

20 Questions
To Ask Your Mortgage Lender
Before Locking!



800-765-4950

Email@Jammony.com

Five Mortgage Secrets That Will Save You Thousands

By Jammony.com

Part One: Introduction

The problem

Getting a mortgage has traditionally been a difficult and confusing process. Based on a recent survey* of homeowners, 81% admit to being confused about the mortgage process and over 90% admit to being surprised at closing when the terms of their financing had changed from what they were quoted. Specifically, borrowers reported that they did not know how to compare interest rates and loan programs, choose the right lender, negotiate their mortgage terms and fees, or hold lenders accountable to their original quotes.

** Results are from a recently conducted Focus Group of homeowners commissioned by Jammony and conducted during the months of August and September 2008.*

As if the process weren't difficult enough, the current economic climate and lending practices employed by brokers in the run-up to the mortgage crisis have left borrowers more unsure and confused than ever. They ask themselves...

- *Is it the right time to buy or refinance my home?*
- *Would I even be able to get a loan right now?*
- *How can I compare interest rates the right way?*
- *Which lenders can I trust?*
- *How do I know the terms are the best I can get?*
- *How do I ensure my mortgage terms don't change at closing?*
- *Does my broker have my best interest at heart or is he just looking to get the best possible commission?*

The solution

To resolve the problems associated with getting a mortgage, borrowers must find a way to:

Get unbiased information about lender qualifications and mortgage options.

Compare loan quotes and terms in an apple-to-apples format.

Protect their identity while shopping for a lender to avoid on-going solicitations.

Negotiate interest rates and closing costs so they the best deal possible.

Hold the lender accountable.

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Part Two: 20 Questions

While many websites and lenders would like you to think otherwise, making an educated mortgage decision is not as simple as choosing a loan based on an interest rate or payment. Instead, your mortgage decisions need to not only be based on a solid understanding and comparison of all of the terms and costs of the loan but a thorough understanding of the kind of lender you're working with.

The reality is that not all lenders are equal. Policies, procedures and processes differ from lender to lender and will very likely determine how pleasant (or unpleasant) your origination experience is going to be.

To help with the process of qualifying your lender BEFORE you lock in a rate, we recommend asking the questions below. In case you're wondering there is a very specific reason why you should ask each question.:

Lending Experience

Question 1: How long have you been personally writing mortgage loans?

Question 2: What kinds of loans are you able to offer (Conforming, FHA, VA, Rural Housing, etc)?

Question 3: Do you plan on keeping or selling my loan?

Question 4: What is your mortgage license number (in the state your property is located in)?

Question 5: What is the license type and number of the company you are working for?

Loan Officer Compensation

Question 6: How much money do you charge to originate a mortgage?

Question 7: Are you willing to work on a flat level of compensation?

Question 8: Will you be making additional money on any yield spread premium / back end in addition to any origination fees?

Question 9: Are you willing to guarantee these fees in writing upfront?

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Lender Compensation

Question 10: What fees does the lender you work for charge in addition to your fees as a loan officer?

Question 11: Are you willing to guarantee the lender fees in writing upfront?

Question 12: If you charge an application / admin fee upfront, is this fee refundable if the terms of the loan change due to lower values, etc, or are denied by underwriting?

Processing

Question 13: How long will it take for you to lock my mortgage rate?

Question 14: Will you be sending me a lock confirmation in writing?

Question 15: If there are delays associated with your processing responsibilities, will you pay for the necessary lock extension fees?

Underwriting

Question 16: Is your underwriting department located in your physical office?

Question 17: Do you personally have a relationship with the underwriters working in your office/branch?

Question 18: What is the current turn-time for underwriting to review a file?

Quote Terms

Question 19: Will you provide a Good Faith Estimate of closing costs in writing so that you can review the terms of the loan prior to moving forward?

Customer Service

Question 20: Can I talk to the last 3 clients who closed loans with you?