

If you don't quite feel like an expert on home loans and mortgages yet, that's okay. Your lender is! But you should still do your research and walk into your lender's office ready to ask questions so that you can make the best financial decision.



1 Can you tell me exactly what I'm going to pay every month?

Once you've found a home you want to buy and have pre-approval for a home loan, your lender can give you an estimated monthly payment called a PITI - which stands for principal, interest, taxes and insurance. Basically, your lender will break down everything you'll pay toward your mortgage every month. They can calculate a principal and interest payment at any point in the process based on the anticipated loan amount. Once a property has been identified, they can estimate a final PITI with the taxes and home insurance.

2 How much house can I afford?

Just because the lender would loan you \$300,000 doesn't mean you should buy a \$300,000 house. Your lender is your best financial advisor throughout this process. They want you to work with a reasonable loan amount because it's less risky for them- they don't want you to default!

Sit down with your lender and talk about your PITI, your long-term plans, what happens if your financial situation changes and how your debt-to-income ratio will affect you.

3 What type of home loan works best for me?

You know all about the most common home loans on the market right now. A conventional loan is most common, but may not be the right type for you. Maybe you are thinking about buying a home in a rural area and didn't even realize you could apply for a USDA loan. Your lender should work with you to figure out which loan type will get you into your dream home while staying within your financial means.

5 Things Lenders Wish You Knew

1 Understand your budget

Keep housing affordable! No more than 30 percent of your income should be used for housing expenses, including the mortgage, property taxes, home insurance and utilities.

2 Build a relationship with your lender

Interest rates are important but letting the lender give you the wrong loan for a small decrease is going to cost you a lot more money in the long run. Talk to your lender and get to know and understand them as a person. Ask yourself, "Do I trust this person with the largest asset I've purchased? Do I feel they are going to look out for me not just now, but as the market changes?"

3 Do your research

Use homebuyer education to learn about the hidden costs of owning a home, like maintenance. Understand your loan options and what you qualify for before you start the home search.

4 Be organized

Have all of your documents and information together. Remember that long list of financial documents you have to provide a lender for them to do a pre-approval? Have all of that ready before your very first meeting with a lender, even if it's just an informational meeting.

5 Find a lender you trust

You have options when it comes to who you work with. Shop around for the best rates and loan program for you and find a lender who takes the time to understand your financial goals.