

Choosing A Lender

A lender is critical to the cost and success of your home purchase. How do you choose? The first factor most people consider is the interest rate and other costs, but that's only the beginning. Beyond finding a good interest rate, you are relying on a lender to lock in your rate fast because rates change quickly and to close on the loan on time because you could lose a home if there is a hang-up for some reason beyond your control. Many fees are determined by the lender, fees that can be negotiable if you know what to ask.



1. Compare fees as well as interest rates. Comparing loans based on their annual percentage rate (APR) is a good place to start, but it's not enough. In the case of a mortgage, to get a more accurate breakdown of costs, ask the various lenders for a formal "good faith estimate" of all the fees you'll incur with your loan. This is a standard form lenders must provide you that is more detailed than the overview you'll get with an offer. Also, ask about potential charges that may not appear on that list,

such as prepayment penalties. You're not just comparing numbers here: determine how honest and upfront you feel the lender is being, and don't use a lender that you feel is evading your questions.

What does a homeowner's policy provide? Homeowner's policy provides protection from financial loss due to demands that may be charged against the title to your home up to the cost of the title policy, payment of legal costs if the title insurer has to defend your title against a covered claim and payment of successful claims against the title to your home covered by the policy up to the cost of the policy.

What "hidden risks" are protected under a title policy? Title insurance protects you against false impersonation of the true owner of the property by the seller or other persons previously in title, forged deeds, releases and other documents, deeds by persons of unsound mind, deeds by minors, invalid documents completed by an expired power of attorney. It also protects you against invalid deeds delivered after the death of the grantor, deeds by supposedly single persons but actually married, claims for unpaid estate inheritance and gift taxes against prior owners of your home, unrecorded easements - giving one party the right to enter another party's property and undisclosed descendants of former owners of your home or the land on which it is situated.

How long does my coverage last? Once purchased, title insurance remains in effect for as long as you own your property. Title insurance adds security and peace of mind to homeownership.

How do I obtain title insurance and what does it cost? Let the title company, attorney or agent handling the closing of your property know that you want to purchase an Owner's Title Insurance Policy. When choosing a title insurer, look for a company with experience, as well as the financial strength to protect you. In most states, the insurance commission or some other governmental body controls the premiums for title insurance policies. You only pay the premium once. The cost depends upon the purchase price of the property, and your policy amount must be equal to the purchase price.