



Thrive
MORTGAGE



Welcome Home

**YOUR HOME
LOAN GUIDE**



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THE HOME BUYING PROCESS*

1. Get Prequalified - My Team and I will work to determine how much home you can purchase, what your monthly payment will be, and how much money you will need for the entire transaction.

2. Find the Home - Work with your Real Estate Agent to find the perfect home for you.

3. Make an Offer - You and your Real Estate Agent will put together the terms and conditions of your offer. Together you will negotiate with the sellers to reach acceptable terms (price, earnest money, closing date, seller paid cost, etc.).

4. Offer Accepted! - Once the seller accepts the terms of the offer you are now under contract. You will typically write 2 checks at this point.

***Earnest money deposit and
*Option Fee so make sure you have
your checkbook ready!**

5. Initial Loan Setup - We will set up the loan and review loan terms.

6. Appraisal Order - My team and I will order the appraisal which usually takes 7 business days.**

7. Underwriter Review - Underwriter reviews the loan and issues the initial approval.

8. Start Packing! - Time to get ready for the moving day!

9. Underwriter Issues Final Loan Approval

10. Closing Day - Your Realtor will work with you and the Title Company to set a date and confirm location. Closing can typically take anywhere from 45 minutes to two hours and involves signing all closing documents. Once funding has occurred, you get the keys to your new home.

UNDERSTANDING ESTIMATED MONTHLY PAYMENTS

+Principal, Interest, Taxes and Insurance (PITI)

Principal, Interest, Taxes, and Insurance, known as PITI, are the four basic elements of a monthly mortgage payment.

Your payments of principal and interest go toward repaying the loan. Amounts that cover property taxes and homeowner's insurance may go into an escrow account, if you are required or choose to have one, to cover your property tax and homeowner's insurance payments as they come due.

+Property Taxes

Are specific to the subject property based on the State. Property taxes are estimated based on your target purchase location (City, County, School District). Once you have a specific home selected, your loan can be updated to the exact property tax amount due each year.

+Homeowners Insurance

Homeowner's insurance pays for losses and damage to your property if something unexpected happens, like a fire or burglary. Standard homeowner's insurance doesn't cover damage from earthquakes or floods, but it may be possible to add this coverage. Homeowner's insurance is also sometimes referred to as "hazard insurance."

Many homeowners pay for their homeowner's insurance through an escrow account as part of their monthly mortgage payment. You make the payments to the lender, and the lender holds the part of the payment that is for insurance in an escrow account. Then, when the bill for the insurance is due, the lender pays it from the escrow account.

The cost of your homeowner's insurance, as well as any similar insurance to protect the property, is listed on page one of your Loan Estimate, in the "Projected Payments" section. However, it's usually a good idea to do your own research about how much homeowner's insurance costs. You can shop separately for homeowner's insurance and choose the provider and plan that is right for you. Flood Insurance may also be required if the property is located in a Flood Zone.

When you have a mortgage, your lender wants to make sure your property is protected by insurance. That's why lenders generally require proof that you have homeowner's insurance. If you don't have insurance, your lender is allowed to buy it for you and charge you for it—but your lender must give you advance notice. If your lender buys insurance on your home because you did not keep up your homeowner's insurance, that insurance may only cover the lender, and not you. It also may be more expensive than

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<https://www.consumerfinance.gov/ask-cfpb/category-mortgages>

UNDERSTANDING ESTIMATED MONTHLY PAYMENTS

what you could buy on your own. Homeowner's insurance protects your property. Homeowner's insurance is not the same as mortgage insurance.

+Mortgage Insurance (M.I.)

Private mortgage insurance, also called PMI, is a type of mortgage insurance you might be required to pay for if you have a conventional loan. Like other kinds of mortgage insurance, PMI protects the lender—not you—if you stop making payments on your loan. PMI is arranged by the lender and provided by private insurance companies. PMI is usually required when you have a conventional loan and make a down payment of less than 20 percent of the home's purchase price. If you're refinancing with a conventional loan and your equity is less than 20 percent of the value of your home, PMI is also usually required.

How do I pay for PMI?

There are several different ways to pay for PMI. Some lenders may offer more than one option, while other lenders do not. Before agreeing to a mortgage, ask lenders what choices they offer.

The most common way to pay for PMI is a monthly premium.

- This premium is added to your mortgage payment.
- The premium is shown on your Loan Estimate and Closing Disclosure on page 1, in the Projected Payments section. You will get a Loan Estimate when you apply for a mortgage, before you agree to this mortgage.
- The premium is also shown on your Closing Disclosure on page 1, in the Projected Payments section.

Sometimes you pay for PMI with a one-time up-front premium paid at closing.

- This premium is shown on your Loan Estimate and Closing Disclosure on page 2, in section B.
- If you make an up-front payment and then move or refinance, you may not be entitled to a refund of the premium.

Sometimes you pay with both up-front and monthly premiums.

