Your Guide to
UNDERSTANDING
The **LOAN PROCESS**

Step-By-Step Guide

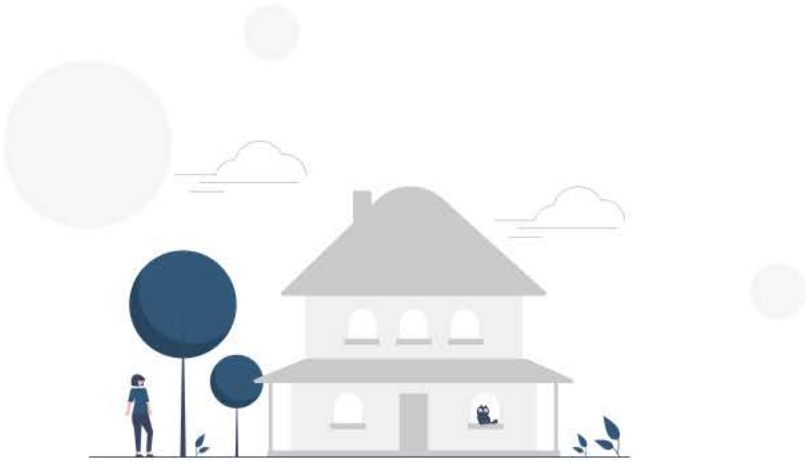
THE JOURNEY TO BUYING YOUR NEW HOME

The Mortgage Process

Buying a home is one of the most exciting chapters of your life you'll experience. Whether you're purchasing in your childhood neighborhood or setting roots in a whole new location, owning your first home opens many new possibilities.

As thrilling as it is, it's not without its challenges. Fortunately, getting familiar with the process and working with a mortgage professional makes it much simpler and fun!

If you aren't too familiar with the mortgage process and everything that it entails, don't worry. In this eBook, we will cover every aspect you need to know, from the people involved during the initial prospecting to the final sale journey, all the costs that come with buying a home, and how you can keep your new home for the long term.



Beginning Your Journey

The number one step you should take as you begin the process of becoming a new homeowner is to talk to a reputable mortgage professional, like a broker or loan officer. With the help of your mortgage professional, you'll be able to determine which loan program suits your best and how much you can afford, as well as explore possible homebuying programs that you could additionally qualify for.

Suppose during the initial phase of pre-qualifying, it's discovered that you'll need to work on improving your credit or budgeting. In that case, your mortgage professional can provide advice and resources to help you to do just that.

Some first-time buyers also seek the assistance of a homeownership education counselor. Housing counseling resources help you with the following:

- Helping you to develop a spending plan
- Providing expertise in the long-term management of your money
- Educating you on different debt repayment options

Beware of scam credit counselors who prey on desperate first-time buyers looking to improve credit in a hurry. You'll want to evaluate the background of any credit counselor you work with and make sure they have an established background with credibility.

Getting to Know Your Homebuying Team

Buying a home involves multiple real estate professionals, and each of them has their own separate roles. It is important you recognize each of these individuals and how they will help you become a homeowner.

Near the beginning of the mortgage process, you will encounter a loan officer or broker and a real estate agent. Somewhere down the line, you will meet with a real estate appraiser, home inspector, and closing representative. Here's the role that each of these individuals plays in helping you get approved for and close your loan.

- **Loan Officer or Mortgage Broker** - Loan officers and brokers help qualify you for a mortgage by examining your credit and financial information. They will present you with different financing options that are reasonable for you based on your income and credit score. One of the most common mortgage options you may be presented with by a loan officer is a fixed-rate mortgage, which is often a 30-year fixed rate. Conventional and government-backed FHA, VA, or USDA loans are some of the more popular loan programs that offer fixed rates.

- **Real Estate Agent** - These individuals can help find the perfect home for you. If you are interested in a home, your agent can send you specifics regarding the neighborhood, surrounding areas, property information, etc. They'll also set up viewings of the home, should you find one that you want to check out. When you want to make an offer, your agent will take care of the negotiations with the seller for you. Since a real estate agent is a critical individual in your home-buying journey, you'll want to get referrals from family and friends so that you find a reliable one. The seller almost always pays the real estate agent from their home sale profit.

