



## FREQUENTLY ASKED QUESTIONS AND ANSWERS

### **How can I get a copy of my credit report?**

To obtain a copy of your credit report visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228. The law allows you to order one free copy of you report from each of the nationwide consumer reporting companies every 12 months. Reviewing your credit report prior to applying for a mortgage will give you the opportunity to identify and resolve any credit issues or discrepancies.

### **How quickly can I be pre-approved for a mortgage loan?**

After providing a Bristol County Savings Bank Mortgage Consultant with all the necessary information, you will receive an answer within 48 hours.

### **What is the difference between the interest rate and the APR?**

The interest rate is the cost to borrow the money disbursed in the loan. The APR (Annual Percentage Rate) is the total cost of the loan over its life, including costs, points and fees.

### **What is PMI?**

Private Mortgage Insurance (PMI) protects lenders against losses that can occur when a borrower defaults on a mortgage. PMI is required on a first mortgage purchase transactions when the borrower has less than 20% down payment. Likewise, it is required on first mortgage refinance transactions when the borrower has less than 20% equity in the property being refinanced. The cost of the private mortgage insurance is typically added to the monthly mortgage payment.

### **What is LTV and why does it matter?**

LTV stands for Loan-To Value. It is the total amount of liens on the property divided by its fair market value. If the subject property is a purchase transaction, fair market value will be based on the lower of purchase price or estimated market value as established by the appraisal.

### **What amounts are included in my monthly payments?**

If you have a fully amortizing first lien mortgage, portions of your mortgage payment go toward loan principal and interest. If your first lien mortgage carries mortgage insurance, a portion of your monthly mortgage payment will pay this also. If you have set up an escrow account for your first lien mortgage, then portions also go toward your property taxes and homeowners insurance.

### **What are closing costs?**

Closing costs are money paid by the borrower in connection with the closing of a mortgage loan. Closing costs include items like appraisal fees, origination fees, discount points, credit report fees, title insurance fees, attorney fees, pre-paid interest – to name a few. These items are usually different for each customer due to differences in the type of mortgage, the property location and other factors. You will receive a good faith estimate of your closing costs in advance of your closing date for your review.

### **What are Points?**

Points are a one-time fee that a borrower pays to lower the interest rate. One point equals one percent of your loan amount.

### **Why do I pay pre-paid interest?**

When you close your loan, interest accrues in between the closing date and the last day of that calendar month. This amount is added to the closing costs for your loan rather than making your first monthly payment larger in order to absorb the extra that would be due.

### **What is a flood certification?**

Bristol County Savings Bank is required to obtain a flood certification on all loans secured by residential real estate. A flood certification indicates if the subject property is located within a designated flood zone. If the subject property is located within a flood zone, the borrower must obtain flood insurance.

**Please feel free to call 1-800-643-2272 for additional information.**