- The up-front premium is shown on your Loan Estimate and Closing Disclosure on page 2, in section B.
- The premium added to your monthly mortgage payment is shown on your Loan Estimate and Closing Disclosure on page 1, in the Projected Payments section.

Lenders might offer you more than one option. Ask the loan officer to help you calculate the total costs over a few different time frames that are realistic for you.

What factors should I consider when deciding whether to choose a loan that requires PMI?

Like other kinds of mortgage insurance, PMI can help you qualify for a loan that you might not otherwise be able to get. But, it may increase the cost of your loan. And it doesn't protect you if you run into problems on your mortgage—it only protects the lender.

Lenders sometimes offer conventional loans with smaller down payments that do not require PMI. Usually, you will pay a higher interest rate for these loans. Paying a higher interest rate can be more or less expensive than PMI—it depends on a number of factors, including how long you plan to stay in the home. You may also want to ask a tax advisor about whether paying more in interest or paying PMI might affect your taxes differently.

Borrowers making a low down payment may also want to consider other types of loans, such as an FHA loan. Other types of loans may be more or less expensive than a conventional loan with PMI, depending on your credit score, your down payment amount, the particular lender, and general market conditions.

You may also want to consider saving up the money to make a 20 percent down payment. When you pay 20 percent down, PMI is not required with a conventional loan. You may also receive a lower interest rate with a 20 percent down payment.

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HOW MUCH MONEY WILL I NEED?

I like to break out the total amount of funds needed at closing:

1. Down Payment

Your down payment at closing for the purchase of your home. This may vary based on the type of loan you choose and it's often referred to as a percentage (%) of the Sales Price or Appraised Value.

2. Closing Cost

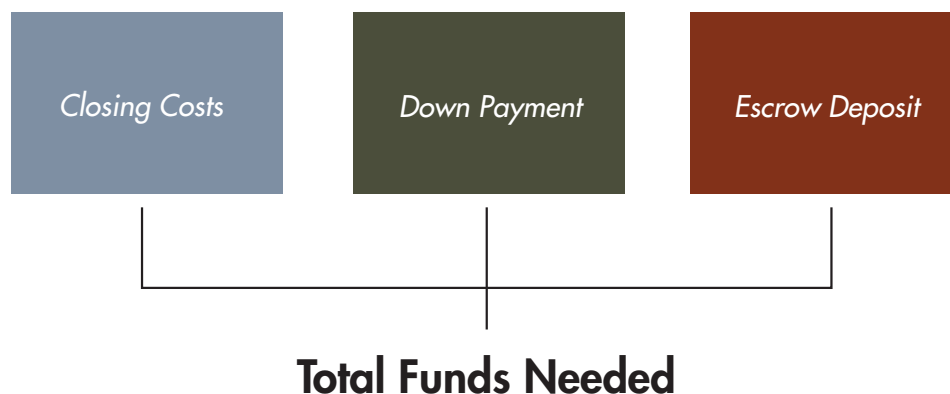
+Lender Fees- These are the fees you are paying for our team to complete your loan application such as processing, underwriting, and loan origination.

+Third Party Fees- Expected charges needed by other parties in the transaction. These include, but are not limited to, title company closing fees, title insurance, appraisal, county recording and attorney fees.

+Survey- A survey is a drawing of your property showing the location of the lot, the house and any other structures, as well as any improvements on the property. This is an item negotiated in your purchase contract as either buyer or seller paid. Sometimes the seller has a survey that may be used and a new survey is not needed if allowed by the title company.

3. Initial Escrow Deposit

An initial escrow deposit is the amount that you will pay at closing to start your escrow account, if required by your lender. This initial amount may be different from what you pay monthly to maintain the escrow account. This initial amount is listed in section G on page 2 of your Loan Estimate. This amount may change between your Loan Estimate and Closing Disclosure.



THE LOAN PROCESS- FROM CONTRACT TO CLOSE



Here is a brief overview of what you can expect to experience throughout the loan process, from the lending perspective.

1. Loan disclosures and Loan Estimate

The Loan Estimate tells you important details about the loan you have requested. The lender must provide you a Loan Estimate within three business days of receiving your application.

The form provides you with important information, including the estimated interest rate, monthly payment, and total closing costs for the loan. The Loan Estimate also gives you information about the estimated costs of taxes and insurance, and how the interest rate and payments may change in the future.

You receive a Truth-in-Lending disclosure twice: an initial disclosure when you apply for a mortgage loan, and a final disclosure before closing. Your Truth-in-Lending form includes information about the cost of your mortgage loan, including your annual percentage rate (APR).

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THE LOAN PROCESS – FROM CONTRACT TO CLOSE, *CONTINUED*

2. What is processing?

Once you complete your loan application, your file is assigned to a Loan Processor that will remain with your file throughout the entire process. The Loan Processor will pull all of your information and documents together to package the file to meet lending guidelines and compliance restrictions and then submit to underwriting for review and approval. They will prepare every aspect of your file from verifying employment to working with the title company and preparing you for closing.

