
Obtaining A New Loan

Unless you are paying all cash, assuming a loan, or the Seller is financing, you will need to apply for a home loan. Your real estate agent should be able to recommend several reliable sources for your loan. Apply as soon as possible to avoid delaying the closing. The following is provided to the home buyer as an informational guide on obtaining a new home loan.

When and Where to Apply for a Loan?

Apply for your loan as soon as possible. In fact, it is probably a good idea to know what you can afford before you begin looking for your new home. A lender can pre-qualify you for a certain price range and help you avoid disappointment later. There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. Your real estate agent may give you several names of lenders who have proven reliable in their previous transactions.

What's Needed for the Application?

The loan application requires personal and financial information. Requirements may vary, but be prepared for your lender to request:

- Names and addresses of employers for last two years;

- Addresses of your residences for last two years;

- Your Social Security Numbers and Driver's License or other valid ID;

- Amount of gross monthly salary; may request two recent pay stubs showing year-to-date earnings and W-2s and Federal tax returns for last two years;

- Names, addresses, and account numbers for checking and savings accounts; may request three recent statements;

Names, addresses, account numbers, and payment amounts on all loans, including real estate;

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Addresses and values of other real estate owned;

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Your best estimate of the value of all your personal property (autos, boats, furniture, jewelry, television, stereo, computer, other electronics, etc.); and

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For a VA loan, Certificate of Eligibility or DD214s.

Your lender will mail out verification requests and order an appraisal on the property you are buying. If your lender asks for additional items from you, please comply promptly with these requests to avoid delaying your loan approval.

What Is Hazard Insurance?

Hazard or fire insurance covers the dwelling itself and is required by the lender to protect their risk in your home. Your lender or agent will explain the necessary hazard insurance coverage to you. (If you are buying a condominium, a master policy already exists which includes your unit.) Contact your insurance agent early because this coverage must be provided so the lender can release loan funds to First American. Hazard insurance is one of the items frequently postponed until the last minute, and this can result in delaying the closing for a day or more. Order your insurance as soon as your loan is approved; then furnish your escrow officer with your insurance agent's name and phone number.

When you talk with your insurance agent, be sure to ask about additional coverage in a homeowner's policy to insure your personal belongings and to protect against liability for such events as injuries to visitors.

What Happens after Loan Approval?

After loan approval and just prior to your planned closing date, the lender will send loan documents to First American, and your escrow officer will prepare an estimated settlement statement. This statement indicates what funds go where, and at this time your escrow officer can tell you how much money you need to bring to the closing. Be aware that this amount may be higher or lower than previously estimated due to changes in such items as prepaid interest, prorated fees, and impound accounts.

