



SPECIAL REPORT

11 Critical Questions You Must Ask Before Applying For A Mortgage

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The first step, before you seek advice from a mortgage agent, is to get clear about your goals and objectives.

Your personal situation will determine the best kind of loan for you. By asking yourself a few questions, you can help narrow your search among the many options available and discover which loan suits you best.

- Do you expect your finances to change over the next few years?
- Are you planning to live in this home for a long period of time?
- Are you comfortable with the idea of a changing mortgage payment amount?
- Do you wish to be free of mortgage debt as your children approach college age or as you prepare for retirement?

Your mortgage agent can help you use your answers to questions such as these to decide which loan best fits your needs.

When you sit down with a mortgage agent, please be sure to get answers to these 11 questions *before* you go any further in the loan process.

1. What is the interest rate on this mortgage?

Be sure to ask for the annual percentage rate (APR) of the loan's interest. The APR is usually higher than the originally quoted rate because of the additional fees involved in procuring a loan. You must beware of APR found in advertisements. Often these are used in bait and switch schemes to get customers in the door. Always ask for an itemized list of rates, points and fees.

2. What discount points will I be charged?

Often lenders may charge prepaid mortgage interest points. Find out the kind of points they will be and their effect on your loan.

3. Will you give me a good faith estimate of my closing costs up front?

There are fees that are a part of every loan. These fees pay for the services provided by the lender and the other companies involved in the loan process. Have the lender give you a good faith estimate within a week of receiving your loan application. Experts advise to be wary of any lender that refuses to supply a good faith estimate.

- 4. What are the fees, if any, involved in locking in an interest rate?**
Interest rates are constantly fluctuating and it is possible that it could change between the time you apply for a loan and the time you close. Often you can “lock in a rate” that will keep your interest rate the same from the day you apply. Please make sure that you find out if there are any fees involved with this.
- 5. What is the minimum down payment of this loan?**
A typical down payment is between 5 and 20 percent of the loan amount. The more money you can put down, the better your chances are of being able to lower your rate and improve your loan terms. Often, if you are unable to make a down payment of 20% of the loan amount, you will be required to pay a mortgage insurance premium (MIP).
- 6. Is there a prepayment penalty on this loan?**
Prepayment penalties may be added to lower the loan's interest rate. There are many types of prepayment penalties that can be added to a loan. Make sure that if your loan has a prepayment penalty, you are aware of the terms and conditions.
- 7. What documents will I need to have?**
This will depend on the type of loan you choose. A "Full-Doc" loan will require full documentation of income, assets, debt payments, etc... A "No-Doc" loan, on the other hand, does not require any documentation. "No-Doc" loans are usually only open to those with excellent credit and often require a larger down payment. They can also carry higher interest rates.
- 8. What qualifying guidelines are included with this loan?**
These requirements relate to your income, employment, assets, liabilities and credit history. First-time home buyer programs, “No-Doc” loans, and non-conforming mortgage programs typically offer easier qualifying guidelines than conventional loans.
- 9. How long does it take to process a loan?**
It can take as little as two weeks, to as long as 60 days or more. Be sure to have the lender give you the most accurate timetable possible so you can determine how far out you need to lock your interest rate.
- 10. What might delay approval of my loan?**
If you provide complete and accurate information to the lender, the process usually runs smoothly. Be sure to tell your lender immediately of any changes to your income or any new debt or marital status while your loan is processing. There could be delays if the underwriter discovers any undisclosed credit problems so be sure to be as accurate as you can.
- 11. Do you have any client testimonials?**
The ultimate proof that a mortgage company is reputable and will deliver what they promise can be found in their client testimonials. Most service oriented mortgage companies will take the time to survey their clients after each closing. Be sure to review at least 5 client satisfaction surveys before you sign any mortgage documents.

Conclusion

Devise a checklist for the information from each lending institution. You should include the company's name and basic information, the type of mortgage, minimum down payment required, interest rate and points, closing costs, loan processing time, and whether prepayment is allowed.

Speak with companies by phone or in person. Be sure to call every lender on the list the same day, as interest rates can fluctuate daily. In addition to doing your own research, your real estate agent may have access to a database of lender and mortgage options. Though your agent may primarily be affiliated with a particular lending institution, he or she may also be able to suggest a variety of different lender options to you.

I hope you have enjoyed this special report. We currently have over 40 creative programs to fit your needs. Please contact us at **604 436 4600** to set up your FREE No-Obligation consultation where we will meet to tailor a program to fit your needs and comfort levels for monthly payment and investment.

Sincerely,

A handwritten signature in black ink, reading "Laxamana". The signature is written in a cursive style with a large, sweeping initial "L" and a long, horizontal flourish extending to the right.

Bernadette P. Laxamana, MBA, AMP
President/Managing Broker
Verico M & B Mortgage Solutions, Inc.

P.S. if you would like to get started now please give us a call to fill out a Pre-Qualification Application and we will contact you to schedule your free consultation and get you into the home of your dreams with the best terms availableregardless of your credit!