

The Process

How Important Is Pre-approval?

Before you begin searching for a home, we highly recommend you ask your home mortgage consultant about pre-approval. By completing your mortgage application prior to choosing a home, you can get a pre-approval letter that lets you know how much home you can afford. Getting this pre-approval letter is a smart move because it lets you know exactly how much you can spend, and shows prospective sellers and real estate agents that you're a serious buyer.

In addition, many sellers will require a pre-approval letter prior to reviewing an offer. So lining up your financing ahead of time will help you get your offer in quickly in hot real estate markets.

Completing the Application

Your home mortgage consultant will assist you in completing a *Uniform Residential Loan Application* form. Much of the information on your application can be pre-filled from your credit report, so the amount of information you'll need to provide is not overwhelming. Your home mortgage consultant can tell you what you'll need to have on hand to complete the application.

There are generally six areas that must be filled in:

1. Personal Data

Full names, addresses, and Social Security numbers of all borrowers.

2. Income

The amount and source(s) of income for all borrowers.

3. Assets

Information on all assets you'll be using to qualify for the loan, such as checking and savings accounts, stocks and bonds, retirement plans, and other real estate owned.

4. Debts and Obligations

Information on all outstanding debts and other financial obligations.

5. Credit References

Information concerning loans or debts that have been paid, plus any other references to good credit use.

6. Property Information

Specifics on the property you wish to buy, if you've chosen one.

Loan Approval

After you've completed the application, your lender will need to verify the information you provided and return a decision on your application. This means your lender will review your credit report and other financial information to make an *underwriting* decision regarding the degree of risk involved in lending you money.

If there are any initial questions about your approval decision, the loan application is forwarded to a trained underwriting expert for a full review. Your lender will work with you to offer, if possible, a loan program or loan terms that accommodate your needs and circumstances.

Based on the information from your credit report and the type of property you want to finance, you may need to provide additional documents or letters that:

- Verify the income you'll use for loan qualification
- Confirm your down payment and closing expenses in your bank account
- Clarify any incorrect items on your credit report
- Verify any debts not listed on your credit report

What Happens Next?

You've applied for your mortgage. Now what? This simple, four-step walk through to loan closing will help you understand the procedure and give you an idea of what to expect.

Best of luck in your new home! We hope you found this Homebuyer Handbook to be helpful.

1. Processing

Your home mortgage consultant or mortgage specialist collects the information needed to process your loan. Documentation requirements vary depending on the loan program you apply for and your individual financial and credit profile. If your property does not qualify for an automated valuation or drive-by assessment, an appraisal will be ordered to determine the fair market value of the property you wish to purchase. You will have the option to lock in your interest rate or float your interest rate. It is important to discuss these options with your home mortgage consultant.

2. Decisioning

Many home mortgage applications are approved quickly. On occasion, loan applications need further review. Your lender will evaluate your financing requirements and do everything possible to help approve your application. In the case that your application is not approved, they'll work with you to determine what needs to be done in order for you to obtain financing.

3. Pre-Closing

Prior to closing, sometimes referred to as "loan settlement," your home mortgage consultant may ask you to provide certain insurance and real-estate-related documents. When you are ready to schedule your closing date, all involved parties will be contacted to arrange for the closing to take place at a convenient time and location. The closing procedure and associated fees vary depending on where you purchase. You will be notified of the exact amount you need in order to close and any additional documents you may need to bring.

4. Closing

At your closing, ownership of the property is transferred from the seller to you. A closing agent (an attorney of your choice or a title agency representative, depending on what is customary in your area) coordinates and distributes all the paperwork and funds, according to the terms agreed upon by you and the seller. You become the proud owner of your new home.