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**USA Mortgage**

*The Home of Possibility™*



# Mortgage Process & Loan Programs

# About Us

**USA Mortgage is the home of possibility!**

We have options. With a vastly diverse portfolio of loan products, we have the ability to find the best choice for you. And with our operations completely in-house, we can give you an edge when it comes to access, fees and rates.

Completely employee-owned, we're driven with a passion for always improving the mortgage process by finding the right fit for you. You can be sure that we have a real stake in providing you with the best experience possible. We enjoy what we do, and are committed to making it enjoyable for you. We're here for you, 24/7.

We literally have customers for life, and the ability to enjoy such an enduring relationship with them is unparalleled. We live to provide "moments of magic" for our customers. It is our core belief that you deserve the highest level of attention and care possible, especially during one of the most important transactions of your life. We're with you, every step of the way.





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# The Mortgage Loan Process

## Loan Application & Prequalification

The first step in the Mortgage Process is getting prequalified for a mortgage loan. Prequalifying determines how much you can afford to spend on a home based on where you stand financially, considering your income, debt, and savings. You will fill out an application, and your Mortgage Loan Originator will help you determine the purchase price you can be prequalified for, and a loan program that is best suited for your goals. Contact your Mortgage Loan Originator with USA Mortgage to get started. Their contact information is in the back of this booklet.

## Documentation

When filling out your application, make sure to have these documents available:

- Drivers License
- 30 days paycheck stubs
- 2 months bank statements
- 2 years W2s

You will upload these documents at the end of your mortgage application.

## Home Shopping

Now that you have a prequalification letter and a price range, a real estate agent will help you with your home search! Discuss your home preferences and location with your real estate agent. They will schedule showings of properties that fit your desires. When the perfect home is located, your real estate agent will present your offer to the seller.

## Begin the Loan Process

When you and the sellers have agreed to the terms of the sales contract, you will finalize your loan program with your mortgage loan originator, then you will receive your Loan Estimate (a detailed estimate of your projected closing costs, itemizing things like mortgage insurance, title insurance, and other fees, along with an estimated monthly mortgage payment amount).



# The Home Buying Process

## Get Prequalified

You will need paystubs, W2s, and bank statements. Knowing what you can afford is important to a successful home shopping experience.

## Meet with a Real Estate Agent

Discuss the type of home you're looking for, including style, price, and location.

## Search for Homes

The fun part! Your real estate agent will schedule showings and help you find the perfect home.

## Make an Offer

Your agent will prepare the offer based on the price and terms you choose.

## Negotiation & Contract

It may take a few tries to get it just right, but hang in there. You're on your way!

## Under Contract

You and seller have agreed to the price and terms. The home is effectively held for you until closing.

## Final Details

The inspection is conducted, the appraisal is ordered, and you will provide the lender with any other documents they find necessary for your specific financial situation.

## Closing

This is the transfer of funds and ownership! A title company typically acts as an independent third party to facilitate the closing.

## Congratulations! You are a new homeowner!

# Home Loan Process

## Prequalification and Documentation

The first step is to complete a loan application, which can be done easily online. Once your application is submitted, your mortgage loan originator will help determine which loan program best fits your needs.

## Start Shopping for Your New Home

This is the fun part! You will work with a real estate agent that will help find that house you can call home! Along the way, they will assist in making sure you are aware of any unseen or unnoticed issues to ensure you are buying smart. When you find the right home, they will work on your behalf for the best terms and price of the sale.

## Begin the Loan Process

Once all parties have agreed to the terms of the sales contract, your mortgage loan originator will request additional documents and information from you to begin your official loan process. A “Loan Estimate” will be provided within the next couple days to detail the loan specifics such as the interest rate, monthly payment and total closing costs.

## Inspection and Appraisal

Your real estate agent or mortgage loan originator can recommend a home inspector for a thorough inspection of the property. The inspector will check for any structural and/or material defect, items you will want to know about before your purchase, and provide a detailed report. After the inspection is complete, your mortgage loan originator will order your appraisal. A licensed appraiser will assess the property’s size, condition, and location to determine its current market value. They will also return a detailed report.



## Underwriting

A Mortgage Underwriter's job is to confirm that you are qualified to receive a mortgage loan. They consider factors such as credit history, employment history, and income when determining whether to officially approve the loan. At this point, they will likely request further documentation and information from you to ensure you will be able repay a mortgage loan for 30 years.

## Conditional Approval

Once the underwriter has reviewed all the documentation, and it meets the requirements, they will issue a "conditional approval." However, this approval will still have a few items needed to get a final approval.

## Final Approval and Closing

Once the additional items from the conditional approval have been cleared, the underwriter signs off, giving a "clear to close". The file will now move into closing. This is where we get the paperwork ready for you to sign and move the money to the title company to pay for the home.



