

Name _____

Unlocking the Mystery of Mortgages: How to Apply for Your Dream Home

Open-Ended Response Answer Key

1. A good credit score can positively impact your ability to secure a mortgage with favorable terms and rates by making you a more attractive borrower to lenders. Lenders are more likely to offer lower interest rates and better loan terms to borrowers with good credit, potentially saving you money over the life of the loan.
2. Choosing a lender involves researching and comparing different lenders to find the one that offers the best terms and rates for your needs. It's essential to shop around because different lenders may have varying loan options and fees, and finding the right lender can save you money over the life of your mortgage.
3. Factors that might influence the decision between a fixed-rate mortgage and an adjustable-rate mortgage (ARM) include your financial stability, the current interest rate environment, and your long-term plans for the home. A fixed-rate mortgage provides stability with consistent monthly payments, while an ARM may offer lower initial rates but could change over time.
4. It's crucial for homebuyers to understand and review all documents presented at the closing meeting to ensure that the terms of the mortgage and the details of the home purchase align with their expectations. An example of a document you might encounter is the Closing Disclosure, which provides a breakdown of the loan terms, closing costs, and other important details related to the transaction. Reviewing this document ensures transparency and helps avoid surprises at closing.

