



Home Loan Checklist

Please mark each box with an X upon completion of each task.

1. Review your budget first to make sure you can afford the mortgage payment you are considering. See our **Budget for Home** category and complete a **Budget Worksheet**.

2. Compare **Home Loan** providers listed in our Directory. Work with a local mortgage banker, community bank, credit union or regional bank familiar with your local housing market.

3. Speak with a few lenders to compare services, rates & fees. Write down their name & contact information, conversation points and the date of your call.

4. As you view service providers in our directory, look for the **Service Provider Coupon** and **Bundled Services Savings** buttons. Coupons may reduce your closing costs, and bundled services teams work together to optimize service, improve communication and reduce your project costs.

5. Confirm how long it will take the lender to process your loan. Make sure the time frame quoted seems reasonable. When “locking” your interest rate, the rate lock period should cover this time frame.

6. Confirm that the lender can meet your required loan closing date and meet any Financing Contingencies included in your home purchase contract, if you are buying.

7. Select a Fixed Rate loan plan or an ARM (Adjustable Rate Mortgage) plan with a longer term, like a 7/1 or 10/1 ARM. Shorter-term ARM loans have increased risks, unless you are certain you will sell your home or pay off your loan before rate adjustments begin.

8. 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.

9. 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.

10. Avoid escrow accounts if possible. 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 & 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.