1. Do I need an attorney?

While there are many areas of the country where attorneys are not typically used in real estate transactions, some states do require an attorney. If you're not sure of the state requirements, you can check with your home mortgage consultant.

2. What is the minimum down payment for conventional, FHA, and VA loans?

- Conventional fixed-rate loans are available with a down payment as low as 3%.
    - Keep in mind that with a low-down payment mortgage insurance will be required, which increases the cost of the loan and will increase your monthly payment. We'll explain the options available, so you can choose what works for you.
    - Talk with a home mortgage consultant about loan amount, loan type, property type, income, first-time homebuyer, and homebuyer education requirements to ensure eligibility.
- FHA loans are available with as little as 3.5% down.
    - FHA loans have the benefit of a low-down payment, but you'll want to consider all costs involved, including up-front and long-term mortgage insurance and all fees. Be certain to ask your home mortgage consultant to help you compare the overall costs of all your home financing options.
- VA loans offer low- and no-down-payment options for eligible veterans and other eligible borrowers.

3. How do I know if my mortgage is assumable?

Not all mortgages are assumable, but you can tell if you have one by the language in your note and mortgage

If you have an existing assumable mortgage, you may be able to add or remove borrower(s) through an assumption loan.

Common reasons for an assumption loan include divorce, legal separation, death, or direct purchase. In these situations, it may make sense to get an assumption loan instead of a traditional purchase or refinance if the terms of the existing mortgage are more favorable than those of a new loan.

Potential benefits:

- May enhance the property's marketability, especially if interest rates are rising
- May not need a new appraisal, lender title policy, survey, and inspection

Considerations:

- There are fees to assume a loan, including closing costs that must be paid separately from the mortgage.
- The buyer or person assuming the loan must meet credit and income qualifications and provide requested documentation.

4. How are interest rates determined?

Interest rates are influenced by the financial markets and can change daily – or multiple times within the same day. The changes are based on many different economic indicators in the financial markets

5. What is an interest rate lock?

Mortgage interest rates may change many times every day. Choosing when to lock your interest rate is an important part of the home financing process.

6. What is an origination charge?

The origination charge is the amount charged for services performed on the initial loan application and loan processing. This includes all charges (other than discount points) that lenders and brokers involved in the transaction will receive for originating the loan. It includes any fees for application, processing, underwriting services, and payments from the lender for origination.

7. How much money will be required at closing?

The amount you'll need to close your loan includes your down payment, closing costs, and prepaid escrow amounts for property taxes and insurance. Prior to closing, you'll be informed of the final amount.

8. Will homeowners insurance be required at closing?

Proof of homeowners insurance will be required before you can close your loan. Typically, you will need to present an insurance binder and pay for one year's worth of insurance coverage.

9. What is the difference between mortgage and homeowners insurance?

Mortgage insurance is required if you have less than 20% equity (or down payment) in your home and protects the mortgage lender from losses if a customer is unable to make payments and defaults on the loan. There are two types of mortgage insurance, Private Mortgage Insurance (PMI) and Mortgage Insurance Premium (MIP).

A homeowners insurance (or hazard insurance) policy covers loss from damages to your home, your belongings and accidents as outlined in your policy.

10. What’s mortgage insurance premium (MIP) and private mortgage insurance (PMI)?

MIP and PMI are 2 types of mortgage insurance. They add a premium to your monthly mortgage payment but allow you to borrow a larger percentage of your home's value. The type of mortgage insurance you have depends on the type of loan you have.

11. How do I know if I have MIP or PMI?

- You may have MIP if you have an FHA loan, which is a type of government loan.
- You may have PMI if you have a conventional loan (non-government loan) and your down payment was less than 20%.

12. What is title insurance?

An insurance policy protects a lender and/or homebuyer (only if homebuyer purchases a separate policy, called owner's coverage) against any loss resulting from a title error or dispute.

13. Is purchasing title insurance mandatory?

All mortgage lenders require lender's coverage for an amount equal to the loan. It lasts until the loan is repaid. As with mortgage insurance, it protects the lender, but the borrower pays the premium at closing.