

Step by Step Mortgage Loan Process: 6 Steps

Buying a home and don't know where to start? The process of getting a mortgage loan can be daunting. This step-by-step mortgage loan process tells you what documents are required for a loan and what steps you need to take to get from loan application to closing as smoothly as possible.



The 6-Step Mortgage Loan Process

1. Get your documents together.

The following checklist will help you gather the required documents you may need to apply for a home loan,

depending on the loan product type.

- Residential loan application, aka URLA Form 1003, which includes a Fair Lending notice, loan info sheet, and credit authorization
- Previous 2 years' W-2s
- Previous 2 years' tax returns
- Most recent rental agreement (if you own rental units)
- 3 most recent bank statements
- Most recent statements for mutual funds, IRA/401(k), or stock accounts
- Settlement agreement and divorce decree (if applicable)
- Bankruptcy filed (if applicable, schedule of creditors, discharge notice, and filing)
- A letter explaining how you will use the loan proceeds (for cash-out refinances)

- Your Green Card or H-1 or L-1 visa (for non-U.S. citizens)
- The first mortgage note (for second mortgages)

2. Get pre-approved for a mortgage.



You may come across terms like pre-qualification and pre-approval when researching mortgages. While they sound similar, they're actually very different.

When it comes to buying a home quickly, one is far better than the other.

- **Pre-qualification** determines your ability to repay a loan based on self-reported asset and income information you provide. Pre-qualification often takes only minutes online or by phone. While it can give you a ballpark figure estimate of what you may be able to borrow, it does not involve a detailed analysis of your credit and finances.

To receive a Pre-Qualification Loan Estimate, you need to share six key pieces of information:

- Your full name.
 - Your Social Security number
 - Your income.
 - The address of the home you plan to purchase or refinance.
 - An estimate of the home's value.
 - The loan amount you want to borrow.
- **Pre-approval** is a more rigorous process where your information is reviewed and verified by an underwriter. This involves an analysis of your financial status and credit history. With a mortgage pre-approval, you'll be able to set your budget, negotiate confidently, and close faster. A mortgage preapproval is still an estimate, but a **more accurate**

estimate of what you could afford. Pre-Approval also carries more weight with a real estate agent and the seller because they'll know your lender thoroughly reviewed your financials and verified that you could **afford** the home you wish to buy.

3. Shop for mortgages and rates.



Many types of loans are available with different requirements and benefits. **Your experienced, licensed Mortgage loan officer** can help you find a loan product that will best suit your needs based on your current financial situation and future goals. For instance, if you plan on selling your home after only a few years, an **adjustable-rate mortgage (ARM)** might be a viable option. If you plan on living in your home for a long time and you prefer consistent monthly payments, you may want to consider a **fixed rate mortgage**.



4. Apply for a loan.

You can start the mortgage loan application today by:

- Calling us at **240-351-1487**.
- Filling out lenders **pre-qualify form**.
- Requesting a **free rate quote**.

5. Get approved for a loan.



After applying for your mortgage, the loan review and approval process begins. We will verify your credit, employment history, assets, property value and more. Check out our **Home Buying Guide** and follow the guidelines below to help your

loan move smoothly and quickly through processing and underwriting.

- Complete your application thoroughly.
- Respond promptly to requests.
- Disclose all other loans and credit.
- Be accessible when scheduling a closing date.
- Don't make any major purchases.
- Don't move money around in your accounts.

6. Close on your mortgage loan



Almost done! The last step in the mortgage process is closing on your loan. Once your loan has been approved, we'll reach out to you to schedule a closing date. You'll review final documents and make sure the rates and amounts are what you have agreed to. You'll also

pay closing costs and your down payment with a certified or cashier's check from your bank. Bring your photo ID and Social

Security card to this meeting. Once your loan has been funded, you'll get the keys to your new home!

Let's do this!

Owning a home is an exciting and fulfilling aspect of life, and we want your home financing experience to be positive and memorable. We hope the knowledge you've acquired in this article about the step-by-step mortgage loan process has given you the confidence to take the next step. **Start the conversation** with your friendly and helpful KeyFactorCo. loan officer today!