

Notes From A Loan Officer

When listing a property know what kind of financing programs will work. The condition of a property will make a difference. If it has major deferred maintenance and/or health and safety issues most likely a rehab or construction loan will be needed. If it has cosmetic issues like peeling painted, rotted wood or water stains it will most likely not be eligible for VA or FHA financing. If listing a condo know if it is FHA approved or VA approved, if not conventional financing will be required. Be sure the HOA is willing to complete the FNMA/FHLMC structural integrity form.

The dates are real. Please be sure to confirm all dates on the offer that involve financing and closing are true business days for the lender, attorney, and registry of deeds. Closings cannot take place on a Saturday, Sunday or legal holiday no matter how convenient that will be for the buyer or the seller. Also, inform the buyer that they must be present at the closing (the seller in most cases can send a POA). If there is more than 1 person taking out the mortgage, they must both be there one spouse cannot sign for the other.

The lender doesn't require a home inspection; they do (usually) require an appraisal. An appraisal is used to determine the current fair market value. The appraiser receives a copy of the P&S, so they do know what the home is selling for. In most cases they will do their best to bring it in at value, if possible. If an appraisal comes in low that doesn't mean the deal blows up. Talk to the loan officer and discuss solutions. Changing the loan to value, adding PMI or buyer putting down more funds are just a couple of remedies. If the appraisal comes in higher (and you as a buyer's agent gets this information), congratulate the buyers and keep it to yourself.

Closing credits are a great tool to use to help a buyer and for a seller to entice offers. Keep in mind that a closing credit, when lender financing is involved, can only be used towards 'pre-paid' and closing costs and must be stated that way in the P&S. Whatever isn't used, the buyer loses. The credit cannot be worded as "\$15,000 to be paid at closing by the seller for the buyer to upgrade to hardwood floors". Check with the loan officer to see how much the estimated costs are and don't go above that number.

Negotiating items to be left behind for the buyer is a huge money saver. Imagine having to buy curtains for 20 windows, or a washer and dryer, or refrigerator, a lawn mower, snow shovels and rakes. If the seller is willing to leave these items to sweeten the deal the wording must say "the items are being left for the buyer as a convenience to the seller and have \$0 value in this transaction".

Is the pre-approval really a pre-approval or a pre-qualification. Make sure the loan officer obtained the income, assets and credit report documents needed to verify this information. Ask if they ran it through an automated underwriting system and if they received acceptable findings. If the answer is no, it is a prequalification not a pre-approval. The gold standard is a fully underwritten pre-approval signed by the underwriter, but many lenders don't have the bandwidth for this as it is very expensive. No matter how many certifications/designations are next to the loan officer's name, no matter how long they have been doing this, loan officers do not have lending authority. Only underwriters have lending authority. The pre-approval should state not only a purchase price, but the type of financing program, property type, loan amount and a monthly payment. As a buyer's agent talk to the lender. They can't disclose personal information but can discuss prices and payments.

BCPU Real Estate Edition

The mortgage lender needs these deals to close

too. Loan officers are there to help get a deal done. An experienced loan officer has done 1000's of transactions and can usually assist with issues, just ask. It is very helpful to e-mail the loan officer 24-48 hours before the commitment date to make sure it is all set. Don't ask for the commitment, the lender can't share it with you. The loan officer will let you know if there is an issue and what needs to be done to resolve it. The CD (Closing Disclosure) must go to go to the buyer 3 business days ahead of the closing, check with the lender 4-5 days before the closing to confirm everything is on track. The 'clear to close' will come shortly after the CD is sent and acknowledged by the buyer.

Last but not the least to remember, the lender doesn't schedule the closing. The closing attorney will coordinate time and location with the buyer and seller (or seller attorney). I hate to say this but I will...no one cares about the real estate agents availability for the closing. You will need to coordinate the final walk through as close to the closing time as possible. Don't asked for the closing to be scheduled around your schedule.

Pat Lynch | NMLS#414897

Bluestone Bank

Vice President & Mortgage Loan Officer

80 North Main Street | Mansfield, MA 02048

Patlynch@bluestone.bank