

8 Mortgage Questions Every Homebuyer Should Ask.

1. What is my Par Rate today for my exact scenario? Knowing the Par Rate is what allows you to compare apples to apples.

Par Rate means the interest rate that costs zero discount points. Discount points are prepaid interest. One point equals one percent of the loan amount.

At Par Rate:

- You are not paying extra to lower the rate.
- You are not taking a lender credit to raise the rate.
- It is the clean baseline rate for your credit profile and loan type.

Follow with:

“Please confirm I am not paying discount points for that rate.”

2. What are all of your lender-imposed fees?

Say:

“I want only the fees your company charges. Not appraisal, not title, not taxes. Please itemize them.”

You are looking for fees the lender controls and profits from.:

- Origination fee
- Underwriting fee
- Processing fee
- Admin fee
- Application fee
- Funding fee
- Commitment fee

- Document prep fee
- Rate lock fee
- Points (discount or origination points)

These are the lender's actual charges.

Not third-party costs like:

- Appraisal
- Title
- Credit report (fee from credit bureau)
- Recording fees
- Taxes
- Insurance

Those are pass-through costs. The lender doesn't keep that money.

3. Are there any lender fees not listed here that could appear later?

Make them answer clearly:

Yes or No.

No vague answers. No "we'll see." Yes or no.

4. If another lender offered the same Par Rate, what would make your cost structure different?

This forces them to explain:

- Why their fees are higher or lower
- Whether they rely on junk fees
- Whether they're competitive or hiding margin

If they can't clearly explain the difference, that tells you something.

5. Is this rate priced assuming a 30-day rate lock, and what happens if we need longer?

A **rate lock** means the lender guarantees the interest rate for a set period, which can be longer 60, 90, or 120 days.

If it expires:

- You may pay an extension fee.
- Or you may lose the rate.

Always compare lenders using the same lock period.

6. Show me three options all based on a 30-day lock and show me the dollar cost difference.

You want three clean comparisons:

Option A — Par Rate with zero points

This is the baseline.

Option B — Rate with lender credit

This will be a slightly higher rate than Par Rate and the lender gives money toward closing costs. Lower upfront cash. Higher long-term interest.

Option C — Rate with buy down

This will be a lower rate than Par Rate and you pay discount points upfront. Higher upfront cost. Lower long-term interest.

Then ask:

“Show me the total dollar difference at closing between these three options.”

7. Which of your fees are negotiable?

Some lender fees can be reduced if you ask.

If they say “none,” that tells you something about flexibility.

8. If I keep this loan for five years, what is my total cost in interest plus lender fees?

This shows:

- Whether paying points makes financial sense.
- Whether the “lower rate” actually saves you money.
- The real break-even point.

You ask this question after the lender presents the three 30-day lock options (Par Rate, lender credit, and buy-down), but before choosing a loan.

At that point, real numbers are available for each option. Each one has a different upfront cost and a different monthly payment. This question forces a side-by-side comparison using actual dollars.

Ask them to calculate the total interest paid over 60 months plus all lender fees for each option. This shows the true five-year cost of each structure.

Five years is used because many borrowers refinance, sell, or restructure within that timeframe. If a buy-down only breaks even after eight or nine years, it may not make financial sense.

The purpose of this question is to determine whether paying discount points is mathematically justified, whether taking a lender credit costs more long term, and which structure truly minimizes total cost — not just monthly payment.

Most buyers never ask this. They just stare at the interest rate.

THE 9 BIG EXPENSES YOU DON'T HEAR ABOUT WHEN BUYING A HOME

A Homebuyer Guide by

Ed Yannett | Team Yannett | Epique Realty

35 Years Experience | Savannah, Georgia

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Buying a house costs more than the purchase price.

The first three expenses must be paid **up front**.

Everything else is paid at closing or can sometimes be rolled into the loan.

For a **\$400,000 home**, most costs fall on the **low end** of the ranges.

I include both the range and the expected total so buyers can plan realistically.

UPFRONT OUT-OF-POCKET COSTS

1. Home Inspection

Range: 500 to 700 dollars

400K real estimate: about **500 dollars**

Extra inspections like termite, radon, septic, or mold add to the total.

Paid at the time of the inspection.

2. Appraisal

Range: 500 to 700 dollars

400K real estimate: about **500 dollars**

Required by lenders when financing.

Paid before the appraisal is completed.

3. Survey or Elevation Certificate

Range: 400 to 1,000 dollars

400K real estimate: **400 to 500 dollars**

Required in some areas or loan types.

Paid upfront.

PAID AT CLOSING OR SOMETIMES ROLLED INTO THE LOAN

4. Title and Attorney Fees

Range: 1,500 to 3,500 dollars

400K real estimate: 1,500 to 2,000 dollars

Covers title search, title insurance, and attorney services.