3. How long is processing?

Your Loan Processor is the director on the file from the moment they receive your information all the way until closing. They will coordinate with all the different third-party entities (title company, insurance agent, appraiser, employer for verification, etc.) and internal departments to get the file through underwriting and cleared to close. Your Loan Processor will guide the file through all the different loan stages until you are at the signing table with your closing documents. And then will also work with the Loan Funder to confirm that all conditions and documentation requirements have been met to ensure a smooth and quick funding of your new loan.

4. What is underwriting?

Underwriting is the process where our in-house mortgage underwriters review your income, assets, credit documents, title work, appraisal and other items to issue an underwriting conditional loan approval. Our team is dedicated to review all of your personal information during the qualification stage so that underwriting will be a smooth process for you.

5. How long will underwriting take?

Underwriting is usually 72 hours or less. Upon completion, underwriters typically request additional items called “conditions.” As a result of the underwriting review, most files have additional items that need to be collected. Your loan processor will contact you and go over any items that the underwriter requests. If and when the processor requests additional documents from you, try to return your conditions as soon as possible.

6. “Clear to close”

Upon receipt of all items needed to clear the remaining loan conditions, the file is returned to underwriting. Once underwriting clears all of the conditions on your loan, a clear to close is issued. This means the loan is fully approved and ready for closing. At that time, we will send your closing documents over to your Title Company. This usually happens a few days before we close.

7. Closing Documents

Once your file is clear to close, our Closing Department will generate your formal closing documents. These will include final versions of the upfront loan disclosures and additional documents relating to the mortgage and property. Both you, the buyer, and the seller will have documents which must be signed.

8. Closing Disclosure

A Closing Disclosure is a five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your projected monthly payments, and how much you will pay in fees and other costs to get your mortgage (closing costs).

The lender is required to give you the Closing Disclosure at least three business days before you close on the mortgage loan. This three-day window allows you time to compare your final terms and costs to those estimated in the Loan Estimate that you previously received from the lender. The three days also gives you time to ask your lender any questions before you go to the closing table.

The HUD-1 Settlement Statement is a document that lists all charges and credits to the buyer and to the seller in a real estate settlement, or all the charges in a mortgage refinance.

9. Closing

Your Realtor will work with you and the Title Company to set a date and confirm location. Closing can typically take anywhere from 45 minutes to two hours and involve signing all closing documents.

10. Funding

Once the Title Company has received signed documents from both the buyer and seller these are sent to our Funding Department for review. Once the last person signed, funding occurs generally within an hour.



APPRAISAL FAQ

What is an Appraisal?

An appraisal is a written document that shows an opinion of how much a property is worth. The appraisal gives you useful information about the property. It describes what makes it valuable and may show how it compares to other properties in the neighborhood. An appraisal helps assure you and your lender that the value of the property is based on facts, not just the seller's opinion. When you borrow money to buy or refinance a home, your lender may need to get a new appraisal and may require you to pay for it. Your lender may also use other ways to check the value of the home. For a typical home loan (that is, a loan secured by a first mortgage on your residential real estate), you are entitled to receive a copy of appraisals and opinions of value your lender gets. You should receive them soon after they are delivered to the lender in complete form—no later than three days before closing. You can't be charged a fee for copies of an appraisal or other valuation. But you can be charged a reasonable fee for the lender's cost of preparing the appraisal or other valuation.



WHAT TO EXPECT ON CLOSING DAY

Make sure you have the address of the Title Company and know where you're headed to close!

- + Make sure you have the address of the Title Company and know where you're headed to close!
- + If you are married, make sure your spouse attends the closing and brings proper I.D. (even if they are not on the loan). In the State of Texas, if the transaction is for the borrower's primary residence and their spouse isn't on the loan, the non-purchasing Spouse will be required to sign some documentation
- + Please bring your I.D. and checkbook (just in case!).
- + Expect closing to take anywhere from 45 minutes to two hours, depending on questions asked and time it takes to sign.
- + The buyer and seller sign at different times.
- + Funding of the loan occurs typically within an hour in the last person signing.
- + If you are selling your home, make sure to get instructions from the realtor on where to leave all the keys, remotes, and access keys.
- + On a purchase, possession is negotiable. In most cases possession occurs at the time of the funding. In some situations, a lease back is in place allowing time for the seller to move out. In such situation, you would obtain access to the home at the end of the lease back period.
- + If you are closing on the sale of your home and purchasing a home on the same day, ideally you will want to schedule the close of your current home early in the day. This allows for enough time to complete the first transaction and move the funds to the second transaction, if needed.

Provide the Title Company with your cashier's check or wire in the amount requested, unless otherwise notified. Personal checks are generally not an acceptable method of payment. Cash is not acceptable by Title Companies.

