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**The Steps of the Mortgage Process**

The process of getting a mortgage consists of several stages and typically takes anywhere from 30 – 45 days (or more) depending on how prepared you are, what mortgage program you have selected and if it’s a purchase, the closing date may dictate how long the process will take. The steps below may not take place in the exact order I have listed and some steps may happen simultaneously.

**Prequalification**. The [pre-qualifcation](http://mortgageporter.com/2012/02/are-you-really-preapproved-or-just-prequalified-for-a-mortgage.html) stage may consist of [obtaining rate quotes](http://www.mortgageporter.com/quote) from various lenders and providing lenders information (verbally or electronically) about your home buying or refinancing scenario.

**Preapproval.** During the pre-approval stage, you will need to [provide documentation](http://mortgageporter.com/2012/02/what-do-you-need-to-get-a-preapproval-letter.html) that proves your income, assets and funds for closing. Your credit report will also be run (if it was not run during the pre-qual stage).  Your pre-approval is updated with information based on the documentation provided. Your mortgage originator will also help you fine tune your selection for your preferred mortgage program.  It is likely that your information will then be ran through an automated underwriting system depending on your loan program.

If you are buying a home, and your loan is preapproved, you will receive a preapproval letter from your loan originator. If your loan is not preapproved, your lender should provide you with guidance as to what needs to improved (typically credit, income or assets) in order to achieve a preapproved status.

Sometimes, preapproval letters need to be updated as credit report and supporting documents (paystubs, bank statements) “expire”.

You may need an updated preapproval letter that is customized for a home you’re making an offer on. It’s always a good idea to check in with your mortgage originator before making an offer so they can provide an updated preapproval letter and an updated rate quote scenario based on the home you are considering.

**Mutual Acceptance** (if buying a home). Once you have a signed around purchase and sales agreement, a complete copy of the purchase and sales agreement needs to be provided to your lender.

**Processing.** Once you have provided your lender with a purchase and sales agreement or you have decided to proceed with a refinance, you’ll begin the processing stage of your transaction.  The loan processor works closely with your mortgage originator to prepare your transaction for underwriting. During this stage, title insurance and appraisal are ordered and the file will be pre-underwritten to determine what additional items will be required for underwriting. The processor will review and update the application, credit report/credit related documents, income documents, asset documents, and will request any additional information or documentation from you based on the review of those items. The file will then be submitted to underwriting for conditional approval from the lender. There will be a 1-2 week wait at this point, and during this waiting period we gather all items from you that were requested on the “pre-underwriting” email so that we have everything ready to send in to the lender at the time conditional approval is received from the lender. This eliminates having to wait to gather all of these items until after the underwriter reviews your file, saving several days or weeks of the mortgage process.

**Home Owners Insurance.** You will need to provide your lender with the contact information of who will be handling your home owners insurance. The lender will request evidence of insurance from your homeowners insurance provider.

**Appraisal.** If you are buying a home, the appraisal is typically ordered after you have made your loan application, and will take a few weeks to come in once ordered. When the lender receives the appraisal, it is reviewed and then provided to the borrower. If the appraisal comes in less than the sales price or expected value of the home, there may issues as the lender will based the loan to values on the lower of the sales price or appraised value.

The appraisal may also have repair items that need to be addressed. If the appraiser calls for items to be repaired on the appraisal, a re-inspection will be required to be completed and reviewed/cleared prior to closing.

**Underwriting Approval.** Once processing has a complete loan application with supporting documents, they will submit the loan to underwriting. Underwriters will review the application, supporting documentation and lender guidelines. They will then either issue a “conditional approval” or suspend the file for additional documentation. Assuming the loan is conditionally approved, there will be “conditions” of the approval that need to be gathered and submitted/cleared by underwriting before they can issue a “clear to close. Ideally, we will have gathered the majority of these “conditions” during pre-underwriting, but underwriting may require additional items once they have reviewed the file.

After the initial underwriting approval (conditional approval) is issued, the file is sent back to processing to work on gathering the additional items requested by the underwriter.

**Review and re-submission of conditions**. The processor will work on obtaining the underwriting conditions. This often means that you, the borrower, may be hearing from the mortgage company again with (hopefully a short) list of additional items that are needed. **This is not unusual…** and you’ll probably feel like you’ve been asked for the same thing over and over again. The mortgage process is redundant – there is no way to sugar coat it.  The good news is that by this time, you are almost finished!

Once the processor has obtained everything from the underwriter’s conditional approval list, the file is sent back to underwriting for review. If the documents appease the underwriter, final approval is issued.  Sometimes, the documents provided may trigger additional questions or requirements from an underwriter, in which case, they issue a revised approval with new conditions to be satisfied. This will continue until final approval is reached. Please note- along with conditions, the appraisal (and re-inspection if applicable) and satisfactory title work and tax transcripts will also need to be received, reviewed, and cleared prior to receiving the official clear to close.

**Final approval (Clear to Close).** Oh happy times!!! This means that **all** underwriting conditions as well as appraisal, re-inspection if applicable, title work, and tax transcripts have been reviewed and cleared by underwriting.

Closing Disclosure- if your closing disclosure was sent out and consented to during underwriting, you will only have to wait a day or two to close after the Clear to Close has been received. If the closing disclosure was not sent out and consented to during underwriting, then your closing can be 5 business days from the time you receive the Clear to Close. Your settlement agent will contact all parties to schedule the closing date once we receive the official Clear to Close. When your closing disclosure is sent (no matter if it is sent before or after the Clear to Close), you must consent to it immediately or additional waiting days could apply.

**Docs**. Once loan documents are prepared, they are reviewed and then sent to the settlement company by the lender.

**Re-verification.** Just prior to funding, the lender will check with employers to makes sure nothing has changed with the borrower’s job status and a soft pull is done on the credit report to confirm no changes to the credit profile (no new credit or large purchases on existing credit accounts).

If there has been changes to employment or credit, *the transaction may be delayed as the new changes may have to be approved by underwriting*. .

**Funding and recording.** Once your employment and credit have been re-verified, the lender will contact the settlement agent company to “balance” the closing disclosure. This means they are making sure that everything is correct with the closing disclosure down to the penny. Once they balance, the lender will wire funds to the settlement agent (this may take longer than you would expect in this day and age) and you will sign all of your closing documents at the closing table. Recording takes place at the county where your home is located. The vesting deed and deed of trust (mortgage) are recorded and become public record, essentially announcing to the world that you own a home and have a mortgage. Because recording creates a public record, you can expect to be very popular (even more than before the process) and to receive constant piles of junk mail.

**Closing.** Yes!!! The moment we have all been waiting for!! Once your transaction has funded and recorded, you are officially “closed”.