

The following are some good questions to discuss with your lender when applying for a home loan:

Are both fixed-rate and adjustable mortgage loans available?

What is the interest rate?

How long can I "lock-in" the financing at the current interest rate?

Is a float down lock available in case rates drop after I have locked in?

What are the other fees a lender may charge me in conjunction with my loan?

Are funds for a second mortgage available?

On adjustable loans, how often will the interest rate be adjusted?

Is there a maximum limit on each rate change?

How often will the monthly payment be adjusted?

Is there a ceiling on payment adjustments?

Can the term of the loan be extended?

What is the maximum rate that can be charged over the life of the loan?

Is there any potential for negative amortization?

Is there a pre-payment penalty clause? This involves extra charges for paying off the loan before maturity.

How late can a monthly payment be made before a late charge is assessed?

What will happen if a payment is missed?

If you sell your house, will the new buyer (if he/she qualifies) be able to assume your mortgage at the same interest rate?

Do you have to pay "points" to get your new mortgage?

Usually lenders charge points for the cost of giving you a mortgage loan.

A "point" is 1% of the loan.

Will the lender require mortgage insurance?

Is the loan serviced locally or is the servicing sold? Ask for a written "good faith estimate".