




ATLANTIC COAST  
MORTGAGE

A young man and woman are smiling and embracing each other. The man is holding a set of keys. The entire image has a blue tint and a geometric pattern overlay.

# Your Ultimate Guide to the Mortgage Process

How to Successfully Go From  
“What’s Next?” to “Welcome Home!”

# I'm Here to Guide You Home.

Buying a home is a big decision, and naturally, it comes with a lot of questions, which is why I believe the most successful homebuyers are the most informed. To help guide you in the right direction, Atlantic Coast Mortgage has created this valuable homebuyer's guide, filled with information and strategies designed for success. Throughout the following pages, you'll learn the basics about the homebuying and mortgage process, discover answers to commonly asked questions, and gather the tools necessary to help you make a great decision for your unique home-financing situation.

More than anything, my goal is to provide you with the fast, reliable, and transparent support you need to make confident decisions and to help take you from "what's next?" to "welcome home!"



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# Key People Involved In a Typical Loan Process

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## Loan Officer ACM

I'm your primary point of contact throughout the home-financing process. As your mortgage loan officer, I'll help you decide which loan program may be the best option for your current situation and future goals. I'll also help you complete your mortgage application, create loan scenarios that show monthly mortgage payment options, explain closing costs and funds required to close, and oversee your loan application package throughout the entire mortgage process.

## Real Estate Agent Third-Party

Your real estate agent will be your guiding light in tackling that wishlist of wants and needs to help you find the house you'll eventually call home. Your agent will work closely with me to help communicate with both you and the seller throughout the loan process.

## Loan Processor ACM

Your loan processor will be the one collecting any necessary or required documentation from you, such as paycheck stubs or contacting your insurance agent for policy information. As your loan officer, I will also be working with them to help manage this process to ensure clear and effective communication is taking place. In short, your loan processor compiles your documentation, helps you avoid missing any required standard documents, and prepares it all for underwriting review.

## Loan Underwriter ACM

Your loan underwriter is the person ultimately responsible for signing off on your home loan's approval. To do this, they compare loan guidelines with the documentation you've provided, verify your income, and ensure everything conforms to all regulatory requirements.

## Home Inspector Third-Party

Your home inspector will help you identify any potential issues with the home: they will look for things like building defects, potential pest problems, appliance issues, and possible safety concerns. We recommend scheduling your home inspection prior to a home's appraisal. Should the inspection report come back with enough issues that deter you from finalizing an offer, there will be no need to move forward with the expense of a home appraisal.

## Home Appraiser Third-Party

This person determines the market value of the home by comparing the sales prices of similar homes in the neighborhood or area. Keep in mind that appraisers are not home inspectors, but they may notice issues with the property that could affect the value.

## Closer ACM

On ACM's side, this person reviews the loan and helps prepare ACM's closing documents. The closer forwards those documents to your settlement agent, which is who you'll be signing your closing papers with.

## Settlement Agent Third-Party

The settlement agent is the person who receives specific instructions from ACM explaining what we need to fund your loan. They'll confirm your identity, watch you sign your closing documents, and then verify that the sale of the home adheres to state laws and the requirements of Atlantic Coast Mortgage.



# Our 4-Step Simple Loan Process\*

## STEP 1

# Origination

### ● Pre-Approval

Getting pre-approved is an ideal first step for several reasons: not only does it communicate to sellers that you're serious, but it also increases your negotiating power since there is a higher likelihood of the loan closing.

### ● Documentation

You'll want to begin gathering the required documents to complete your application. These documents will include information regarding all borrowers' income, assets, and debt.

### ● Find a Home

Start shopping for the home of your dreams. This is where partnering with an experienced and trusted real estate agent comes into play—they can show you homes that match your lifestyle and financial goals, as well as help you negotiate the purchase price.

## STEP 2

# Processing

### ● Your Offer

Working with a real estate agent, you'll make a written offer to the home's seller. This offer will include, among other things, the price you are offering and the amount of earnest money you are putting down to hold the home through closing. The offer will also list any contingencies that could negatively impact the home purchase, such as home inspection results or financing falling through. The seller may counteroffer, and then the purchase negotiation begins.

