yourself against rate increases. Some lenders let you lock in the rate at the beginning of the process, while others require the loan to be approved.

5) Are there points and how do they affect my rate? Points are additional, upfront fees that may



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be charged by the lender. One point equals one percent of your total loan amount. The more points you pay upfront, the lower your interest rate. The fewer points you pay, the higher the interest rate.

6) Can I pay more points upfront in exchange for a lower interest rate? You may be able to reduce your monthly payment and lower your interest costs by paying more points upfront, but consider how long it will take to recover the cost of those points with your monthly payments.

7) What is my APR? The Annual Percentage Rate (APR) includes your interest rate, mortgage insurance, interim interest, points and other fees, and thus makes it easier to compare loan offers on an apples-to-apples basis.

8) What will my monthly payment be? Monthly payment figures should include principal, interest, taxes and homeowner’s insurance (PITI), plus mortgage insurance if required.

For more helpful tips about picking the loan that’s right for you, or to have banks compete for your business, go to www.lendingtree.com.