must list each expected cost as a range or as an exact amount where applicable.

The Down Payment / Private Mortgage Insurance

The largest upfront cost in purchasing a home is the down payment. Most traditional lenders expect borrowers to put at least 20% of a loans total amount down. Borrowers who are unable to do so are required to purchase Private Mortgage Insurance (PMI). This insurance protects the lender in case of default by the borrower.

Things to Keep in Mind:

1. Be sure to get a clear indication of the down payment percentage required by your lender. You will also want to know what kind of documentation your lender requires to verify that you have funds for the down payment.

2. If you are not able to put down the traditional 20% on your purchase and Private Mortgage Insurance is required, ask your lender what the total cost of the insurance will be, how much it will increase your monthly payment, and how long you will be required to carry the insurance.

Ten great questions to ask your lender:

1. What kind of loan would you recommend for me?

2. What are the advantages and disadvantages of this loan structure?

3. What is the current mortgage interest rate? Is the rate quoted the lowest for that day or week?

4. What is the Annual Percentage Rate (APR) (of an offered loan)?

5. What are the Discount Points and Origination Fees? What are all the Costs?

6. If the rate is adjustable, how will rate and loan payment vary?

7. What are the Qualifying guidelines for this loan?

8. What is the lender's required down payment for this loan?

9. Is There a Prepayment Penalty?

10. Will mortgage insurance be required?

Ask me for a loan comparison worksheet that you can print off and use to compare lenders and loan options. I can send you one today!

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If you're in the market for a new house, you're probably in the market for a new mortgage.

Here's some great information to help you start to understand the residential lending system.

When considering your financing options, you'll want to review many different things about the loans offered to you. Below, you'll find a basic overview of home loan features and the things you should consider as you shop for a lender or loan.

What kind of lender are you borrowing from?

Home loans are available to consumers from thrift institutions - commercial banks, mortgage companies, credit unions and mortgage brokers. A Mortgage Broker is unlike other lenders in that the broker does not lend money to you directly. A broker will help find you a lender and secure the terms of your arrangement.

Mortgage Broker vs. Traditional Lender

- A Broker may have access to several lenders and therefore can offer you a wider selection of loan products and terms. He or she can help you shop for the best deal based on your circumstances. (A Broker is not obligated to find you the best deal possible, so be sure to ask questions.)

- For their work, brokers are paid a fee in addition to the lender's origination fees. Brokers set their own compensation, so you'll need to ask anyone you speak to how their fees are determined.

What are the terms of the loan?

All the terms of a loan matter, not just the interest rate. You'll want to get a complete picture and break down of what a given offer means to you on a monthly basis as well as how much money you'll be spending over the life of the loan.

At a minimum, you should request quotes with a few different scenarios and compare the financial impact of each situation before you determine your best course of action.

Don't forget Points

The lender or broker can charge the points on your mortgage. One point equals 1 percent of the loan amount. These are simply fees paid to the lender or broker that are often linked to the interest rate, and are usually paid in cash to the lender or broker at closing. A lender may offer you a lower interest rate, but charge more points, so it's important to compare offers.

Not all mortgages are the same

There are several mortgage types available to residential home buyers. Here's an overview of the major loan types.

Fixed Rate (Traditional) Loan

These loans are usually structured with repayment terms of 15, 20 or 30 years. The lender will agree to charge a fixed interest rate over the life of the loan. With this loan type, your monthly mortgage payments will remain the same for the length of the term.

Adjustable-Rate Loans (ARMs)

Also known as variable-rate loans often offer a teaser rate for the initial period of the loan. This introductory interest rate is usually lower than rates offered for fixed rate mortgages. The interest rate will fluctuate over the life of the loan based on market conditions. Changes in rate happen at certain time periods, and the lender can set both a maximum and minimum on the rate of fluctuation.

Federal Housing Administration (FHA) Loans

Federal Housing Administration (FHA) insured loans are made by private lending intuitions such as banks, savings & loans, or mortgage companies to eligible borrowers for the purchase of a home. To secure an FHA loan, a borrower must apply and qualify with a certified FHA Lender. Additionally, eligible borrowers must be able to pay a minimum of 3.5% of a home's purchase price. If the loan is approved, FHA will insure a portion of the loan's value to the lender.

Veterans Administration (VA) Guaranteed Loans

VA Home loans are available to qualified Veterans and their spouses. Private lending institutions issue the loans which are in turn guaranteed by the Veteran's Administration. The VA does not require any down payment on VA Guaranteed loans and allows the borrower to receive a competitive, fixed interest rate.

Fees, Fees, Fees

Most loans have additional fees. You can sometimes borrow the money need to cover these fees, but that will obviously increase the overall amount of debt you undertake. Some fees are paid up front, and others are not due until closing.

Loan Origination Fees

The institution that actually loans you the money will generally charge on origination fee for processing the loan. They are often expressed as a percentage of the amount of the loan.

Underwriting Fees

Certain lenders will charge a fee to investigate your creditworthiness and determine if you are likely to repay your loan.

Broker Fees

Typically paid at closing, a mortgage broker may charge you a fee in addition to the origination fee. If you are working with a broker, be sure to check with them what their fee is.

Transaction / Settlement / Closing Costs

These fees lump together several charges for application fees, title examination, abstract of title, title insurance, property survey fees, deed preparing fees, other mortgage fees and settlement documents, attorney fees, recording fees, notary fees, appraisal fees and credit report fees. The Real Estate Settlement Procedures Act requires that a lending institution provide a borrower with a good faith estimate of closing costs at the time of application. This estimate