### ● Appraisal & Inspection

If your offer is accepted, the next step will be notifying me, your loan officer, so that we can move forward with ordering a property appraisal to determine the fair market value. A title examination will also be performed to confirm there are no outstanding liens or judgments against the property. Depending on the loan type, other inspections may also be required, which can help further identify any safety or quality issues with the home.

### STEP 3

## Underwriting

### ● Loan Decision (Underwriting)

Your loan is approved or declined through the underwriting process. Note that a conditional loan approval may be contingent on additional documentation or actions being needed.

### ● Satisfy

Sometimes, there are additional pieces of information or documentation needed to approve your loan. These conditions will be assigned by the underwriter assisting with your loan. In some cases, a counter approval may be provided with alternative loan options.

### STEP 4

## Closing

### ● Clear to Close

Once all conditions are met and if you're approved, a closing will be scheduled where all final loan and escrow documents are signed. Atlantic Coast Mortgage will then confirm and complete the transaction with the necessary loan funds.

### ● Closing Day

This is the day you've been waiting for. Once all documents have been signed, you will receive the keys to your new home!







# Common Loan Types & Programs

# Common Loan Types & Programs

*As a homebuyer, you have several loan products available to you, including loans based on income or based on geographic area.*

*Our team will work with you to understand your current financial situation as well as your short- and long-term financial goals before presenting the loan products best suited for your objectives and needs.*

## Common Loan Types\*

### Adjustable-Rate Mortgage (ARM)

With an ARM, the interest rate is adjusted periodically throughout the loan term based on a preselected index and margin. This means your monthly mortgage payment will adjust as well.

### Fixed-Rate Mortgage

A loan term, or mortgage term, is the length of time the homebuyer will pay the loan back in full with interest. Generally speaking, two of the most common home loan terms are 15-year and 30-year fixed-rate mortgages. This means that over the term of the loan, the principal and interest payment will remain fixed and not change. In some instances, a term can be shortened when borrowers pay more each month and pay the loan ahead of schedule.

## Common Loan Programs\*

### Construction Loans

This short-term loan is to finance the cost of construction. The lender advances funds to the builder at periodic intervals as the work progresses. Once construction is complete, the homeowner moves to a home loan.

Continued >

## Federal Housing Administration (FHA) Loan

FHA loans are backed by the government and offered by private lenders, like banks and mortgage companies. FHA loans have limits, but they are generous enough to handle moderately-priced homes almost anywhere in the country. These loans allow low down payments and offer flexibility over many other types of financing.

## U.S. Department of Agriculture (USDA) Home Loans

Also called “Rural Housing Loans” or “Section 502” loans, USDA financing allows for up to 100% financing on homes in qualified USDA rural areas. Borrowers who meet USDA income eligibility requirements—among other lending criteria—are eligible. USDA-eligible areas can be found throughout the country and are determined by census tract density.

## Veterans Affairs (VA) Loans

VA loans are available to eligible veterans and are made by private lenders, such as banks or mortgage companies, for the purchase of a home for a buyer’s own personal occupancy. These loans offer competitive rates and require little or no down payment.

## Jumbo Loan Programs

Jumbo Loan Programs are geared towards financing homes in highly competitive markets and for purchase points that are higher than conforming mortgage limits. This loan covers primary and second homes as well as investment properties.



# Why a Pre-Approval Is a Great First Step

# Why a Pre-Approval is a Great First Step

*Most people assume they should find their dream home first and then start the mortgage process. In reality, the best approach is the opposite: if you're serious about buying a home, you should get pre-approved before you do anything else.*

*Getting pre-approved may put you in a better position to buy your dream home because you've done the necessary work up front to make your homebuying process as fast and as smooth as possible. Here's how.*

## **You'll understand how much home you can afford**

This is a big one. No one wants to spend time falling in love with a home only to find out they can't afford it. By getting pre-approved, you'll put yourself in a great position to focus your time and energy on properties you know you can afford.

## **Reduce unwanted surprises**

By getting pre-approved first, you're able to reduce any unwanted surprises on your end when it comes time to make an offer. You've essentially worked through everything already with your loan officer. This means you're less likely to run into unexpected last-minute issues that could cause the offer to fall through, such as a lower-than-expected credit score or a less than desirable debt-to-income ratio.

