

Mortgage Process



People you will interact with during the process

The Buyer/Borrower: This is you! This may also include your co-borrower.

Loan Officer: This is a mortgage specialist who will review all your information (credit, finances, income, assets etc.) to see if you qualify for a mortgage. They will help determine which mortgage options best suit your needs and they will help you establish your price range and they will guide you through and coordinate the entire process.

Loan Processor: This person will review all the documents you provide and will prepare your application for underwriting. The loan processor ensures that all paperwork is completed correctly.

Mortgage Underwriter: A mortgage underwriter is tasked with reviewing your application to determine if you are eligible for the mortgage loan for which you are applying. This decision is based upon your income, assets, liabilities and credit and the appraisal on the home.

Real Estate Appraiser: The job of the real estate appraiser is to appraise the property you are buying to establish its fair market value based on comparable sales.

Home Inspector: The home inspector inspects the home to determine the overall condition of the home. He/She looks for any unseen problems. If any major defects are discovered, you have the right to negotiate for the repairs or cancel the purchase. A home inspection is optional, but highly recommend.

Title Company and Closer: The title company does all the behind-the-scenes research on the title to the property to make sure you get rightful ownership at closing. The title company closer walks you through all the closing documents, notarizes your signatures, records the legal documents and distributes the money to the appropriate parties.

Mortgage Insurance Company: If you get a conventional loan and have less than 20 percent down, mortgage insurance will most likely be required to protect the lender from losses due to foreclosure. The mortgage company will obtain this for you. Note: mortgage insurance is also required on FHA loans, but that is paid directly to FHA.

Homeowner's Insurance Company: You make arrangements for your homeowner's insurance. Homeowner's insurance provides liability coverage in the event someone gets injured on your property and provides coverage for losses due to fire, wind, hail and/or many other unforeseen circumstances that could cause damage to your home.

Homeowners association (HOA): If applicable, the HOA manages the association and collects association dues. Usually HOA dues will cover exterior maintenance and insurance for the building but not the inside of the building. Each association is different so do your homework.



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A step-by-step guide: from start to finish, a typical mortgage transaction can take about 30-60 business days, depending on how long it takes you to find a house. It generally involves the following steps:

- 1. Pre-Approval Consultation.** You will consult with a mortgage loan officer either in person, over the phone or online. The loan officer will collect and review your income, assets, liabilities and credit to determine your ability to repay and help you determine your price range and your best mortgage options. Preapproval is highly recommended over pre-qualification in which documents are not necessarily provided to the lender. The Loan officer should provide a loan worksheet or closing cost worksheet so you can see what fees are involved, what the total costs will be, and get an estimate of your monthly house payment.
- 2. Collect and review documentation.** Your mortgage loan officer or your loan processor will collect and review all the necessary documents, to make sure you can qualify for the loan.
- 3. Complete Loan Application.** The loan officer or loan processor will complete all sections of your loan application and run your loan through automated underwriting.
- 4. Automated Underwriting LP and DU.** AUS or Automated Underwriting is the first step in the underwriting process. DU also known as Desktop Originator or LP known as Loan Prospector are computer programs that pre underwrite the loan to determine your eligibility. Note: The information submitted for the AUS approval has to be verified in final underwriting.
- 5. Full Underwriting if Necessary.** If there is anything unusual about your file or anything that the loan officer or loan processor are not sure of, they could submit your file for full underwriting. This could avoid any uncertainty and make sure the borrower qualifies before sending a pre-approval letter.
- 6. Conditions.** Additional information may be required to fully complete your loan application such as, verifications of employment or letters of explanations as required to explain any discrepancies.
- 7. Pre-Approval Letter.** The Lender will send a pre-approval letter stating the loan amount and loan type you are pre-approved for. They will also list any conditions of the final loan approval.
- 8. House Hunting.** Start looking at houses with a Realtor
- 9. Purchase Agreement.** Many items of the purchase agreement are negotiable, for example the purchase price, closing date, and seller contributions towards buyers closing costs etc. Don't worry, your Realtor will help guide you through the whole process. It a good idea to make your offer contingent upon a home inspection, that way if there are major things wrong with the house you can renegotiate or cancel the purchase.
- 10. Home Inspection.** Home inspections are still optional but highly recommended. Most people choose to hire a professional home inspector to inspect the home for it's overall condition.



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- 11. Review numbers and option to lock in the interest rate.** Loan officer receives fully executed purchase agreement, updates borrower's file accordingly, and converts the pre-approval into a full residential loan application. Borrower has the option to lock in on the interest rate.
- 12. Update Documents.** Some documents in the file can be no older than 30 days from the date of the official application, so borrower may need to provide updated asset, income and/or credit docs. Note: Credit report is usually good for 120 days.
- 13. Appraisal and Title work are ordered.** The appraisal is done to establish the fair market value of the property, and to make sure it meets minimum property standards based on the mortgage you choose. The title company does an independent title search on the property to make sure you can get clear title to the property at closing.
- 14. Homeowners insurance.** You will need to make arrangements for home owners insurance and provide that information to your lender.
- 15. Final Loan Submission.** At this time, the loan processor will submit your loan application to underwriting for final loan approval.
- 16. Additional Information If needed.** The lender may need additional information to complete your file so please be patient and get the information to them as quickly as possible.
- 17. Final Loan Approval/Final Underwriting.** Underwriter very carefully reviews all the documents provided and cross checks underwriting guidelines to make sure everything is in perfect order and nothing has been omitted.
- 18. Commitment Letter/Written Statement of Loan Approval.** This may or may not be required. Most sellers request that you have a written statement of full mortgage approval at some point before the closing. This Commitment letter states the terms upon which the lender has agreed to close your loan.
- 19. Closing Disclosure reviewed and signed.** This document provides all the details about the mortgage loan including, loan terms, monthly payments, fees and other costs. You will receive this document at least three business days prior to the closing.
- 20. Closing documents are prepared.** The mortgage company will prepare all the final closing documents and send those to the title company.
- 21. Title Company.** Title Company closer walks the borrowers through loan documents and notarizes the signatures.
- 22. Attending the closing.** You sign the final loan documents and receive the keys to your new house. You will need to bring a cashier's check or wire the funds for closing directly to the title company. Note: you will also need your drivers license or ID card for identification purposes and any other things required by your lender, if any.



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