- **Mortgage Underwriter** - The main role of the mortgage underwriter is to assess if you are eligible for the mortgage loan you're applying for. The mortgage underwriter has the power to either approve or reject your mortgage application based on the documents that the loan processor has provided to them.

- **Loan Processor** - A loan processor works with the mortgage underwriter to prepare your mortgage loan application for the underwriter's review. Be prepared to provide several important documents to your loan processor, including income statements, employment information, bills, and savings information. The loan processor's job is to ensure that all numbers and information on every document you provide are correct.

- **Real Estate Appraiser** - Before purchasing a property, you want to know how much the property is worth to ensure that you are not overpaying for the home. A real estate appraiser will closely examine a property in many ways, including the value of similar homes recently sold in the area. Real estate appraisers are backed by years of training and experience to estimate how much a property is worth accurately.

- **Home Inspector** - A good home inspector will let you know of any defects in the home so that you can estimate the cost to get everything fixed and negotiate it with your seller. It is good to uncover these before buying a home; otherwise, you'll need to pay for all repairs yourself.

- **Closing Representative** - When it's time for closing, the final step of the home buying process, a closing representative will take care of all closing documents and make sure that the money is given to the right individuals. You'll also need to sign a deed of trust or a mortgage note before you finally own the home.

Making Sense of Your Mortgage Loan Application

When making any major decision, you must understand the paperwork. You can easily find yourself in a very sticky situation if you do not completely understand the document(s) you are signing or if the numbers do not add up correctly. The good news is that your loan officer or broker will help you complete the mortgage loan application.

The mortgage application can be broken into these 9 main sections.

Section 1: Mortgage Type and Terms of Loan

This first section will ask you for information regarding your mortgage type and loan terms that you have discussed with your loan officer. You can also specify the maximum amount you wish to borrow.

Section 2: Information About the Property

Section 2 will cover all the information you must specify about the property, including details such as the address of the home, the year it was built, and any other important details. This is also where you will specify whether you are looking to purchase the home or refinance. If you haven't found your home yet, you can fill this out later but continue with the application to get pre-approved.

Section 3: Borrower Information

In the Borrower Information section, you will need to provide your personal information, such as your social security number, date of birth, address, etc. You'll also need to provide past addresses. Note that any information you provide on your mortgage application is kept confidential by your loan team. All of this information is necessary to obtain your credit report for your loan officer to review.

Section 4: Employment Information and Monthly Expenses

In order for your loan officer to determine whether you can afford a certain home, you need to provide all your employment details, past and current. Common documents to provide are pay stubs and W2 tax forms from the past two years, as well as any monthly income and expenses documents. You will also need to sign a Verification of Employment (VOE) form, which your employer will use to confirm your earnings and info. Therefore, you must be as accurate as possible with all information to avoid any delays in the process. This information will then be verified by your lender via a credit report. If you're self-employed or a business owner, the documentation required will vary from the above information.

Section 5: Net Worth Information

Net worth also plays a part in how much your loan will be approved for. To determine your net worth, you need to calculate the difference between your assets and liabilities. Assets are everything you own (cars, savings, cash at home, retirement funds, investments, etc.), and liabilities are the sum of everything you owe (bills, loans, debt, monthly payments, etc.). Be prepared to provide all asset and liability statements from the past two months. This will again be verified by a credit report.

Section 6: Mortgage Transaction Information

Section 6 will cover all estimates for the transaction, including the purchase price of your home, closing costs, the total cost of your mortgage loan, etc. Your mortgage professional can take care of this part of the application. But, you'll still have the opportunity to check everything and make sure that the estimated costs look familiar to you. Feel free to ask questions! Your mortgage professional is your trusted guide in the process and will happily answer any questions as they arise.

Section 7: Legal Information

If there are any legal issues that your loan officer and lender must know about, such as past bankruptcy issues or anything else that has impacted your financial situation, you must let them know. You also need to prove legal U.S. presence, such as citizenship or residency, in order to obtain the mortgage.

Section 8: Seal the Deal

After you have carefully reviewed all the information you and your loan officer have filled out, you'll sign to confirm that all the information is accurate and send the package off to the underwriter to approve.

