

Think You Found a Better Mortgage Quote? Think Again

By: Ted Rood | Mon, Dec 30 2019, 4:55 PM

I'd been working with Janet for 5 months as her new home was being built. We addressed some concerns, pulled a new credit report to reverify her/hubby's scores, and sent her a Loan Estimate (LE) showing the final purchase price, loan size, PMI costs, closing cost breakdown, and cash to close. The builder I'm affiliated with provided her \$3000 in closing cost assistance for using my employer and their preferred title company, which covered the bulk of her costs.

As closing approached, Janet also spoke with another local lender, who provided her a fee worksheet (rather than a legally required, binding LE). It didn't reflect several of the costs mine did (including final inspection, credit report, survey, and subdivision setup), and Janet wondered why the second lender didn't charge those costs.

My answer? Those items **will almost certainly apply**, regardless of your lender, but they just didn't disclose them.

For instance, almost all new home buyers opt to obtain a survey, in order to have survey coverage on their title policy. Leaving the survey off of the fee estimate (or LE) doesn't change whether or not a survey is performed; that's a decision homebuyers make, not lenders.

When an appraiser does a new construction home appraisal, the house is seldom 100% completed. The appraisal is marked "subject to" final completion, and appraiser has to return to verify the house is done before closing. Unsurprisingly, there's a small cost for the appraiser to return, which SHOULD be reflected on the LE and fee worksheet, but wasn't on "other lender's". Failing to disclose it hardly means it won't apply, and that Janet is now basing a decision on incorrect information.

Subdivision dues (and setup fees) almost always apply for new construction homes in our area. They are clearly stated on the sales contract, and totaled \$615 in our case. In fact, those costs apply whether buyers pay cash or obtain a mortgage! Omitting them, once again, gave Janet a projection that was not accurate.

The moral of our story? When comparing lenders, remember that some may (as they SHOULD!) reflect all your potential costs, while others may not. Simply failing to list necessary items doesn't mean you won't end up paying them. Ask WHY they're not shown, rather than simply presuming they apply with one lender but not another.

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