



# Residential Mortgage Survival Guide

The perfect resource for First-Time Homebuyers



# Table of Contents

Step 1: Getting a Pre-Approval.....	2
Step 2: Getting a Buyer's Agent.....	4
Step 3: Offer Letter and Inspection.....	6
Step 4: Signing the Purchase and Sale Agreement.....	7
Step 5: The Mortgage Process.....	8
Step 6: Required Documentation.....	10
Step 7: Mortgage Approval.....	12
Step 8: Closing Disclosure.....	13
Step 9: Closing .....	14

© Bryan Kurzman, 2013 All Rights Reserved

No part of this booklet or any of its contents may be reproduced, copied, modified or adapted, without the prior written consent of the author, unless otherwise indicated for stand-alone materials.

**Disclaimer:** The content of this publication is provided as general information only and should not be taken as legal, investment or other professional advice. Any action that you take as a result of information or opinions provided in this publication is ultimately your responsibility.

# Welcome

The mortgage process can be difficult to navigate – this booklet will help eliminate any frustration you experience along the way!

The purpose of this guide is to assist mortgage candidates in understanding the mortgage process as well as 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.

After having a casual yet confidential conversation about your credit, income, and assets Leader Bank will conduct a credit check. If you meet the Bank's criteria, we will 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

*Speak with a lender early in the home-buying process! 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.*

### 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

### Using a buyer's agent is FREE

You may have heard that you can save money by not using a buyer's agent, but it's not true. In residential real estate transactions, the commission is almost always paid by the seller regardless of whether a buyer's agent is involved.

### Market knowledge

Market knowledge isn't something you can gain through internet searches in a short period of time, but understanding the local market is key to finding your dream home at the best possible price. One of the most important services a buyer's agent brings to the table is in depth knowledge about the current state of local real estate markets.

### Full access to MLS

Agents also have access to the latest sales prices of comparable homes, which are invaluable when you're considering how much to offer on a home and in ensuring you don't overpay.

### Professional negotiation

When you're making a large investment like buying a new home, the back-and-forth of a negotiation can often get stressful – especially for a first-time homebuyer. An experienced buyer's agent will act with a fiduciary duty in your best interest, keeping your negotiation process stress free.



### HELPFUL HINT

*Not all Realtors are buyer's agents, many prefer to just list properties. Ask me who the best qualified local agents are.*

## STEP 3

### OFFER LETTER AND INSPECTION

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

You and your realtor or attorney will prepare an offer letter and present it, along with a "good faith" deposit check of \$1,000, to the seller.

Below is a general timeline of events 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!*
- Buyer hires a residential home inspector to inspect the property. If you have a realtor, they may be able to suggest a trusted referral.
- Call me! We can discuss what mortgage product to proceed with, discuss locking in an interest rate, and next steps.



#### HELPFUL HINT

*Review the results of your home inspection with a trusted advisor such as your realtor or attorney. You might be able to further negotiate based on 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 (P&S) agreement is an important document that reflects all relevant details, expectations, and deadlines of the purchase transaction. Like the offer letter, you may make an additional deposit to bind the agreement upon signing.

Usually highlighted in the P&S agreement:

- Purchase price
- Mortgage amount
- 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 a real estate attorney to review the P&S agreement to make any modifications prior to your signing. Please contact me if you need a referral for an attorney!*

# STEP 5

## THE MORTGAGE PROCESS

Below is an outline of what steps you can expect to take during the mortgage application process:

### Mortgage application and request for documents

I will send your loan application for signing along with a letter outlining what documents you'll need to provide alongside your signed application (see pages 10-11 for a list of the typical documents required).

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

### Loan estimate

Leader Bank will also provide you a loan estimate highlighting all terms, costs, and settlement charges associated with your closing along with other disclosures related to your mortgage. I will review this document with you in detail.



### HELPFUL HINT

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

### Appraisal

An acceptable appraisal is needed for 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.



# STEP 6

## REQUIRED DOCUMENTATION

Below is a list of the most requested documents that may need to be submitted for loan approval. Please note that you will not necessarily need to provide all of these documents for approval, and that Leader Bank may require additional documents not listed below.

The mortgage underwriting process calls for documents to be presented in a specific manner. Please review the notes below for more details:

- ☐ **Most recent two years W2's** (if any)
- ☐ **Most recent two years Federal Tax Returns** (including 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.



### HELPFUL HINT

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

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

You may be required to submit additional documents during the application process depending on your specific circumstances. We will alert you of any additional required documents as needed.



# STEP 7

## MORTGAGE APPROVAL

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

Below is a general outline of what to expect after your Mortgage Loan 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 into 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 (CD) is a document prepared by the lender's closing attorney which provides a 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 closing – funds established to pay property taxes and home owners insurance premiums)
- **Total elective fees** (owner's title insurance, for example, which is an optional insurance that ensures a clean and clear property title)
- **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** (highlights 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 due at closing as stated 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 two forms of valid identification available (the closing attorney will advise you as to what forms of ID to bring)
- Once all documents have been signed by the buyer and seller, the closing attorney will record your transaction at the registry (called "going to record") at which time you are 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.**

# Contact me today!



**James Shanahan**

*Vice President, Branch Manager*

781-474-5100

[jshanahan@leaderbank.com](mailto:jshanahan@leaderbank.com)

[www.leaderbank.com/agent/jshanahan](http://www.leaderbank.com/agent/jshanahan)

160 Gould Street, Suite 205, Needham, MA 02494



Lender NMLS# 449250 | NMLS MLO# 613462

