

# Loan Checklist

By John F. Smith

- The Loan Arranger
  - Is a mortgage broker arranging this loan?
  - Is there a plan to sell this loan to anyone?
  - Will the payments be made to a business you represent or to one or more individuals?
  - Are any administrative or court proceedings pending against you or the company you represent?
- Payments
  - Is there a charge fee for arranging this loan?
  - Is there a 'loan origination' fee?
  - Is there a charge fee for preparing documents or underwriting?
  - Is there an extra charge for credit reports?
  - Is there a broker's fee?
- Terms of the Loan
  - Is there a land contract, a lease, or a deed to be signed?
  - Is there a requirement to get a co-signer to get this loan?
  - Is there an interest rate of more than 3 points above the prime rate on this loan?
  - Is there a 'line of credit' or similar unsecured loan?
  - Is there a balloon payment at the end of this loan?
  - Will the amount of monthly payment be enough to make the outstanding balance go down each month?
  - Is there a penalty if for paying off the loan early?
  - Is there a mandatory arbitration clause in this loan?
  - Will this loan turn some of unsecured debt into secured debt?
- Tips
  - Check if you are required to sign and give another person a power of attorney.
  - Check if any of creditors be will be paid from the proceeds of the loan.
  - Check if income other than disclosed will be considered for eligibility purposes.
  - Do not sign any forms on which the blanks have not all been filled in.

- Do not sign any forms that haven't been explained.
- Do not sign any forms that you haven't got the chance to read.