

Answers to some Frequently Asked Financing Questions

Q. HOW LONG DOES IT TAKE TO PROCESS A MORTGAGE APPLICATION?

A. Usually about 45 to 60 days, although it can take as few as 30 days and as long as 90 days for some transactions. The actual time depends on how quickly the lender can get an appraisal of the property, a credit report and verification of employment and bank accounts.

Q. WHAT DOCUMENTS WILL I HAVE TO PROVIDE?

A. Be prepared to provide verification of income (including a pay stub and recent tax returns), bank account numbers and details on your long-term debt (credit cards, auto loans, child support, etc.). If you're self-employed you may also be required to provide financial statements for your business.

In recent years, lenders have been required to obtain more specific information from borrowers in order to package and sell loans to investors. If you were lending someone such a large amount of money, you'd want detailed financial information.

Q. COULD ANYTHING DELAY APPROVAL OF MY LOAN?

A. If you provide the lender with complete, accurate information, everything should go smoothly.

You may face a delay if the lender discovers credit problems—a history of late payments or nonpayment of debts, or a tax lien. You may then be required to submit additional written explanations or clarifications.

You should also be sure to notify your lender if your personal or financial status changes between the time you submit an application and the time it's funded. If you change jobs, get an increase (or decrease) in salary, incur additional debt or change your marital status, let the lender know promptly.

Q. WHAT DO THE CLOSING COSTS INCLUDE?

A. Closing costs cover processing and administration of your loan. In addition to a loan fee, you'll usually be asked to prepay interest charges, to cover the partial month in which you close, and impounds for property taxes, hazard insurance and mortgage insurance.

Q. WHEN DO MY MORTGAGE PAYMENTS START?

A. Usually about 30 days after closing. The actual date of your first payment will be included in your closing documents.

Q. WHAT'S INCLUDED IN MY HOUSE PAYMENT?

A. Principal and interest on your loan. Depending on the terms of your loan, the payment also may include hazard insurance, mortgage insurance and property taxes.

Q. CAN I PAY THOSE OTHER THINGS SEPARATELY?

A. Not if it's an FHA-insured or VA loan. With most other loans, you can pay your own taxes and insurance if you borrowed no more than 80 percent of the purchase price or appraised value of your home. Check with your lender to be sure.