

The Loan Application Process

Our loan application form asks for information on the property you are buying, as well as the employment and financial history of all loan applicants. We will verify the information shown on the loan application before deciding whether or not to make the loan, so it is very important to make sure that it is complete and accurate.

It is easier to complete the loan application process if you prepare for it ahead of time. We will ask about your personal finances, including bank account numbers and balances, current loan amounts and payments, and credit card account numbers. You need to be thorough and precise in providing this information, so it is best to assemble information before you meet with us. Following is a summary of the major kinds of information required on the loan application, the documents that may be needed, and the questions that you should be prepared to answer.

Details Of The Purchase Contract And The Property

Because the property is security for the loan, we will have an appraisal made of the property; and you will need to have the following information available:

1. A complete copy of the sales contract, including any addendums, signed by all parties, showing the full names of the sellers and buyers as they will appear on the new deed, the amount of earnest money deposit and who is responsible for closing costs, origination fees, etc...
2. If the house is to be built, or is still under construction, a set of plans and specifications.
3. The complete mailing address of the property, its age, and its full legal description.
4. Name, address, and telephone number of the real estate agent and/or the seller of the property who will assist the appraiser in obtaining access to the property.

Personal Information

We will need to obtain your and any other co-borrower's Social Security number, age, number of years of schooling; number and ages of dependents, current address, and telephone number. If you have lived at your current address less than two years, be prepared to furnish former addresses. You will also be asked to detail your current housing expenses, including rent or mortgage payments, real estate taxes, and insurance (your mortgage payment may include tax and insurance funds). You will need the name and address of your landlord(s) or mortgage company(ies) for the past two years.

Employment History and Sources Of Income

Your ability to make the monthly payments on the mortgage and to afford the costs associated with owning a home are primary considerations in our loan approval process and should be your primary concern.

Required information includes:

1. At least two years employment history with employer's name and address, your job title or position, length of time of the job, salary, bonuses, commissions, and average overtime pay;
2. Recent one full month's paycheck stubs and Federal W-2 forms for two years and perhaps full Federal tax returns;
3. Records of dividends and interest received from investments;
4. If you are self-employed, full tax returns and financial statements for two years, plus a profit-and-loss statement for the current year to date; and
5. A written explanation if there are gaps in your employment record due to circumstances such as illness or layoff, or for any other reason.

We will have you sign a general credit authorization, which will be sent to your employer to verify your employment and earnings if we are unable to verify employment over the phone.

If you are relying on income from other sources, such as rental property, Social Security, disability payments, child support, etc., you must provide adequate proof of the source. Appropriate documents could include canceled checks, copies of leases, Federal tax returns, certification of benefits, divorce decrees, and similar evidence.

Personal Assets

A detailed listing of your personal assets is required on the loan application form. You will need to have the following information available to complete the form:

1. All bank accounts, both checking and savings, and money market accounts with the name and address of the institution(s), name(s) on the accounts, account numbers, and current account balances;
2. Recent bank statements for at least two months;
3. Current market value of stocks, bonds, CDs and other investments;
4. Vested interest in all retirement funds;
5. Face amount and cash value of insurance policies in force;
6. Make, model, year and value of automobiles owned;
7. Address and market value of all real estate owned, along with the amount of rents collected, the mortgage on the property, the monthly mortgage payments, and a list of monthly expenses for investment properties; and
8. Value of other personal property such as furniture.

We will look for the source of funds with which you will make the down payment and pay closing costs and fees. Any recent large deposits will have to be explained. Gifts from a relative, church, employer, municipality, or non-profit organization may sometimes be used, but must be verified in writing. In some cases, the donor must be a relative and must provide a letter stating the donor's relationship to you, the amount of the gift, and the fact that no repayment is expected. Receipt of the gift funds must also be verified.

Personal Indebtedness

You will be asked to itemize all of your current bills, loans, and other debts, including current balances and monthly payments. Debts include automobile loans; credit cards such as Visa, MasterCard and other retail store accounts; finance companies; bank and credit union loans; 401K loans; and existing mortgages, including home equity loans. You should be able to give the account or loan number, the monthly payment, the number of payments remaining, and the outstanding balance.

You will also be asked to explain the details if you are obligated to pay alimony, child support, or separate maintenance.

The information you provide on the loan application will later be verified by a credit report ordered by us. Like employment and deposit verification, differences between your figures and those on the credit report might raise questions and may delay the approval of your loan. It is to your advantage to take time to get your data right prior to filling out the loan application.

If you have had credit problems, you should inform us promptly. We recognize that unemployment, illness, marital problems, or other financial difficulties can temporarily impair your credit rating. Provide a written explanation of the circumstances regarding the problem to be included with the loan application. We will consider such a written explanation as part of the underwriting analysis. Chronic late payments, judgments, or loan defaults, however, severely damage your credit standing and may prevent you from obtaining the financing you need.

If you have been through bankruptcy or foreclosure proceedings within the past seven years, be prepared to give full details and copies of applicable documents regarding them.

Additional Information

You will be asked to sign a section of the loan application form that contains your certification that the information you have provided is correct to the best of your knowledge, your promise to advise us of any material changes in the information, and your consent to verify the application data.

The last part of the application form requests information on the race and gender of the applicants. The Federal Government uses this data to monitor our compliance with fair housing and equal credit opportunity laws. Provision of this information is strictly voluntary on your part and has no effect on your loan application. We, however, are required by Federal law to request this information.

Because of the particular circumstances surrounding a loan application, we may require additional information or documentation regarding you or the property after the application has been submitted for approval. We make every effort to collect all data at the outset, but cannot foresee every eventuality. Requests for additional information are not necessarily bad omens, and your primary concern should be in responding promptly with the information.

At the time the application is taken, you will probably be asked to pay for the credit report and appraisal fees.

If you have come fully prepared to the interview with the loan officer and have provided good documentation, you have done a great deal to assure prompt processing of your application and approval of your loan.

After The Loan Application - What Next?

After the loan application has been completed, it will be turned over to our loan processing department and then to the underwriter, where the decision to approve or reject the loan will be made. Loan processors call to confirm the information you provided, or send out the verification of employment and deposit, and order the credit report, property appraisal and other documents. The time it takes to receive these documents affects the length of time required for approval of the loan. If you are transferring into the local community, it may take longer to receive the credit and employment information.

Within three business days after completing the application, we must provide you with a "Good Faith Estimate" of the anticipated closing costs. It will show costs associated with the loan settlement, such as origination fees, mortgage insurance, title insurance, escrow reserves, and hazard insurance.

Within the same three days we will also send you a Truth-in-Lending Disclosure statement. This statement shows, among other things, the estimated monthly payment. The total cost of all finance charges on your loan is also shown, stated as an annual percentage rate (APR). The APR represents the dollar amount of finance charges you pay either up front or over the life of the loan, converted to an annual interest rate. Since the APR includes origination fees and other charges, as well as interest on the mortgage loan, the APR is usually higher than the interest rate of the loan.

The Closing Process

After your loan has been approved by the underwriter, and all conditions met, it is sent to the closing department. Once again, everything is checked for accuracy and the closing package is forwarded to the approved closing agent. The closing agent in this transaction represents the lender and will conduct the closing on our behalf. The closing agent at this point has run the title search and insured that the property is able to be conveyed by the seller without any encumbrances. The closing agent checks the title and makes sure that the lender has proper coverage.

The borrower will have to bring in a certified (or cashier's check) for the cash needed for closing.

The closing agent will obtain the necessary signatures on the closing documents and disburse the money.

Congratulations! You Are A Homeowner!

** Note each loan and borrower is unique and may require additional time and documentation.*