5. Lender Fees

Range: 0.5% to 1% of the loan amount

400K real estimate: 1,500 to 2,000 dollars

Includes underwriting, credit reports, admin, and origination.

Paid at closing or sometimes financed.

6. Property Taxes (Prepays)

Range: 2 to 6 months of taxes

400K real estimate: 1,500 to 2,000 dollars

Paid at closing and placed into your escrow account.

7. HOA Fees (Prepays)

Range: 200 to 600 dollars

400K real estimate: 200 to 300 dollars

Paid at closing.

8. Homeowners Insurance (Prepays)

Range: 1,000 to 3,000 dollars

400K real estimate: 1,000 to 1,800 dollars

Lenders typically collect the first-year premium upfront.

9. Closing Costs (Overall Bucket)

Range: 1% to 3% of the purchase price

400K real estimate: 4,000 to 8,000 dollars

This does *not* include your down payment.

SUMMARY FOR A 400,000 DOLLAR HOME

UPFRONT CASH REQUIRED

Inspection: ~500

Appraisal: ~500

Survey: 400 to 500

Total upfront: 1,400 to 1,500 dollars

PAID AT CLOSING

Title and attorney: 1,500 to 2,000

Lender fees: 1,500 to 2,000

Prepaid taxes: 1,500 to 2,000

Prepaid HOA: 200 to 300

Insurance: 1,000 to 1,800

Closing costs: 4,000 to 8,000

Total at closing (not including down payment):

9,700 to 16,100 dollars

FINAL NOTE

Understanding these costs upfront puts you in control and helps you buy with confidence instead of surprises. When you're ready, I'll walk you through your exact numbers based on the home you choose.

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Common Terms

| | |
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| ADJUSTABLE RATE MORTGAGE (ARM) | The interest rate is tied to a financial index making the monthly mortgage payment go up or down over time. |
| ANNUAL PERCENTAGE RATE (APR) | The percent of interest that will be charged on a home loan. |
| APPRAISAL | A report highlighting the estimated value of the property completed by a qualified 3rd party. This is typically done for the benefit of the buyer or the buyer's lender to ensure the property is worth the purchase price. |
| ASSOCIATION FEE/HOA FEE | In addition to a mortgage, certain housing communities such as townhomes have a monthly fee associated with maintaining the common areas and amenities. |
| BALLOON MORTGAGE | A long-term mortgage loan that starts small but has a large payment due at maturity. |
| CLOSING | When the new title to the property is officially recorded by the County Recorder's Office and ownership of the property transfers to the new buyer. |
| CLOSING COSTS | The buyer and seller have expenses associated with the transaction other than that of the actual cost of the home. For example, the buyer has a variety of fees due for obtaining a new loan and the seller must pay commission to both agents. |
| CLOSING DISCLOSURE | A form that provides the final details about the mortgage loan. It includes loan terms, projected monthly payments, and how much the extra fees will be. |
| COLLATERAL | Something of value (in this case your home) that is held to ensure repayment of a mortgage or loan. |
| COMMISSION | A percent of the sale price of the home that is paid to agents. The seller pays commission to both the buyer and listing agent. |
| COMPARABLES | Homes in the area of interest that have recently sold that have similar features. |
| CONTINGENCIES | Conditions which must be met in order to close. Contingencies are typically tied to a date, referred to as a deadline. If the contingency is not satisfied the contract may be canceled. |

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| COUNTEROFFER | The response from the seller in regard to an offer. |
| DEBT TO INCOME RATIO | A lender will evaluate whether a borrower's income is large enough to handle their payments on existing debts plus their new mortgage payments. |
| DOWN PAYMENT | A percent of the cost of the property that is paid up front as a part of the mortgage. |
| EARNEST MONEY | The deposit made from the buyer to the seller when submitting an offer. This deposit is typically held in trust by a third party. Upon closing, the money will generally be applied to the down payment or closing costs. |
| ESCROW | This term has multiple meanings; earnest money is typical held by a third party until closing in "escrow." It can also be referred to as the time period from when the contract is written and accepted by the seller to when the home sale actually closes. |
| EQUITY | The difference in the market value of a home versus what is owed on the home. |
| FHA | A mortgage that is financed through a private lender and insured by the Federal Housing Administration, often requiring a lower down payment and income to qualify. |
| FIXED RATE | The interest rate will remain the same for the entire life of the mortgage. |
| HOME EQUITY LINE OF CREDIT | A loan or line of credit that your lender may offer using the equity in your home as collateral. |
| HOME INSPECTION | The process in which a professional inspects the seller's home for issues that may not be readily apparent, and then creates a report for the buyer to review. |
| HOME PROTECTION PLAN | A one-year service that covers the cost of repairs or replacements to items covered in the plan (such as stoves, dishwashers, A/C, heaters, etc.). |
| HYBRID | A loan that starts with a fixed rate period, then converts to an adjustable rate. |
| MORTGAGE INSURANCE | Insurance written in connection with a mortgage loan that protects the lender in the event the borrower cannot repay their loan. This is usually not required if the borrower has 20% or more for the down payment. |
| MORTGAGE NOTE | A promise to pay a sum of money at a standard interest rate during a specific term that is secured by a mortgage. |
| MULTIPLE LISTING SERVICE (MLS) | The national list of real estate properties that are available for sale. These are the most reliable sources to receive up-to-date listing information. |
| PRE-APPROVAL | The process in which a lender makes an initial evaluation of how much money a buyer might be qualified to borrow based on the preliminary financial information provided. This gives the seller more confidence in the buyer's ability to close escrow, but is not a guarantee that the loan will be approved. |