Section 9: Providing Demographic Information

Similar to a Census, you will be asked to provide information about details such as your ethnic origin and race. This helps the U.S government make sure they are meeting the needs of every racial group in America.

Getting Pre-Approved

Once you are finished with the mortgage application, your loan officer will get approval from everyone in their organization. You will then receive a pre-approval letter, which specifies that a lender will lend you a specific amount of money to purchase your new home.

Congratulations! You're now ready to make an offer to buy a home!

Breaking Down The Mortgage Fees

After completing your mortgage loan application, the next step is to understand the costs associated with your loan. The most important documents that detail the costs associated with your loan are the Loan Estimate and the Closing Disclosure, both of which are required by law.

The Loan Estimate

Your loan officer will provide you with a Loan Estimate document within three business days of submitting your mortgage application. This document is typically three pages long, and the purpose of it is to provide an estimate of your mortgage loan terms and settlement charges or costs to complete your mortgage payment.

Some of the information covered in the Loan Estimate includes loan terms, monthly payment, the money needed at closing, details of closing costs, and additional information about your loan.

Since there is a lot of information contained in this form, here are some definitions to help you understand your Loan Estimate better.

Loan Terms - The basic terms of your mortgage loan, such as the initial loan amount, interest rate, and initial monthly payment. This section contains useful information about interest rates and penalties such as prepayment penalties.

Escrow Account Information - Prepaid items such as homeowner's insurance premiums and property taxes need to be paid in advance after closing. You can typically find out whether you need an escrow account on the first page of the Loan Estimate and your estimated monthly escrow payment.

Closing Costs - Closing costs consist of your loan costs and other costs. These can be further divided into three categories: origination charges, services that you cannot shop for, and services that you can shop for.

Origination Charges - Fees for preparing your loan application for submission. Some common charges here can include an application fee, an underwriting fee, and an origination charge or points. One point equals one percent (1%) of your mortgage amount.

Services You Cannot Shop For - There are certain services that your lender will have to select the person or entity for, and it's not in your hands. Some examples of these types of services are appraisals and credit reports.

Services You Can Shop For - You can choose your own service provider for these types of services. Some examples of services you can shop for are the company that issues your title insurance or performs a pest inspection.

Other costs include:

- Taxes + government fees
- Prepaid costs (ex. Homeowner's insurance, prepaid property taxes)
- Escrow payments at closing which will include some of the prepaid costs

Appraisal Fee - This is the fee you pay the appraiser. This appraisal process is very important because the lender will provide you with the amount which the appraiser determines for the property's value

Credit Report Fee - Since your credit report is one of the main determinants of the interest rate that you will get, you will need to see this in your credit report. The credit report fee is the cost of getting copies of your credit report.

Your credit report composes of money borrowed from credit institutions as well as your payment history. Other information may include:

- Public records such as bankruptcies and tax liens
- History of how you have paid off debts in the past (credit card debts, student loans etc.)
- Collection agency bills, such as phone and medical bills
- Inquires you have made about your creditworthiness by applying for credit, and whether you were given credit or not.

Title Company Fees - Title companies need to search county records and make sure that the property's title is clear of any pending debts or liens. For this search to happen, you need to pay a fee.

Government Recording Charges - Government recording charges are charges you need to pay to register the property under your name and record the mortgage or deed of trust.

Homeowner's Insurance - This insurance allows you to protect your property from natural disasters and any other damage. Sometimes, the lender can pay the insurance from an escrow account that you use to pay on a monthly basis. If you choose this option, your lender can set up this account for you.

Deposit to Establish Your Escrow Account - This is the money you initially pay as a deposit so that your lender can use it to pay for the homeowners insurance, property taxes, and any other fees you need to pay.

You should take a close look at the Loan Estimate and ask any questions you have. Understand the document fully before signing anything. Also, realize that the costs outlined in the Loan Estimate are not actual costs. The actual costs can be seen on the Closing Disclosure form at closing.

Compare the two forms and make sure they are not too different, and if they are, be sure to point this out to your lender so they can explain the difference to you.

