

# mort • gage

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*noun:* a legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor's property, with the condition that the conveyance of title becomes void upon the payment of the debt.



## Definitions

- Borrower** - person(s) whose name(s) appear on loan docs.
- Earnest Money** - money paid to confirm a contract, to show that an offer is serious and made in good faith. Applied to the down payment.
- Escrow** - Account managed by loan servicer. Holds money to pay taxes and insurance. Required when putting less than 20% down.
- Underwriting** - a process used to determine if the risk of offering a mortgage loan to a particular borrower under certain parameters is acceptable.

## Credit Scores

- is a numerical indicator of how likely a person is to default on a loan.
- Range of scores: 350-850. The higher the credit score, the lower your insurance, rates, and/or fees can become.
- 3 credit bureaus - each report a different number. The second highest number is the score used for a mortgage.
- Credit Profile consists of: payment history, amount owed to creditors, length of credit history, new credit, and type of credit.

## Mortgage Insurance

- Protects the lender
- Required on all FHA Loans & Conventional Loans with down payment less than 20%

## Payment Breakdown

Your mortgage is based on a variety of factors, including your down payment, credit score, and property type.

### principal

Amount of money borrowed, not including interest, to purchase the home.

### interest

Percentage charged for the use of borrowed money.

### taxes

Decided by the municipality you live in and is based on the property's value.

### insurance

Homeowner's insurance and possible mortgage insurance, varies by loan product.

## Docs Needed for Pre-Approval



Last 2 months bank statements for all financial accounts.



Last 30 days pay stubs



Last 2 years W-2's and federal tax returns



Loan payment information (car, boat, RV, etc.)

## 5 Day Loan Commitment

A borrower can submit all paper work needed for a full approval to underwriting with or without a property picked out. This shows that there is little risk of the financing falling apart before closing. Completed in 5 days!

## On-Time Closing Guarantee\*

If we are unable to close your purchase on or before your scheduled closing date, we will pay for your first mortgage payment up to \$1,500 P & I AND the seller of the property will also be paid \$5,000. \*See terms and conditions.