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| PRINCIPAL | The underlying amount of the loan which is actually borrowed. |
| PROPERTY TAXES | These are the taxes that are enforced by the city, town, county, and state government entities. Sometimes they are included in the total monthly mortgage payment paid to the lender and sometimes they are paid directly by the home owner. |
| REO | Real estate owned properties or foreclosed properties currently owned by a financial institution such as the bank that made the loan to the previous owner. |
| REVERSE MORTGAGE | This is specifically for seniors and it allows them to convert the equity in their home to cash. |
| SHORT SALE | A situation when the seller's lender is willing to accept an offer and allows the sale to be completed for an amount less than the mortgage amount owed by the seller. |
| TITLE | A legal document proving current and proper ownership of the property. Also referred to as a Title Deed, this document highlights the history of property ownership and transfers. |
| UNDERWRITING | The process in which the potential home buyer is evaluated for their financial ability to obtain and repay a loan. This normally includes a credit check and an appraisal of the property. |
| VA LOAN | Special no down payment loans that are available to Americans who have served in the Armed Forces. These loans are issued by private lenders and are guaranteed by the Department of Veterans Affairs. |



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FIX Your Credit Fix Checklist

Build the Credit You Need to Buy Your First Home or anything else that requires strong credit.

Step 1: Know Your Credit Score

- Check your score on Credit Karma or Experian.com
- Look for your FICO Score (used by most lenders)
- Review for errors or late payments

Step 2: Understand What Impacts Your Score

- Pay bills on time (35% of score)
- Keep balances low — under 30% of credit limit (30%)
- Avoid new hard inquiries for now
- Don't close old accounts if possible
- Have a mix of credit types (cards, loans)

Step 3: Start Building or Repairing

Choose 1 or 2 of these safe credit tools (no credit check required):

- Chime Credit Builder Visa
- Tomo Credit Card
- Self-Credit Builder Loan

Step 4: 90-Day Credit Jumpstart

- Month 1: Pay on time, open 1 credit builder tool
- Month 2: Keep spending low, no new inquiries
- Month 3: Monitor score, stay consistent

Step 5: Be Mortgage-Ready

- Aim for a score of 620 or higher (higher score = lower your rate)
- Gather 2 years of income history
- Save for down payment and closing costs
- Book a free credit or buyer consult when ready

Downloaded this? Book your free consult to get help fixing your credit and owning your future, not just renting your present at 100% interest.

<http://calendly.com/yannett>

Know the Loan Process

Purchase Loans

Pre-Approval (Before Going Under Contract)

- Buyer completes the pre-approval application
- Required financial documents are collected and reviewed
- Buyer begins shopping for homes with confidence

Once the Contract Is Accepted (About 1 Week)

- Purchase contract is received and reviewed
- Loan file is opened and set up
- Initial disclosures are sent out (within 3 days)
- File moves into processing
- Appraisal is ordered

Processing & Underwriting (Approximately 2 Weeks)

- Processor prepares the file for underwriting review
- Loan is submitted to underwriting
- Conditional approval is issued
- Any required conditions or additional documents are requested
- File is resubmitted as needed for final approval
- Closing Disclosure (CD) is issued (often before final approval)
- Loan is officially cleared to close

Final Steps (About 5 Days Before Closing)

- File is sent to the funding department
- Loan figures are balanced with the title company
- Final loan documents are prepared

Closing (0–4 Days Before Closing Date*)

- Buyer reviews and signs loan documents
- Documents are reviewed by the lender's closing team
- Funding wire is scheduled
- Title provides clear-to-record authorization
- Loan funds are released
- Buyer receives the keys to their new home