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Mortgage 101: What to Expect with your Mortgage

1. **Which Mortgage Product Is Right For You** - discussion of products, terms and rates.
2. **Pre-Qualification (Optional)** – verbal information to qualify you for a mortgage. No credit report run.
3. **Pre-Approval (Optional)** – completion of a mortgage application and collection of required documents (Bank Statements, Pay Stubs, W-2's). We will pull a credit report which will provide us with your credit score, open loans and credit cards.
4. **Mortgage Application** – complete application along with collection of required documents. We will take you step by step through the application.
5. **Signing of Early Disclosures** – within 3 day of receiving your signed application we will provided written estimates of your monthly payment and all loan fees. This can be done in person, by e-mail or mail. You will need to sign and return these along with a check for the appraisal and credit report, and any document not already submitted.
6. **Underwriting/Processing the Loan** - we will review the application along with analyzing other information you have provided. We will also verify employment and income with your employer.
7. **Ordering the Appraisal** – we will order the appraisal of your home from an approved appraiser. We do this to acquire a market value of the property you want to purchase.
8. **Loan Approval** – when all underwriting is complete and the appraisal supports the value of the property, we will contact you to let you know the loan has been approved.
9. **Signing of Closing Disclosures** – we will provide you with a written disclosure itemizing your final closing costs at least 3 days prior to closing. This must be signed and returned to us. You must also provide evidence of home owners insurance.
10. **Closing the Mortgage** – will be done with your chosen settlement agent or attorney to finalize the purchase of your property. The down payment and closing cost will be due at this time.

See reverse side for term descriptions

Terms

LTV	Loan to Value (Amount borrowed compared to Appraised value)
PMI	Private Mortgage Insurance (Required on loans over 80% LTV)
MI	Mortgage Insurance (Same as PMI)
DTI	Debt to Income (Amount of monthly payments compared to income)
PITI	Monthly Payment (Principal, Interest, Taxes and Insurance)
ARM	Adjustable Rate Mortgage
Mortgage	A loan in which property or real estate is used as collateral. The borrower enters into an agreement with the Credit Union wherein the borrower receives cash upfront then makes payments over a set time span until he pays back the loan in full.
Fixed Rate	Your rate is fixed for the term of the mortgage
Escrow	Amount added to your monthly payment for (Property Taxes, Insurance and PMI)
Hazard Ins.	Homeowners insurance on your property (Fire Insurance)
Flood Ins.	If the property is in a flood zone you will need to carry flood insurance
Appraisal	A licensed appraiser will evaluate the property, based on regulated guidelines, to establish a value on the property.
Mortgage App.	An application that is completed with mortgage details. Details such as borrowers name, social security number, current address, employment and income information, loan amount and loan terms will be gathered.
Early Disclosures	Forms provided to the borrower within three days of completing the mortgage application. For example, the Loan Estimate. This form provides you with important information, including the estimated interest rate, monthly payment, and total closing costs for the loan.
Closing Disclosure	A five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your monthly payments, and how much you will pay in fees and other costs to get your mortgage (closing costs). It must be provided to the borrower for signature three days prior to closing.
Closing	Once the mortgage has been given the clear to close (final approval), you will meet with your closing agent to sign final documents and provide the borrower funds needed for closing.
Closing Agent	The attorney or title company of your choice who will handle the final closing for you including the recording of the mortgage and the transfer of the deed.

Information to collect for your mortgage:

- Social Security Number
- Residence Address—Past 2 years
- Purchase Agreement and Addendum
- Names and addresses of each employer for 2 years including W2s
- Gross Monthly Salary— recent pay stubs—full month
- Last 3 months statements of all checking and savings accounts
- Names, addresses, account #'s, balance and monthly payments—all open loans, credit cards, etc
- Addresses, and loan information of other real estate owned
- Bankruptcy and divorce paperwork, if applicable
- Photo ID
- If self employed— 2 years tax returns—including personal and business

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