frequently asked questions

What items will I need for pre-qualification?

Standard items are last 30 days of paystubs, last 2 years of W2s/1099s and tax returns, 60 days of bank/asset statements, fully executed sales contract, and copy of Ernest Money deposit check. Exact items do vary, so be sure to ask your lender.

Who is responsible for my homeowner's insurance and when is it selected?

You get to choose your own homeowner's insurance provider. Insurance decisions are made after you are under contract and loan application is completed, but at least 10 days before your closing date. With most purchase transactions, the insurance premium is paid at closing as part of your total closing costs.

What are closing costs? How much are they?

Closing costs are a variety associated with the mortgage transaction that are in addition to the purchase price of the property or loan amount. They can be paid by either the buyer or the seller and are typically paid at the time of closing.

What is an APR?

APR stands for Annual Percentage Rate and is usually associated with the interest rate for your mortgage loan. The APR is almost always higher than the actual interest rate because there are closing fees associated with obtaining a mortgage loan.

What is your rate?

Mortgage rates are typically determined by bond activity, specifically Mortgage Backed Securities. Mortgage Backed Securities moves so much, which is one of the reasons quoting an interest rate can be difficult. An accurate interest rate quote comes after the mortgage consultation and pre-approval are completed, but it could change if you do not lock in your rate immediately.

Why do I see lower rates online?

Simply put, mortgage interest rates put out on the internet are usually advertisements that usually come with a disclaimer. These are designed to get a potential client to inquire. If a company is able to offer that lower rate, it is usually to a specific type of consumer, and will charge additional fees for that rate.

Can I lower my rate after I have already locked in if rates drop?

In general, the answer is "no." By locking in a rate, you are ensuring that you do not get stuck with a higher rate.

What are discount points?

One discount point is 1% of the loan amount. They lower your interest rate in exchange for paying an upfront fee.

What is the difference between discount points and origination fees?

Discount points are fees that allow you to buy down your interest rate, therefore lowering your monthly payment. Origination fees are used to cover overhead costs for the loan.

What is an escrow account?

Your escrow account is a small reserve account held by your lender. This is account pays yearly real estate taxes, homeowners' insurance, and other insurance renewals. Each month, a portion of your mortgage payment is deposited into the escrow account to ensure that there is enough money set aside when the tax bill and insurance renewals are due. The lender will use the money in the escrow account pay these items on behalf so that you don't have to.

Escrow accounts are required for FHA, VA, and USDA loans. You can waive an escrow account on a conventional loan if there is a 20% or more down payment.

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