



## **THE PROCESS OF GETTING APPROVED FOR A HOME LOAN: START TO FINISH**

### **GET AN EDGE - GET PREAPPROVED**

Before you begin searching for a home, we highly recommend you get ahead of the game and get preapproved. By completing your mortgage application prior to choosing a home, you can get a preapproval letter that lets you know how much home you can qualify for. Getting this preapproval letter is a smart move because it lets you know exactly how much you can spend, and more importantly helps you line up what you want to afford in a monthly payment that aligns with YOUR budget. This also shows prospective sellers and real estate agents that you're a serious buyer, who can pull the trigger once you locate your home of choice. In addition, many sellers (and any listing agent worthy of possessing a real estate license) will require a preapproval letter prior to reviewing an offer. So lining up your financing ahead of time will help you get your offer in RIGHT AWAY, especially in times like now when the market for good homes is highly competitive.

### **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 going on the loan.
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 that is owned. This includes your down payment and 'reserves' or your 'safety net.' The more you can show, the easier it will be for you to get approved.
4. **Debts and Obligations** – Information on car loans, credit cards, student loans, monthly rent or mortgages on your current home or investment properties you own. Basically, everything that shows up on your credit report.
5. **Credit**- Your credit history (from your credit report), letters of explanation (if you've had any late payments reported in last 12 months or any previous collections, judgments, or derogatory items), and rental payment history (if applicable).
6. **Property Information** – Specifics on the property you wish to buy, if you have chosen one, or your estimate of what you hope to qualify for (if you haven't chosen a home).

## **LOAN APPROVAL**

After you have 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, income and asset documentation, and other related factors 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. Our lenders will work with you to offer, if possible, a loan program or loan terms that accommodate your needs and circumstances, and to provide mortgage financing options that meet your individual needs.

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.

## **ONCE YOU'RE PREAPPROVED, AND GET AN OFFER ACCEPTED ON A HOME. WHATS NEXT?**

This simple, four step walk through to loan closing will help you understand the procedure and give you an idea of what to expect on the timeline to get the keys in your hand!

### **1. Processing**

Your home mortgage consultant collects information needed to process your loan. Documentation requirements vary depending on the loan program you apply for and your individual financial credit profile. An appraisal will be ordered to determine the fair market value of the property you wish to purchase, and you'll likely be required to pay this fee up front once it is ordered (about \$400). You will have the option to lock your interest rate or float your interest rate (aka roll the dice and hope rates go down before closing). It is important to discuss these options with your home mortgage consultant.

### **2. Decisions**

Most home mortgage applications are approved quickly. On occasion, loan applications need further review. Our lenders will evaluate your financing requirements and do everything possible to help approve your application. In the case that your application is not approved after the underwriter does the initial review, the loan officer will work with you to determine what needs to be done, or what additional paperwork needs to be provided in order for you to obtain financing approval.

### **3. Pre-Closing**

Prior to closing, sometimes referred to as "settlement," your home mortgage consultant may ask you to provide certain insurance and real estate related documents. When buying a home using a loan, you will need to obtain home owners insurance that needs to be 'bound' prior to closing. This protects you from things such as fire or flood, and also covers the lender in the case that your home has catastrophic damage from natural disasters. We highly recommend letting the Producers processing department set you up with options for insurance, because certain coverage amounts will be required, and certain verbiage must be

added to your policy. Very often, when our customers set up their own policies, one or two items are incorrect and this causes delays in closing.

When your loan is 'cleared to close' and 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 the exact amount you need to bring to closing ahead of time, and in almost all cases this will need to be in the form of a cashier's check or certified funds, in the name of the title company handling closing.

#### 4. **Closing**

At your closing, ownership of the property is transferred from the seller to you. A closing agent from the title company will go over all of the documents with you, coordinates and distributes all the paperwork and funds, and you become the proud owner of your new home.

The Producers real estate team prides ourselves on making this process as easy as possible for you. We are experienced realtors, but we have an extensive understanding and knowledge of the mortgage process. Our trained administrative staff will constantly be available to answer any questions you have, and are willing to take as much of the stress off of your shoulders as possible while we smoothly guide you to the finish line!

**THE PRODUCERS REAL ESTATE TEAM:**

**“WHEN IT COMES TO BUYING OR SELLING  
REAL ESTATE, WE PRODUCE RESULTS!”**

**SEE YOU AT THE CLOSING TABLE!**