## **Position yourself as a more powerful buyer**

When you're pre-approved, both real estate agents and sellers see that you're a serious buyer. The bottom line is they know a lender has already looked at your financial background and determined how much home you can afford.

## **Improve your negotiating power**

With a pre-approval letter in hand, you'll likely have more negotiating power. Both sellers and real estate agents will know that you've already talked to ACM, and you're ready to make a firm offer, where issues are less likely to occur.

## **Enjoy an easier and shorter closing period**

Because you're pre-approved, most of your financial information is already in our system, which can lead to a faster and more stress-free closing process.

In short, getting pre-approved first is a great way to help yourself have a simple, easy, and stress-free mortgage experience. While it does require a little upfront work on your end, the many benefits of increasing the odds of a successful homebuying process are more than worth it.



# Application Document Checklist & Credit Score Breakdown

# Application Document Checklist

Your loan application will require supporting documentation regarding your finances and work history. All of the documentation will help determine the home loan products and terms that best fit your short- and long-term financial situation and goals.

This checklist includes the most common documentation required. Additional information may be requested based on your loan program requirements.\*

- Copy of driver's license/state-issued I.D.**
- Social security numbers for all borrowers**
- Bank/investment account statements** (all pages)
- W-2s, 1099s, state & federal tax returns** (past 2 years)
- Current pay stub & gross monthly salary at your current job(s)**
- Address to your place of residence** (past 2 years)
- Complete details for any other real estate that you own**
- Approximate value of all personal property**





## Know Your Score & Learn What Makes Up Your Credit Score

Your credit score influences your home buying potential. Fair Isaac Corporation (FICO) credit scores range from 300 to 850, with 300 being the lowest and 850 the highest. Generally, the higher the number, the better your loan terms may be. But what really impacts your credit score?



### New Credit Accounts

Lots of new credit account inquiries can lower your score. Mortgage and auto loan inquiries are an exception; these count as one inquiry within a 30-day period.



### Types of Credit You Have

A variety of credit types, like an auto loan, credit cards, and other credit accounts could potentially boost your score.



### Length of Your Credit History

A short history isn't a bad thing if you show responsible credit management. Having a few credit accounts is typically better than having no credit at all.



### Your Payment History

Late payments will usually lower your score, so it's a good idea to pay your bills on time.



### How Much You Owe

Keep outstanding balances under 30% of your credit limits, as this will help keep your Debt-To-Income (DTI) ratio low.

ACM





# Submitting Your Application & What to Expect

# Submitting Your Application & What to Expect

*The loan application process is simply completing the loan application form—known as a 1003 (ten-oh-three) Form—and submitting it to me, your loan officer. This covers the important information and documentation such as\*:*

## **Loan Information**

First up: Information regarding the type of mortgage you're applying for, down payment information, and details regarding the pricing and location of your potential home.

## **Borrower Information**

Next, you'll include each borrower's personal contact information such as phone number, email, and current address.

## **Employment Information**

Now that we know who you are and how we can stay in touch, we'll get to know you a little bit better. We'll double-check how your income is earned, ask who your employer is, and how long you've been working there.

**Pro-tip:** If you are self-employed, there may be additional documentation needed. We can help you navigate these requirements to avoid delays further down the line.

## **Financial Information – Income & Asset Verification**

The main goal in this step is to help ensure you feel confident in being able to afford the proposed monthly mortgage payment. We'll verify each borrower's income, bank and investment accounts, and any other financial assets owned.

## **Declaration of Mortgage**

This step includes acknowledgments of financial commitments, your ability to transfer or assign interests you may have in the mortgage, and acknowledging any higher lending charges associated with a loan-to-value that exceeds a certain percentage.

## **Authorization and Agreement**

This is the final step of the application form. You'll provide the necessary authorization to my team to create a document with your eSignature to verify your\* employment information provided in the application. You'll also confirm one last time that all the info you provided is accurate and true.



# What's Included in a Monthly Home Loan Payment?

# What's Included in a Monthly Home Loan Payment?

*Below is a breakdown of the most common elements of a home loan payment.*

## **Annual Percentage Rates**

All lenders are required by law to state the total cost of obtaining home loan financing, which is reflected through the Annual Percentage Rate (APR). The APR will almost always be higher than an interest rate because it factors in fees and other costs associated with your loan plus the interest rate.