In your Loan Estimate, you can see the total cost of your mortgage based on the terms of your mortgage loan. This is where you ask questions about how much you will pay for the mortgage loan you get. These disclosures can give you a better idea about (1) the annual percentage rate (APR); (2) the payment amount; and (3) the total interest percentage (TIP).

The APR is different from the interest rate in the sense that it is a reflection of the actual cost of borrowing because it considers all the finance charges associated with the mortgage loan.

The APR will take into account the various loan charges, including loan discounts, origination fees, prepaid interest, and other credit costs. The payment amount is the dollar amount of all your payments and how frequently you must pay them. The TIP is the total interest that you will pay over the loan term as a percentage of your loan amount.

The Commitment Letter

After your mortgage loan application has been approved, you will receive a commitment letter. This letter informs you of the total mortgage loan amount, the number of years to repay the mortgage loan (the term), the interest rate, the APR, and the monthly charges. You need to return a signed copy within 5-10 days to accept the commitment. This secures the financing for the home purchase so you can move on to other tasks required for closing.

The Appraisal Disclosure

You are allowed to receive a copy of the appraisal report that was obtained with your application for credit, and the Appraisal Disclosure is just a document that will inform you of this.

Other Disclosures

Other disclosures you will receive are credit report disclosures which you can get a copy of. You must also sign a disclosure where you state your intention of living in the property as your primary residence, instead of using it as a second home or an investment.

Closing Disclosure

Your loan officer will give you a copy of the Closing Disclosure at least 3 business days before you sign the mortgage loan documents at your closing. As mentioned before, the Closing Disclosure will include the actual dollar amount of all fees you will be paying and the frequency of the payments. Expect closing costs to be around 3-7% of the mortgage amount. The Closing Disclosure will also include information about certain features of your loan, the amount financed, the finance charge, and the total of payments.

- **Amount financed:** Loan amount available after paying the initial finance charge
- **Finance charge:** Dollar amount of the loan
- **Total of payments:** Total amount paid after making all principal, interest, mortgage insurance, and loan costs.

The Closing Disclosure lists the date of closing as well. At closing, the escrow officer can answer general questions about the loan, but cannot give any specific legal advice.

The Home Stretch: Things to Know About Your Closing

The final step to homeownership is attending your closing. A closing is a meeting where all of the parties involved in signing the final documents will be present to have a smooth transition into making you the new property owner before handing you the keys to your new home. Let's take a closer look at the individuals involved, the documents that will be presented to you, and the associated costs.

Individuals Present at the Closing

The setting for a closing is usually a title company or an escrow office. The individuals that will be there include:

- Borrower(s) (you and any co-borrower, if applicable)
- Escrow officer
- Closing agent
- Seller's real estate agent
- Your real estate agent

Here is a quick rundown of everything that will take place at the meeting.

- You will be presented with a promissory note indicating that you accept the mortgage loan from your lender which you agree to repay, including interest. You will also need to sign a security instrument that pledges your home as collateral for the loan.
- Your lender will act as the transfer agent between you and the seller and will transfer the money to the seller for you.
- One of the most important parts of the meeting, the seller will sign a deed transferring the property over to you.
- The title company will prepare all documents needed.
- There may be additional legal documents to sign which will cover your financial obligation and homeowner rights.

A Closer Look at the Paperwork Involved

Here is all the documents you will be signing at closing.

The Mortgage Note

The mortgage note is a formal document that states your commitment to paying back the mortgage loan and a summary of the terms you have agreed to. Examples of the terms may include the amount you owe, the interest rate of the mortgage loan, the dates when the payments are to be made, the length of time for repayment, and the place where the payments are to be sent. The Mortgage Note also explains the consequences of failing to meet all your payment requirements.

The Mortgage or Deed of Trust

The mortgage or deed of trust is the document that protects the lender's interest in your property. You must sign this and give it to your lender. This gives the lender the right to take your property by foreclosure if you cannot pay off the loan or run into any major troubles. This document will also state your responsibilities to keep the home in good condition, schedule all repairs and maintenance on time, and make all payments on time.

