

Tips for buying & questions buyers should ask a mortgage lender

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How do you decide which lender is best for you?

There is a lot more to the mortgage process than getting a good rate. High costs in fees and poor service can come as very unhappy surprises.

Here's a list of suggested questions you might ask a lender:

- How large is your company, and how long has it been in business?
- Are you a licensed mortgage broker or loan officer in Texas?
- Is your company a mortgage banker or mortgage broker? (A banker lends its own funds; a broker searches mortgage sources and arranges for you to receive financing from the lending entity.)
- What is the name, phone number, e-mail address of the person who will actually be processing my loan application? How accessible is that person?
- Tell me about all loan fees. What fees must I pay up front? What fees will I have to pay at closing?
- How can you assure me I won't pay any unnecessary "add-on" fees?
- Do the costs you are quoting include the lender origination fee?
- Are there loans available with no origination fees? No closing costs? Reduced closing costs?
- What are your interest rates?
- Is there a fee to lock in my interest rate? How long can I lock in the rate? If so, will there be a fee for that?
- What information must I provide to get a mortgage loan?
- What documentation will I have to provide?
- Will you require current tax returns? (Take note of this especially between Jan. 1 and April 15 if you haven't prepared your return yet.)
- How long will it take to get complete and unequivocal loan approval and be ready to close?
- I plan to stay in this house for _____ years. Can you show me the breakdown of any ARM loans you offer vs. fixed-rate loans to see which could save me the most money in my situation?
- What is private mortgage insurance? Other than 20% down payment, how can I avoid the private mortgage insurance?
- In the last three months, how many loan applications have you taken and how many have you been unable to close?
- Can you give me names and phone numbers of two or three people for whom you've funded loans in the last two months?

Currently, Texas-licensed mortgage brokers must use the standard Conditional Qualifications and Conditional Approval letters when representing that an applicant is prequalified or preapproved for a mortgage loan. Mortgage bankers may be required to do so in the future.