



# Residential Mortgage Survival Guide

*The perfect resource for First-Time Homebuyers*

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# Welcome

The mortgage process can be difficult to navigate – this booklet can help eliminate that frustration!

The purpose of the information provided is to assist any mortgage candidate in understanding the mortgage process, and how to be a well-prepared applicant.

By understanding the timeline of events, what documents are needed, and how to properly present your paperwork, you will be better prepared for this process.

Let's get started! After all, your closing is right around the corner.....



# ➡ STEP 1

## GETTING A PRE-APPROVAL

### What is a pre-approval?

A pre-approval is a document that helps strengthen your offer to purchase real estate by letting Realtors and sellers know you have spoken with a banking professional.

We accomplish this by having a casual yet confidential conversation in regards to your credit, income, and assets. Leader Bank will also conduct a credit check for all applicants. If you meet Leader Bank's criteria we can provide you with a pre-approval.

Please note that while Leader Bank can provide pre-approvals for specific towns and cities, we do not provide pre-approval letters for specific property addresses.



### Helpful Hint

Once you are ready to make an offer on a property, multiple pre-approvals at various loan amounts can be generated to assist with your negotiations! It is best to speak with a lender early in the home buying process.

## What do I need to apply for pre-approval from Leader Bank?

- ☐ **Full legal name** as it appears on legal documents
- ☐ **Date of Birth**
- ☐ **Social Security Number** (if applicable)
- ☐ **Current address** (and previous address if you have lived at your current address for less than 2 years)
- ☐ **Current employment information (if any)** (we may also ask for previous employer information, if any)
- ☐ **Annual income (if any)**
- ☐ **Total amount of assets**
- ☐ **Desired purchase price**
- ☐ **Total amount of intended down-payment**

## 🔄 STEP 2

# GETTING A BUYER'S AGENT

### Having a buyer's agent is FREE to the buyer

Some people think they can save money by not using a buyer's agent. This is simply not true. In residential Real Estate transactions the commission is almost always paid by the seller regardless if a buyer's agent is involved.

### Market knowledge

One of the most important service a buyer's agent brings to the table is market knowledge. Understanding the local market is key to finding the best home at the best price possible. And market knowledge is something that isn't easily attained thru internet searches in a short period of time



## Full access to MLS

Comps, or comparable sales, are extremely valuable when you're considering how much to offer on a home. Agents have access to the latest sales prices of comparable homes and can help you submit an offer that will be acceptable to both parties and ensures that you do not pay more for the property.

## Professional negotiation

Making an offer and negotiating with a seller is by far one of the most specialized parts of the home buying process. First-time buyers can be emotionally involved and nervous which can lead to mistakes and it is a risky approach to go it alone for your largest investment. An experienced buyer's agent is a professional negotiator with a fiduciary duty to act in your best interest.



### Helpful Hint

Not all Realtors are buyer's agents, many prefer to just List properties. Ask your Loan Officer on who the best qualified local agents are.

## STEP 3

# OFFER LETTER & INSPECTION

### I've been pre-approved and found a house! What's next?

You, your Realtor, or your attorney will prepare an offer letter outlining the specifics of your offer to buy the property and present it - along with a "Good Faith" deposit check of \$1,000 from you - to the seller's side.

Here is the general timeline of events that typically occur after an offer letter is submitted to the seller:

- Written acceptance of your offer by the seller (*Congrats! You now have a property under agreement!!*)
- Hire a residential home inspector to inspect the property (if you have a Realtor, he or she may have a trusted referral to offer you for this service)
- Call me – we will discuss what mortgage instrument to proceed with and discuss locking-in the interest rate as well as a general outline of the process that follows



### Helpful Hint

Review the results of your home inspection with a trusted advisor such as a Realtor, attorney, or other professional, as you may be able to address or negotiate for any issues discovered during the inspection process!



## STEP 4

# SIGNING THE PURCHASE AND SALE AGREEMENT

### What is a Purchase and Sale agreement?

The Purchase and Sale agreement (P&S) is an important document in this process. This document will reflect all relevant details, expectations and deadlines of the purchase transaction. Similar to the offer letter, when you sign this document you may make an additional deposit to bind the agreement.

Usually highlighted in the P&S agreement:

- Purchase price
- Amount of mortgage applied for
- Any post-offer adjustments or credits, such as credits or considerations negotiated after home inspection
- CONTINGENCY DATE (date by which you must have a mortgage loan approval by)

### Helpful Hint

You may want an attorney to review the P&S agreement, and make modifications thereto, prior to your signing. Please contact me if you are having difficulty finding a real estate attorney to assist you!

## STEP 5

# THE MORTGAGE PROCESS

Below is a general idea of what happens and what steps you can expect to take during the mortgage application process:

### Mortgage application and request for documents

I will send you your loan application to be signed, along with a 'Request for Documents' letter highlighting what documents you need to provide with your signed application (see page 8 for a listing of typical documents required).

**If you would like to meet at my branch, your office, or your home to review and sign the application together, just let me know!**

### Loan estimate

Along with your loan application, Leader Bank will provide a Loan Estimate highlighting all terms, costs, and settlement charges estimated to be associated with your closing (I will review this document with you in detail).

We will also provide other disclosures regarding your requested mortgage loan together with your application.



## Appraisal

An acceptable appraisal is needed for a successful loan approval. Once you review your loan estimate and decide to move forward, we will order an appraisal on the property.