The Deed

The deed is what allows you to become the owner of the property. This will include your name (and co-borrowers, if applicable) as the present owners and have a list of the seller's name(s) as the previous owners. It also contains a legal description of the property. With the deed, you can get the title to the property, but as a trustee, until you can pay the full mortgage amount. The closing agent records this document so it can be filed as a county public record. You will receive copies both at closing and after recording the record.

Declarations

Declarations are where anything discussed to be true will be included (ex. the property will be your primary residence). You will need to sign these.

Here are some tips to keep in mind:

- Take your time to understand all documents and the role of everyone involved
- Ask questions about any terminology you don't understand
- One that may be obvious, but make sure the documents you sign are in English. For example, even if you may be a native Spanish speaker, you are still required by law to sign an English version of every document as your final, binding contract.

You are now a homeowner!

Finally Home: How to Maintain and Keep Your Home

Your responsibilities don't end after signing the mortgage documents. In fact, this is just the beginning. There are ongoing responsibilities you must fulfill as long as you are occupied in your home.

This section will help you plan ahead to make sure you can make your monthly mortgage payment on time, no matter what circumstances come up that may hinder you from doing so. You want to ensure you make all of your payments on time so you are not negatively affecting your credit score. You should also know how to budget for any emergencies that come up.

Plan Ahead for Any Emergencies

A good rule of thumb is to set aside 3-6 months of living expenses to help you during times of trouble. Start putting aside a certain reasonable amount every month from your paychecks. See where you can reduce your spending where you can (cancel any memberships you don't need, find cheaper alternatives to luxury purchases, delay big-ticket items such as unnecessary furniture or electronics, etc.)

Now is a good time to consider all your other expenses of homeownership. These include:

- Homeowners insurance, interest, and taxes (which may be factored into your monthly mortgage payment)
- Maintenance costs
- Utilities
- Repairs
- Water and garbage services

Maintaining Your Home

Maintaining your home is good not only so that issues do not arise as much from negligence, but also to help maintain the value of your home or even increase it. Keep track of how old your appliances are and write them down for your knowledge. Maintain a regular schedule to examine your roof, walls, appliances, etc., so that you know anything that needs to be fixed or replaced.

What Happens if Your Mortgage Loan is Switched Over to Another Provider?

Something you must be aware of is that your mortgage loan company can change while you are occupied in your new residence. This is nothing to be afraid of, as your loan terms or payment will not change. However, it is the responsibility of your mortgage loan company to inform you of this. The only thing that changes is the company you send your monthly mortgage payment.

Other Options Besides Foreclosure

Let your mortgage servicer know immediately if there's ever a time when you can't make your mortgage payment. You will be presented with other options, and this does not necessarily mean that you will lose your home. Time is key here; the sooner you let your mortgage servicer know, the better. The last thing you want is to get your home foreclosed by not making your payments.

Local Resources

You can also seek the help of local community resources such as nonprofit housing and credit counselors that can help you put together a good plan to pay your mortgage and other monthly expenses. These individuals and organizations can help you find local services and programs that can provide financial, legal, or any other type of support.
For example, you can reach out to HUDapproved housing counseling agencies that can give you good advice. Visit http://www.hud.gov/offices/hsg/sfh/hcc/fc/index.cfm.

Beware of Scams

Another responsibility you will have while staying in your new home is maintaining your good credit. This means not falling victim to scams such as people who want to give you loans against the equity (amount your house is worth on the market, minus mortgage fees) you have in your home. You may get these offers in the mail, by phone, or even in person, but It is not worth the risk. Your loan officer is the best place to get advice about your home equity.

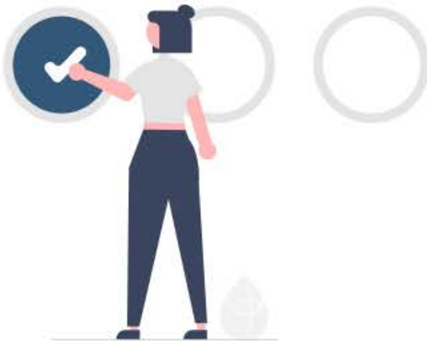
Checklist for Maintaining Your Home

It is good to have a careful attitude toward your spending and planning from the beginning.
This will help you be better positioned for long-term homeownership.

