

Frequently Asked Questions

What is the difference between prequalified & preapproved?

*The terms refer to your status in the loan approval process. **Prequalification** is your determination of your probable ability to obtain a loan. To become prequalified, meet with a loan officer or mortgage company. They will help you determine the price you can afford, based on your monthly income, your current debts, as well as the cash you have for a down payment.*

***Preapproval** means that the mortgage lender has already verified and approved your credit and employment. Obtaining preapproval early in the process will make your offer more attractive to the seller.*

What is earnest money?

Earnest money is a “good faith” deposit submitted with your offer to show the sellers that you are serious about purchasing their home. Earnest money is a required part of an offer. There is no set amount that is required, but the amount sometimes makes a difference in the negotiation process. Earnest money eventually becomes part of the purchase, and will show as a credit to the buyers on the settlement statement drawn up by the escrow company.

What are closing costs?

Closing costs are charges paid to various entities during the real estate transaction. They included escrow fees, document preparation fees, cost of an inspection and lender fees.

What is a point?

A point is equal to one percent of the loan principal. Some lenders charge points, in addition to interest and fees, at closing.

What is title insurance?

Title insurance protects against loss from any defects in the legal title, liens against the property or other adverse claims. The lender usually requires title insurance.