# Loan Programs

## Conventional

- 5% minimum down payment requirement is typical
- Seller concessions are limited up to 3-9% of sales price
- PMI required over 80% LTV
- Additional options are available

## FHA

- 3.5% minimum down payment requirement
- Upfront mortgage insurance premium financed into the loan
- Condominiums must be on FHA approved list or meet single-unit spot approval requirements
- No income limits
- Seller concessions up to 6% of sales price
- Gifts for down payment are allowed

## USDA

- Property must be in a USDA approved area
- No down payment required – 100% LTV of the appraised value plus the guarantee fee.
- Possible financed closing costs
- Reduced monthly mortgage insurance premiums
- New and existing homes eligible
- Seller concessions up to 6% of sales price
- Condominiums may be eligible for financing
- Not restricted to first time homebuyers
- USDA income limits are subject to change and need to be accounted for different counties. Visit [www.rd.usda.gov](http://www.rd.usda.gov) for more information.

## VA

- 0% down payment requirement\*
- Must meet VA eligibility
- No Mortgage Insurance
- VA up front funding fee financed into loan
- Disabled veterans can waive funding fee

## Lock & Shop

- Locks up to 120 days with no upfront lock fees.
- Gives flexibility to the homebuyer's experience.

## Additional Loan Programs

- Jumbo Loans
- Renovation and Construction Loans
- Bank Statement Programs
- Investment Property Programs

\*100% financing up to the appraised value of the property



DAS Acquisition Company, LLC is not affiliated with or endorsed by any government entity or agency, including USDA, HUD or VA. Interest rates and products are subject to change without notice and may or may not be available at the time of commitment or lock-in.

# Mortgage Dos & Don'ts

## DOs:

**DO - KEEP FINANCIAL RECORDS READY** - Keep your financial records close at hand in case updates are needed. Be aware that underwriters typically verify your income and tax documents through your employer(s), and IRS tax transcripts. Keep new paystubs on hand as they come in.

**DO - KEEP RECORD OF GIFT FUNDS** - If you're receiving any gift money from relatives, they'll need to sign a "gift letter" (that we will provide), and a bank statement showing the gift transaction.

**DO - KEEP CURRENT ON RENT** - If you're renting, continue paying your rent on time and get record of your last two years of rental payments. If you're selling your current residence, be prepared to show your closing disclosure.

**DO - KEEP YOUR CREDIT SHINING** - Continue making payments on time. Your credit report may be refreshed, and any negative change to your report could cause you to lose your approval and your home.

## **DO - STAY READY TO SHOW DOCUMENTATION** -

Underwriters need a lot of documentation. Even if requests seem silly, intrusive, or unnecessary, please remember that if they didn't need it, they wouldn't ask.





## **DON'Ts:**

**DON'T - APPLY FOR NEW CREDIT -** Changes in credit can cause delays, change the terms of your financing or even prevent closing. If you must open a new account (or even borrow against retirement funds), please consult with us first.

### **DON'T - CHANGE JOBS DURING THE PROCESS -**

Probationary periods, career or even status changes (such as from a salaried to a commissioned position, leave of absence or new bonus structure) can be subject to very strict rules.

**DON'T - MAKE UNDOCUMENTED DEPOSITS -** Primarily large but sometimes even small deposits must be sourced unless they are identified. Make sure you keep all documentation on any large deposit.

### **DON'T - WAIT TO LIQUIDATE FUNDS FROM STOCK OR RETIREMENT ACCOUNT -**

If you need to sell investments, do it now and document the transaction. Don't take the risk that the market could move against you, leaving you short of cash to close.



# Mortgage Dictionary

**Amortization** The act of slowly paying off a debt; The progression of the principal loan balance declining monthly, by the amount in the scheduled payments.

**Annual Percentage Rate (APR)** The total cost of your mortgage loan expressed as a yearly percentage rate. It includes the interest you will pay over the course of your loan, any points you may have paid, plus your closing costs.

**Clear to Close** The Clear to Close is the final approval from the underwriter that you are indeed fully approved for the mortgage loan. This determination usually comes right before closing day.

**Closing** This is the day you close and complete the sale of your new home! You will sign all your final documents and receive the keys to your home.

**Closing Costs** Closing costs are the additional charges and fees starting with your loan origination fee and including things like appraisal, escrows, title fees, transfer taxes, and recording fees from third party companies involved in your transaction.

**Credit Bureau** There are three major credit bureaus: Experian, TransUnion and Equifax. They are responsible for compiling data based on your historical use of credit products such as, credit cards, loans and other types of debt.

**Debt-to-Income Ratio (DTI)** DTI shows how much debt you have compared to your monthly income. The lower your DTI, the better your chances are for qualifying for a loan. It is calculated as: Your total monthly recurring debt, divided by your gross monthly income. That percentage is your DTI.

**Earnest Money** Earnest money is a deposit you put down when making an offer. It's good faith gesture to show you're serious about the transaction. The amount varies, but it could be between 1% and 3% of the purchase price. The money goes to the title company, and will be held go toward your down payment.

**Equity** Your home's value, minus how much you owe on it. It is the portion of your home's value that you have paid off, and you gain this equity by making payments over time.