Here are some tips:

- Keep all important docs in one secure place for only you or your co-homeowner(s) to easily access
- Open up a savings account for emergencies and big expenses later down the line
- Create a detailed but reasonable spending plan that you and your family can follow and check up on regularly
- Protect your personal info; never share your SSN or any other sensitive info with anyone
- Understand the documents you are signing. Never sign anything in a rush.
- Seek out free workshops about money and credit management to better educate yourself.

You are now better equipped with the knowledge you need before buying your new home. You can come back to this guide as you need throughout the home buying process, and the last section covers a list of terms that were discussed in this guide, and what they mean in case you need to refer to them.



Understanding
the Loan Process and its Terms

Glossary

Here are additional mortgage terms that may encounter in the mortgage process.

Adjustable-Rate Mortgage (ARM): A mortgage type that offers a lower initial rate than a fixed-rate loan. Your payment can go up at set times and by set amounts, and ARMs can also have caps (maximum) and floors (minimum). The interest rate can change at a certain time, known as an adjustment period. The adjustment period is based on a published financial index that records changes in the current financial market. Also referred to as a variable-rate loan.

Amortization: Process of repaying a loan over time based on the agreed-upon interest rate. This includes the payment of interest and a portion of the amount borrowed in each mortgage payment. For example, the amortization term for a 30-year fixed-rate mortgage is 30 years.

Annual Percentage Rate (APR): A rate that expresses the cost of a loan over its term. This includes the interest rate, points, broker fees, and certain other credit charges a borrower is required to pay. The APR is not used to determine your monthly payment.

Application Fee: The fee you must pay to apply for a mortgage. The mortgage lender charges an application fee.

Assets: Valuable items an individual owns. Examples of assets are cars, savings, cash at home, retirement funds, investments, etc.

Collateral: Property that is used as security for a debt. The house and land are used as collateral in mortgage cases.

Closing Costs: The final costs that complete the real estate transaction. These are additional costs to the price of the home and are paid at closing. Closing costs include points, taxes, title insurance, financing costs, and items that must be prepaid or escrowed.

Closing Disclosure: A form required by Federal law that includes the fees and services associated with closing your mortgage loan, and the terms of your loan. A closing disclosure will include the mortgage loan amount being financed, the payment schedule, closing fees and charges, the interest rate, the annual percentage rate, and all other loan-related costs.

Co-Borrower: Any other borrower(s) whose names are on the loan documentation and whose income and credit history are considered to determine eligibility for the loan. All co-borrowers are required to repay the loan.

Co-Signer: An individual who signs a loan or credit application with another person. The primary role of a co-signer is that they promise to pay if the main borrower is not able to pay. A co-signer is not the same as a co-borrower and comes into the picture only when the borrower does not pay.

Commitment Letter: A letter provided by your lender that contains the details of your mortgage loan, including the amount of the mortgage loan you are getting, the number of years to repay the mortgage loan (the term), the interest rate, the mortgage loan origination fee, the annual percentage rate, and the monthly payments.

Credit: The ability of an individual to borrow money or buy goods by paying over time. Lenders determine whether to issue credit depending on the borrower's financial status and repayment capacity.

Credit Bureau: A company that carries all information on consumers who use credit. Lenders can obtain a copy of your credit report for these companies, after getting your permission.

Credit Report: A document that the lender can obtain from credit bureaus to examine your use of credit. It contains information on money that you've borrowed from credit institutions, your payment history, and the amount of available credit you have in your name.

Credit Score: A number that summarizes your credit profile and determines whether you will be able to repay future debts.

Debt: Money owed by one person or organization to another person or organization.

Default: Inability to fulfill a legal obligation, such as paying off your mortgage. Failure to carry out a non-monetary task or provide a service is also a default. For instance, a mortgage imposes maintenance obligations on the borrower.

Down Payment: A payment made upfront before your monthly mortgage payments begin. This payment is not part of your monthly payment and the greater the down payment, the less you have to pay in your monthly fees.

Earnest Money: A deposit made to the seller which showcases your interest and commitment to buying a home. This deposit is not refunded after the seller accepts your offer, and instead, goes towards your total closing costs and down payment, considering that all sales contract contingencies are fulfilled.

