



Home Loan Checklist



Review Your Budget

Make sure you can afford the mortgage payment you are considering. See our [Budget for Home](#) category and complete a [Budget Worksheet](#).



Compare Lenders

Compare [Home Loan](#) professionals listed in our Marketplace Directory. Work with a mortgage banker familiar with your local housing market.



Shop Around

Speak with several lenders to compare loan programs, rates and fees. Keep a record of the lending representatives name and all important points of your conversation.



Look for Savings

As you view lenders in our Marketplace Directory, look for [Service Provider Coupons](#). Coupons may reduce your closing costs.



Understand the Process

Confirm how long it will take the lender to process your loan and who you will be dealing with. Make sure the time frame quoted meets the terms of your purchase agreement, if buying.



Type of Loan

Select a Fixed Rate, Conventional Loan program whenever possible. If your budget permits, a 15-year or 20-year fixed rate is recommended. This will significantly reduce your interest expense.



Manage Your Risk

Do not accept a mortgage loan with a “Demand Feature”. This is also called a Balloon. Balloon mortgages put the borrower at great risk. When the demand feature/balloon date comes up there may be serious consequences if you can’t pay off the loan (refinance) or sell your home.

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Avoid PMI

Avoid paying Mortgage Insurance (also called Private Mortgage Insurance) if possible. This is normally charged if you have less than 20% equity/down payment. If you must pay it, select a Conventional Loan if possible, as FHA mortgage insurance premiums have increased significantly in recent years.



Discuss Escrow Accounts

If you have 20% equity, escrow accounts for real estate taxes & home insurance may be “waived”. If there is any area where monthly payment issues can arise, it is usually due to changes in taxes and insurance (escrow). If you budget wisely, you can set aside funds for these expenses on your own each month. Escrow account or not, you are always responsible to keep these items paid/current.