For purposes of underwriting, Leader Bank will use the appraised value or purchase price – whichever is lower – for property valuation. **We will supply you with a copy of your appraisal.**

Once we receive your signed application, appraisal, and any other required supporting documents, in most cases your file is ready to be underwritten for a decision on your application prior to the financing contingency date outlined in your P&S agreement.



### Helpful Hint

Returning the fully signed application and requested documents as soon as possible is critical to a successful and timely loan process!

## **STEP 6**

### **REQUIRED DOCUMENTATION**

Below please find a list of most commonly requested documents which may need to be submitted for loan approval. You do not necessarily need to provide these documents to be approved and Leader Bank may require additional documents.

The mortgage underwriting process calls for documents to be presented in a very specific manner; please review the notes below to understand some of these specifics:

- ☐ **Most recent 2 years W2's** (if any)
- ☐ **Most recent 2 years Federal Tax Returns** (inclusive of all schedules and K1's – this is especially critical for the self-employed borrower so qualifying income can be accurately calculated).
- ☐ **ALL PAGES of most recent liquid asset account statements such as checking, savings, or CD accounts (if any)** IMPORTANT NOTE: Even blank or seemingly irrelevant pages **MUST** be included. Large non-pay related deposits may have to be sourced with supporting documentation to prove the origin of funds. Updated banking statement showing the deposit funds from time of P&S deposit will be required when available to you. Please discuss with me if you are receiving gift funds from a relative so we may document properly.



- ☐ **ALL PAGES of most recent non-liquid asset account statements** such as 401k or IRA/investment accounts (if any).
- ☐ **Most recent 2 consecutive paystubs** (to show 30 days of earnings).

Additional documents may be required depending on a specific scenario, applicant status or circumstance. We will discuss these details as they relate to your specific scenario.



### Helpful Hint

Do not redact any data or information provided on the documentation you submit with your loan application!

## **STEP 7**

# **MORTGAGE APPROVAL**

Once your signed application, supporting documentation, and appraisal are all back in our hands, we will have the file submitted to underwriting. If your application is conditionally approved, we will generate a "Mortgage Loan Commitment" letter which may satisfy any mortgage contingency requirement in your P&S agreement.

Here is a general idea of what occurs after this commitment letter is issued:

- You should review any conditions of approval in the commitment letter and satisfy those conditions with additional documents or actions as needed.
- Once all conditions are satisfied, your lender will clear your loan to close.
- Your lender may conduct a final credit check to ensure there have not been any new inquiries in to your credit profile



### **Helpful Hint**

**DO NOT** take on any new debt or allow any party to run or check your credit after time of pre-approval and prior to date of closing – this could potentially have a negative impact on your loan approval!



## STEP 8

# CLOSING DISCLOSURE

The Closing Disclosure is a document prepared by the Lenders Closing Attorney which will provide the final accounting of the loan and sale of the property at the time of closing.

### Some important information documented in the final CD:

- **Total closing costs** (includes all mandatory fees, recording fees, Attorney Fees, Appraisal Fee, title insurance etc.)
- **Total settlement charges** (includes tax and insurance escrows set up at the time of closing , which are funds established to pay property taxes and home owners insurance premiums related to owning your home)
- **Total elective fees** (for example, owners title insurance, which is optional insurance you may elect at the time of closing to ensure a clean and clear title to your property)
- **Per Diem interest** (the amount of daily interest owed on your new loan from the date of closing through the end of the month in which you close)
- **Credits** The closing disclosure will highlight down payments you have made and any seller or Lender credits you have been allotted.

### Helpful Hint

ALWAYS ask any questions you have in regards to the CD prior to closing. You will receive the CD 48 hours prior to closing and I will call you to review it in detail.

# STEP 9

## CLOSING

**Welcome home!** The lender's closing attorney will communicate with you in regards to the time and place for the closing.

What is required from you on day of closing, and what to expect:

- Present certified funds (bank check, NOT a personal check) at time of closing for the total amount shown as being due at time of closing evidenced on the final closing disclosure
- Bring a personal check for any minor final adjustments not evidenced on the Closing Disclosure (such as seller oil adjustments)
- Have 2 forms of valid identification available (the closing attorney will advise you as to what forms of ID to bring)
- Once the signing of all documents has been completed by you as the buyer, and by the seller, the closing attorney will record your transaction at the registry of deeds (called "going to record") at which time you become the official owner of your new home!
- Receive the keys to your new home. **Congratulations!**



### Helpful Hint

Ask the closing attorney who your certified funds should be made payable to at the time of closing.



# Need a little more guidance?

I hope this information is useful to you in the home buying and mortgage lending process.

Since each mortgage scenario can be different, please keep in mind this is a helpful guide only. Mortgage underwriting requirements and guidelines are constantly changing. Discuss your specific mortgage needs with me directly.

Please note that different types of properties (condos, multi-family properties, investment properties etc.) can and do have different requirements, so be sure to discuss the details of your specific transaction with me.

**I invite you to schedule a NO OBLIGATION consultation with me to review the information contained within this booklet and any questions you may have. My consultations are always free and void of any obligations.**

## ALWAYS ASK QUESTIONS!

I am experienced in residential mortgage lending and am here to provide information, answers, and support to you as my customer – **THE ONLY FOOLISH QUESTION IS THE ONE YOU DO NOT ASK!**

Call me today!



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