Twelve questions to ask a lender before you sign

Ask these out loud, early, and write the answers down. None of them is rude, all of them are normal, and the ones a lender answers vaguely are the ones that cost money later.

1. **What is the all-in rate, including fees?**
Not the headline rate. The number after origination, points and anything else.

2. **Is it fixed or floating, and against what index?**
And what happens at the end of the fixed period.

3. **What is the amortisation, and is there a balloon?**
A twenty-five year amortisation on a five-year term is a refinance you have not planned yet.

4. **What debt service coverage do you require?**
And what happens if I fall below it for one quarter.

5. **What is the loan-to-value or loan-to-cost limit?**
And which one you are actually using.

6. **What personal guarantee are you asking for?**
Full, limited, or burning off at a milestone.

7. **What are the prepayment terms?**
Yield maintenance and defeasance are expensive words. Ask what leaving early costs.

8. **What third-party reports do you require, and who orders them?**
Appraisal, environmental, survey. These cost money before you know you have a loan.

9. **What is your timeline from application to close?**
Then ask what has made it slip on the last three deals.

10. **What conditions are in the term sheet that are not in the rate?**
Reserves, deposits, covenants, reporting.

11. **Who makes the credit decision, and have they seen this yet?**
A relationship manager who likes it is not an approval.

12. **What would make you say no later?**
The most useful question on the page. Ask it before you spend anything.

> **NESO does not arrange finance and does not take a fee from any lender.** This is a list of questions, not advice about which loan to take.