Escrow: A deposit made by the borrower to the lender which includes property taxes, insurance premiums, and similar expenses when they are due.

Equity: The value of your home excluding the total mortgage amount you owe for your home. For example, if you owe $100,000 on your house but it is worth $160,000, you have $60,000 of equity. Your equity can fluctuate over time, and factors that determine your equity include your outstanding loan balance and home price values in your area.

Fixed-Rate Mortgage: A type of mortgage where the interest rate stays the same throughout the duration of the loan.

Foreclosure: A foreclosure takes place when the homeowner is unable to make mortgage payments on time. This legal action ends all ownership rights to a home.

Hazard Insurance: Insurance providing compensation to the insured individual or family in the event of any property loss or damage.

Homeowners Insurance: A policy that guards against damages brought on by fire, flood, or other natural disasters for both you and the lender. It also provides liability defense in the event that a visitor to your home is injured on your property.

Liabilities: All of your debts and other financial obligations.

Lien: A pending debt charge on a property. A mortgage is also a lien since the lender can take the title to your property if you don't fulfill your mortgage payments.

Loan: Money borrowed from a bank or other lender which includes a written promise to pay the amount back later based on the loan's terms.

Loan Estimate: A document summarizing the estimated costs associated with your mortgage loan, as well as some other details of your loan. A loan estimate is provided to a borrower by a loan officer within three business days of submitting the loan application.

Loan Officer: The individual who collects applications for loans offered at the bank. The loan officer is one of the main points of contact for borrowers and can answer questions, provide information on loan products, and help you fill out a loan application.

Loan Origination Fees: Fees that a borrower pays a mortgage lender for processing the mortgage loan application. These fees are typically in the form of points. One point equals one percent of the mortgage amount. For instance, on a $200,000 mortgage, one point is $2,000.

Lock-In Agreement: A written agreement your lender must provide which guarantees a specific mortgage interest rate for a certain amount of time.

Mortgage: A term that has a number of meanings. A mortgage can be a loan that uses your home as collateral. Depending on where you live, a mortgage is also a term for the document you sign which grants the lender a lien on your home. It can also be a term that describes the amount of money you borrow with interest to purchase the home. The mortgage amount is usually the sale price of the home minus your down payment.

Mortgage Broker: An individual whose primary role is to bring together borrowers and lenders to facilitate real estate mortgages.

Mortgage Insurance: Insurance that safeguards mortgage lenders against financial loss in the case of borrower default. Mortgage insurance will typically be required by your lender if you put less than 20% down in your down payment.

Mortgage Lender: The lender who provides funds for a mortgage. Lenders have many roles including managing the credit and financial information review, the property review, and the mortgage loan application process up to closing.

Mortgage Note: A legal document that proves your indebtedness and your formal promise to pay back the mortgage loan based on the terms you've agreed to. This note also covers the consequences of failing to make your monthly mortgage payments.

Mortgage Rate: The interest rate you must pay to borrow the money to buy your new home.

Mortgage Servicer: The financial institution or entity that is in charge of obtaining your regular mortgage loan payments.

Principal: The term 'principal' can have two different meanings. It can be the amount of money the lender borrows to buy your home or the amount of the loan that has not yet been repaid to the lender. This excludes the interest you will pay to borrow that money. The principal balance (also known as the outstanding or unpaid principal balance) is the amount owed on the loan minus the amount you repaid.

Real Estate Professional: An individual who helps people buy and sell homes.

Title: Written evidence about an individual's ownership of a property.

Title Insurance: Insurance that guards against loss from problems regarding the title to your property.

Uniform Residential Loan Application: A form that provides the lender with information that the lender can then use to determine whether to lend you money and to determine your capacity to repay the loan amount.

Underwriting: The process that your lender uses to determine your ability to repay the mortgage loan. This is used to examine your eligibility to receive a mortgage loan.

Don’t go at it alone!

Today’s competitive real estate market makes it more critical than ever to work with a trusted mortgage professional to get you in the best financial position to make your move fast.

Connect with us today and let our experience guide you along your homebuying journey.