## **Escrow Funds**

Escrow funds are like a mandatory savings account tied to your home loan payment. An escrow account will hold homebuyer money for property taxes, insurance, and other items until these are required to be paid. The amount paid to escrow may fluctuate over the life of the loan based on changes to property taxes and homeowners insurance.

## **Interest Rates**

Finding a good interest rate is important because it can save you in interest payments over the life of your loan. While there is no shortage of advertising for interest rates, an advertised rate may only be available for a short period of time or reserved for qualified borrowers for specific types of loans. Moreover, interest rates change frequently. Be sure to talk to your loan officer if you are interested in locking in today's rate while you find the right home.

## **Principal and Interest Payments (PITI)**

Monthly home loan payments are primarily made up of principal, interest, taxes, and insurance payments. The amount you borrow is known as

the principal on your loan. The interest is what the lender charges for lending the money. Typically, each monthly home loan payment will go toward paying off some of the principal loan balance and interest. Most monthly payments also include additional amounts for taxes and insurance.

The part of your payment that goes to the principal reduces the amount you owe. The part that goes to interest doesn't reduce your balance.

At the start of your loan term, you owe more interest because your loan balance is still high. Near the end of the loan, you owe less interest, and most of your payment goes to pay off the principal. This process is known as amortization.

Loan terms can usually be shortened when borrowers pay more than the minimum loan payment each month. The borrower will need to indicate that the additional funds should be applied to pay down the principal loan balance.

## **Mortgage Insurance (MI)**

Mortgage insurance is money paid by borrowers to insure the loan when a down payment is less than 20 percent. Mortgage insurance may be paid as an add-on to a monthly mortgage payment, paid upfront or at closing. The amount required is determined based on loan program type, property type, credit score, and the ratio of the loan value to the value of the property being purchased.





# Interest Rates Explained and Why They Fluctuate



# Interest Rates Explained and Why They Fluctuate

## What Decides an Interest Rate?

Home-loan interest rates are all tied to a type of bond called mortgage-backed securities.

A **mortgage-backed security** is a bundle of home loans packaged into a bond. This bond is an asset, secured by the collection of mortgages in the same way that a corporate bond is secured by a company's assets or future profitability. Institutional investors trade mortgage-backed securities in a similar way to how you might typically trade stocks or bonds.

## Why Interest Rates Might Change or Fluctuate

The driving force behind any movement in home-loan interest rates is the push and pull between stocks and bonds as they compete daily for the same finite investment dollars circulating in the world.

World events (economic conditions, inflationary pressures, and geopolitical news) all influence the value of stocks and bonds in their own way:

### **Economic Conditions**

Weak economic reports typically cause investors to move their money from historically riskier investments (stocks) into historically safer investments (bonds). Since mortgage-backed securities are a type of bond, home loan rates can improve when bonds receive this inflow of investment money.

### **Inflationary Pressures**

Inflation is a decrease in the purchasing power of money over a period of time. So naturally, inflation reduces the value of fixed investments like mortgage-backed securities. High inflation can cause both bonds and home-loan rates to worsen.

### **Geopolitical News**

Political turmoil or economic crises around the world can also cause investors to move their money into the safety of the bond markets, which can help home-loan rates improve.

# Rate Trend Tips\*

## Effects of Unemployment on Interest Rates



Unemployment  
Increases



Interest Rates  
Decrease



Unemployment  
Decreases



Interest Rates  
Increase

## Effects of Inflation on Interest Rates



Inflation  
Increases



Interest Rates  
Decrease



Inflation  
Decreases



Interest Rates  
Increase

## Effects of Geopolitical Events on Interest Rates



Geopolitical  
Events



Interest Rates  
Decrease





# The Lowdown on Home Appraisals

# The Lowdown on Home Appraisals

*A home appraisal is a required part of the loan process and is conducted by an independent, certified professional. The appraiser's job is to provide an objective and impartial assessment of the property's fair market value.*

*The appraiser's report includes a detailed look at the home's general condition and a review of the surrounding area. Appraisal guidelines are dictated by legal requirements as well as the type of loan being issued.*

*For buyers, appraisals can be a safeguard to ensure that a home's sales prices are reasonable.*

## What is an Appraisal?

An appraisal is a written estimate provided by an unbiased professional opinion of a home's value and is used whenever a mortgage is involved in buying, refinancing, or selling that property. Appraisers rely heavily on recent home sales within the last six months in the local area to determine fair market values.

