



THE MORTGAGE LOAN PROCESS

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800-933-8511

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You understand your full financial situation, including your credit history and general score as well as your income and expenses. Now, it's time to talk to a lender who will look at your finances and tell you how much money you can borrow, what loan programs you qualify for, and how much interest you can expect to pay over the life of your loan.

Most first-time buyers in West Virginia qualify for our Homeownership Program. This program does have income and house price limits, but those limits are fairly generous. The Homeownership Program also usually offers our lowest interest rates. More information is available on our website.



When you call us, you will speak to an experienced loan originator who works out of our Charleston office. Your loan originator will help you through the rest of the mortgage process, which is outlined in this Guide.

STEP ONE: PREQUALIFICATION OR PREAPPROVAL

Before you go house shopping and get your heart set on a home you cannot afford, you need to work with your loan originator to complete a prequalification or preapproval, an important step in your homebuying journey. This is when your lender looks at your finances and calculates how much money you can borrow toward the purchase of your new home and where your credit history, credit score, and income come into play.

Preapproval is different from **prequalification**, which is an initial review of your finances that is often less accurate than a preapproval. A prequalification is generally just a conversation between you and your loan originator. However, for a preapproval, your lender will require certain documents, like those listed to the right.



Preapproval Checklist

- Copies of identification
- Social Security cards
- Pay stubs
- Tax documents
- Bank statements
- Retirement/Investment account statements
- Record of debt obligations
- Credit card statements
- Statements from other interest-bearing debt, such as student loans

STEP TWO: START SHOPPING!

Now that you know how much house you can afford and how much you can reasonably borrow, it's time to start shopping!

As a first-time buyer, you may greatly benefit from using a real estate agent who understands the market where you're wanting to buy.

Create a list of must-haves, such as a certain number of bedrooms or other qualities you absolutely want in your new home. Also create a list of nice-to-haves--those things that are wishes, not essentials, and wouldn't factor as heavily into your decision-making process.

Your agent should take you to see houses in person so you can get a feel for the layout, test water faucets and



light switches, and note any repairs that you may want to ask the seller to make if you decide to buy the home.

You may also want to drive around the neighborhood to determine if you would be comfortable living there.

STEP THREE: MAKE AN OFFER

Congratulations! You've found your dream home. Now it's time to put in an offer.

Work with your real estate agent to determine the amount of money you are comfortable paying for the home. This amount can be less than the price the sellers are asking, but know that offering too low may risk your chances of successfully purchasing the home.

Your offer may include contingencies, or things that need to happen in order for you to continue with the purchase. Common contingencies include a home inspection and appraisal, the latter of which helps the lender determine the value and condition of the home they are financing.

Your agent will write an offer to present to the seller's agent that details the price you are offering and any contingencies. The seller has three options: accept your offer, submit a counteroffer that opens the door for negotiations, or reject your offer.

If your offer is accepted, it is a good time to begin ordering inspections. Generally, your real estate agent can provide references. While inspections may or may not be required during the loan process, it's a good idea to do them anyway so you fully understand the condition of your investment.



HELPFUL TIPS

A licensed inspector will look at the home's structure as well as interior systems like plumbing and electrical. The inspector may suggest repairs that you can ask the seller to make before closing on the loan. If extensive repairs are required, you can choose to walk away from the purchase.

STEP FOUR: THE MORTGAGE APPLICATION & PROCESSING



The seller has accepted your offer so now it is time to begin the mortgage application.

Your lender will require some basic information from you and your co-borrower, if you have one. You submitted your financial documents during the preapproval stage, but

your loan originator may ask for additional information depending on the type of loan you're applying for. Your lender will also run your credit report.

It is important to complete the application thoroughly and accurately. Not disclosing information on the application can jeopardize your loan.

When your application is complete, your lender may request additional documentation to verify or clarify certain items as your loan is processed. It is important to remit these requests quickly and completely. Your lender will usually initiate an appraisal of the property during this time to assess the home's value.

STEP FIVE: UNDERWRITING

Once you complete the mortgage application, it goes to an underwriter for review. The underwriter reviews the application and appraisal and verifies all the information you submitted before issuing a final decision on your application.

The underwriter is concerned with the "Three C's" of underwriting:

- **Capacity:** Does your income and current debt load allow you to make monthly mortgage payments?
- **Credit:** Does your credit history show that you make your payments on time?
- **Collateral:** Does the price of the home align with its value?



Avoid taking out new lines of credit while your loan is in the underwriting process. Any changes in your finances can interrupt the process and delay approval.



STEP SIX: LOAN APPROVAL & CLOSING

Once the underwriter is satisfied with your file, he or she will approve your application.

At this point, your lender will provide you a Closing Disclosure that details the terms of your loan, including your interest rate, monthly payment, and closing costs. It is important to review this document thoroughly so that you understand everything. Your loan originator is there to help. If you have questions, ask them!

The next step is the biggest: Closing on your loan and becoming a homeowner!

Your lender will tell you when and where you will meet with an attorney or title agency to close on your loan.



HELPFUL
TIPS

The Fund's Low Down Home Loan can cover all or part of your down payment and closing costs! Ask your loan originator for more information!

Prepare to sign a stack of paper, and don't forget your identification and cashier's check for down payment and closing costs if you are paying for those!

HOMEOWNERSHIP THROUGH WVHDF



Geared toward first-time buyers, generally offering our lowest interest rates.



Geared toward moderate-income buyers who have outgrown their current home or simply want a change of scenery.



Offered in conjunction with the Homeownership Program to reduce the amount borrowers pay out of pocket.

Call 800-933-8511 to learn more!