**Escrow** Each month, your lender will collect money from you (included in your monthly mortgage payment) and put that money into an escrow account to pay your property taxes and homeowner's insurance on your behalf. This not only protects the lender's investment but also makes it easier for you to pay these expenses, rather than having to plan for big tax bills or insurance premiums out of pocket.

**Final Closing Disclosure** This provides the exact final costs for your transaction, that had previously been estimated. Final calculations for tax prorations, realtor fees, and exact down payment and cash to close amounts are provided on this document.

**Gross Income** This is the amount of your income before any taxes or deductions. This can include overtime and commissions if a steady two year history can be proven.

**Initial Closing Disclosure** This is a document very similar to the Loan Estimate that the buyer was provided with three days after the receipt of the purchase agreement. The difference here is that these numbers are much more accurate. This is created after approval from underwriting, and is very close to what you will be signing on closing day.

**Initial Disclosures (aka Loan Estimate)** Within three days of receipt of a purchase agreement, your lender must provide you with a Loan Estimate (LE), which is a document that estimates the details of your loan. This is not a loan approval but rather a summary of what your loan will look like should you decide to move forward.

**Loan-to-Value Ratio (LTV)** LTV expresses how much you're borrowing compared to the value of the home. A lower LTV is more favorable because it represents less risk to the lender. This ratio is calculated as: Amount Borrowed, divided by the Appraised Value of the Property = LTV.

**Mortgage Insurance** Mortgage Insurance (MI) protects the lender in the event that you fall behind on your mortgage payments. If you put down less than 20% when you buy your home, you'll have to pay MI (also referred to as private mortgage insurance [PMI] or a mortgage insurance premium [MIP], depending on the type of loan product you choose).

**Points** Your lender may allow you to pay a one-time fee in order to lower your interest rate. One point is equal to 1% of the loan amount.

**Prequalification** A prequalification is only as good as the information and documents provided by the borrower, and the skill of the mortgage loan originator asking the questions. Which means this has not been approved by an underwriter. In most cases, further clarification is necessary, which can disrupt or change the prequalification itself, or the purchase price listed on the prequalification.

**Preapproval** A preapproval is issued by an underwriter here at USA Mortgage. After receiving credit, income and asset documentation, an underwriter will either deny or issue a preapproval based on your full credit profile. This will avoid unnecessary surprises and delays in your closing process.

**Processing** This means your file has been handed from your loan officer to a processor. The processor reviews your loan application to make sure it's complete and accurate, often asking for clarification and further documentation, before handing it off to the underwriter review.

**Seller Credit** These are funds provided by the seller to the buyer, as an incentive to help sell their home. It is a contribution that the buyer is able to put towards closing costs, or buying down their interest rate.

**Underwriting** The processor will pass your file off to underwriting, where an underwriter will go over your entire loan file, assesses your creditworthiness against the guidelines, and ultimately approves or denies your loan. The underwriter will likely ask for further documents and explanations during this process.



# Meet Danny

Danny is a recent Army retiree after a 27-year career in special operations. A 14-year resident of Savannah, he knows the area, and the people, and loves ensuring his experience with customers ends as them getting their keys as happy homeowners. His dedication to his customers, unrelenting work ethic, and laser focus have translated well for his customers.

As a mortgage loan originator, he utilizes the multiple lenders USA Mortgage works with to weigh the lender options and find the best deal for his customers. When you call, he answers. Period.

Danny has also helped start a veteran's equine therapy program to combat PTSD for his fellow veterans and first responders in his hometown Savannah, GA. His ultimate goal is to be able to help multiple veteran nonprofits across the country to help all past and present veterans during their quiet struggles by presenting multiple options for self-care...a very noble cause.

Danny's combat-proven resiliency and leadership, backed by a dynamic team of mortgage professionals, equals a smooth process with great communication resulting in your home ownership. Contact the Archer Mortgage Team for your pre-approval now to prepare for your upcoming home purchase.



## Danny Archer

Mortgage Loan Originator

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## TESTIMONIALS



"Daniel was very helpful and knowledgeable. Our situation was unique and he helped us work through issues and we were able to purchase the home we were looking for." -Leighann H.

"Danny was knowledgeable about loan products and what would work best for my buyer. He communicated well and often with my client and myself, which is very important to me. Would definitely recommend Danny for future clients." - Sarah P.

"Daniel is a great person to work with, he is a people person. He is a master of his craft and keeps it real with you through the entire process. His emails, phone calls, and video updates keeps you informed and at ease knowing you are in great hands. It was truly a pleasure working with Daniel and would do it all over again." - Joel C.

"Amazing communication throughout the entire process. Made sure all steps were taken properly and on time and kept everyone in the loop at all times. Made sure my clients were 100% in the know and well taken care of from beginning to end. Extremely personable and easy to work with. Would definitely recommend Danny to others looking to purchase a home in the future!" -John S.





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## Danny Archer

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