### What Does an Appraiser Look For?

- General condition of the home
- Size of the home and the property
- Location of the home
- Number of bedrooms and bathrooms
- Upgrades or remodeled areas
- Architectural features, such as fireplaces
- Materials used for countertops, floors, etc.
- Outdoor amenities, like a pool, gazebo, etc.
- Types of appliances, such as gas vs. electric stovetop
- Functionality and layout of the home
- The exterior of the home and materials used
- Condition of the yard



# The Do's and Don'ts During the Loan Process

# The Do's and Don'ts During the Loan Process

*Any changes to your financial situation during the loan process could negatively impact your home loan—and obviously, that's not ideal for homebuying. Here are some simple do's and don'ts to follow from your pre-approval to loan closing:*

**Do Use Credit Mindfully:** It's important to be mindful of any credit usage during your homebuying period because it could ultimately affect your loan process. For example, any balance exceeding 30% of the total credit line can bring your credit score down. Contact your loan officer before making any significant changes to your credit (such as a payoff, new charges, late payments, etc.).

**Do Pay Bills on Time:** Stay current on your existing accounts and avoid any late bill payments.

**Do Maintain Your Financial Situation:** Specifically—try not to shake up your employment status. Whether the change is voluntary or unavoidable, contact your loan officer immediately to help you weigh all your options and create a plan.

**Do Stay in Touch:** Whether it's a specific action or just a seemingly minor question, be sure to respond quickly to all requests from your lending team and your realtor.

**Don't Apply For New Credit:** A single credit inquiry can drop your credit score by as much as 15 points—this could affect your ability to qualify for your loan program.

**Don't Make Large Purchases:** This includes transferring debt from one card to another or buying new appliances and furniture (especially with a new retailer credit card).

**Don't Spend Down Payment or Closing Funds:** You will need to prove the availability and source of these funds in order to get your "clear-to-close."

**Don't Close Credit Accounts:** Closing a credit card will adjust the total amount of available credit and the length of your credit history, both of which can negatively impact your credit score.

**Don't Hesitate To Contact Your Loan Officer:** There are a lot of potential hurdles along the way—don't hesitate to reach out so I can help you avoid them.



# Closing Day Checklists



# Closing Day Checklists

Once the big day does finally arrive, you'll still have to review many pages of paperwork and sign several documents before ultimately receiving the keys to your new home. In the moment, it can all seem overwhelming... even to those who've gone through closings before. Don't worry. If at any time during the process you need clarity on something, remember that I'm here to answer any questions you might have.

In the meantime, here are some useful tips we've compiled to help you prepare for your big day. A home purchase is a significant, long-term commitment, and we want to ensure you are comfortable and confident with your decision!\*

## Before Closing

- Compare the Numbers:** By law, you must receive your Closing Disclosure three (3) business days before closing. Once you receive this, compare it to your most recent Loan Estimate for any discrepancies or questions you may have.
- Know Where to Be and When:** Make sure you have handy the date, time, location, phone number, and name of the person who will be conducting your closing.
- Confirm What You Will Need at Closing:** Contact the individual handling your closing to confirm how closing funds must be provided (usually a cashier's check or wire transfer) and other items to bring to closing. Often, this will include photo identification, a checkbook, and your Closing Disclosure.
- Get Closing Funds Ready:** Process the cashier's check or proof of wire transfer for closing funds.

## At Closing

- Confirm Key Information:** Make sure you understand if property taxes or homeowners insurance is included in your monthly payment or if you have to pay them separately. Also, find out who you should contact in the future if you have questions about your home loan.
- Ask Questions and Don't Rush:** Throughout the process, you will be asked to initial or sign pages of documents that are reviewed. Before you initial or sign, ask for clarification on anything that is unclear.
- Get Excited:** You did it! You made it to the finish line, and now you've got the keys to your new home.



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