

# Mortgage Option Worksheet

Option	1	2	3
Name of Lender			
Name of Contact			
Date of Contact			
Mortgage Amount			
<b>BASIC INFORMATION ABOUT THE LOAN</b>			
What type of loan is it? (Fixed, Variable, FHA, etc.)			
Minimum Down Payment			
Loan Term (length of the loan – usually in years)			
Loan Interest Rate			
Annual Percentage Rate (APR)			
Points (Sometimes called discount Points)			
Estimated Monthly Payment			
Does this include escrow for taxes & insurance?			
If YES, how much is for escrow?			
Does the loan have PMI (Mortgage Insurance)			
How much a month and for how long?			

<b>FEES</b> (Different lenders have different terms, this is a list of typical fees.)			
Originator or Underwriting Fee			
Broker Fees (may be quoted as points, origination fees, or interest rate add on)			
Application or Loan Processing Fee			
Lender Fee or Funding Fee			
Appraisal Fee			
Credit Report			
Attorney Fees			
Recording Fees			
Document Preparation			
Yield Spread Premium (YSP) - Paid to the broker by the lender. Banks do not tell you this cost			
Other fees: 1)			
2)			

<b>OTHER CLOSING or SETTLEMENT COSTS</b>			
Title Search			
Title Insurance			
Estimated Prepays	1) Odd-days interest		
	2) Hazard Insurance		
	3) Tax Escrow		
	4) Tax Proration		
	5) Transfer or stamp taxes		
Flood Determination			
Prepaid PMI			
Home Inspection/Pest Inspection			

<b>TOTAL FEES &amp; CLOSING COSTS ESTIMATE</b>			
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 Oakdale, PA 15071  
 412-279-BLUE  
 info@steelblue1.com

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<b>OTHER QUESTIONS &amp; CONSIDERATIONS</b>			
<b>Prepayment Penalties</b>			
Is there a prepayment penalty?			
If YES, how much is the payment?			
When does it expire (in 2, 3, or 5 years)?			
Are extra principal payments allowed?			
<b>Balloon Loans</b>			
Is it a balloon loan?			
If YES, how much is the payment?			
When is it due?			
<b>Lock-ins (Rate Locks)</b>			
Is there a fee to lock the rate?			
When does the lock-in occur? At application, approval, or another time			
How long does it last			
If the rate drops before the closing, can you lock in a lower rate?			
<b>Variable or Adjustable Rate Loans</b>			
What is the initial rate?			
What is the maximum the rate could be next year?			
What are the rate & payment caps each year and over the life of the loan?			
What is the frequency of the rate change and any changes to monthly payment?			
What is the index the lender will use?			
What margin will the lender add to the index?			
Does the rate change if you are late on a payment?			
<b>Credit Life / Disability Insurance</b>			
Does the monthly amount quoted to you include a charge for credit insurance (this is not PMI)			
Does the lender require it as a condition of the loan?			
How much does it cost?			
How much lower would your monthly payment be without the insurance?			
If the lender does not require it and you still want it, what rates can you get from other insurance companies?			



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## Mortgage Terms

**Annual Percentage Rate (APR):** Cost of the credit, which includes the interest and all other finance charges. If APR is more than .75 to 1 percentage point higher than the interest rate you were quoted, there are significant fees being added to the loan.

**Points:** Fees paid to the lender to obtain the loan. One point is equal to 1% of the loan amount. Points should be paid at the time of the loan.

**Prepayment Penalty:** Fees required to be paid by you if the loan is paid off early. Try to avoid any prepayment penalty that lasts more than 3 years or is for more than 1-2% of the loan amount. Certain high rate/high cost loans may not have prepayment penalties under state and federal laws.

**Balloon Payment:** Large payment due at the end of a loan. This happens when a borrower has a low monthly payment covering only interest and a small portion of the principal, leaving almost the whole loan amount due in one payment at the end. If you cannot make this payment, you could lose your home.

**Yield Spread Premium (YSP):** Payment to the broker for selling a higher interest rate loan than would otherwise be charged for that borrower. It must be disclosed to the borrower at the time of the loan and is generally acceptable if there are no other broker fees and this is how the broker is getting paid for his or her services.

**Appraisal:** A determination of the value of a home by a third party who is hired by the lender to assure the home has enough value to pay off the loan should the borrower default. It is typically paid for by borrower

**Loan Origination Fees:** Fees paid to the lender or broker for handling the paperwork in arranging the loan. These are prepaid finance charges paid at the loan closing and are included in your APR calculation.

**Escrow:** The holding of money or documents by a neutral third party prior to closing. It can also be an account held by the lender (or servicer) into which a homeowner pays money for taxes and insurance.

**Interest Rate** is the cost of borrowing money expressed as a percentage rate.

**Lock-In:** A written agreement guaranteeing a home buyer a specific interest rate on a home loan provided that the loan is closed within a certain period of time, such as 60 or 90 days. Often the agreement also specifies the number of points to be paid at closing.

**Private Mortgage Insurance (PMI):** Insurance that protects the lender against a loss if a borrower defaults on the loan. It is usually required for loans in which the down payment is less than 20 percent of the sales price or, in a refinancing, when the amount financed is greater than 80 percent of the appraised value.



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