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The loan estimate. Basics Explained When applying for a mortgage, you'll receive what's called a loan estimate. Lenders are required to provide the three page document that outlines important details and the expected to terms of the loan. The loan estimate can help you compare loan options and will give you an idea of what you'll pay in the long run and at closing. Here's an in depth look at a sample loan estimate from the Consumer Financial Protection Bureau.

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When reviewing this section, ensure personal loan and property information are correct to avoid needing to make corrections later. Also be aware of the estimates expiration date and whether or not your rate is locked for a set period. It's possible terms can change. Before closing, you'll want to ensure the loan amount and down payment equal the home sale price. Review your projected principal and interest payment, which may differ from the total monthly payment, and make note of whether your lender charges a prepayment penalty.

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In this example, the payment calculation changes with time due to the removal of mortgage insurance when the loan reaches a certain percentage of the home's value. It's also important to know your payment can vary from year to year if property taxes and homeowners insurance are in escrow due to fluctuations and costs. As you can see, you'll need more than just the down payment at closing, your lender will arrange third party services unless you choose preferred providers when able to.

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They might include insurance premiums, prepaid property taxes and upfront, HOA dues and fees, to name a few. In this section, you'll see the breakdown of how much you're expected to pay at closing with deposits, seller credit, or other adjustments factored in.

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You'll also find your loan officer's contact information here.

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When ready, you'll express your intent to proceed with the loan by signing the documents that come with a loan estimate. You'll need to provide additional documentation and if information about your loan changes, you'll receive a new loan estimate.

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It will look similar to the estimate and will have final numbers. If you have questions or notice discrepancies, ask your loan officer as soon as possible.