

Financing

General

If you are financing your home, one of the first items you'll need to take care of is the completion of your mortgage application. FrontDoor Communities has established relationships with several mortgage companies to assist our customers with their mortgage loan (Please contact your Sales Associate for a specific list in your community). The result of these relationships is FrontDoor Communities' confidence that the loans will close on time and with a minimum of problems and expense for our customers. We encourage you to consider using them as you make your financing decisions.

Regardless of whom you choose to provide mortgage financing and in order to insure that the loan process is completed in a timely fashion, **please plan to make loan application within three business days of the purchase agreement becoming a binding agreement. Please plan to provide the seller a prequalification or credit approval letter within 21 days of the binding agreement date.**

Loan Application Checklist

Your selected lender will advise you of the required documents you must supply for a full application. Please make sure you understand fully and deliver all required documents in a timely manner. The mortgage company is responsible for understanding your particular financial circumstances completely. You will review all information on the application at your meeting with the loan officer.

A situation rarely arises that your loan officer has not encountered in the past. Do not hesitate to discuss any questions you have regarding your assets, income, or credit. By providing complete information, you prevent delays and you give the loan officer the information needed to determine which loan program best fits your particular circumstances.

Loan Processing

Once you have given all preliminary information to your loan officer, your mortgage company will send verification forms to your employers, banks, and current mortgage company or landlord. They will also order a credit report and appraisal. You sign a release to authorize these steps, and you will be asked to pay for the credit report and the appraisal. The items included in the loan approval process are described below:

- **Credit report** – Your credit report shows the amounts of money you owe to each of your creditors, minimum monthly payments, and your payment history.
- **Appraisal** – The appraisal confirms the value of the home for you and your lender.

- **Loan Estimate** - The Loan Estimate details the features, rate, and costs of the loan. This is sent to you, the buyer, in the initial disclosures package upfront once the loan application is completed.
- **Closing Disclosure (CD)** – The Closing Disclosure shows the total final cost to you, over the term of the loan, for your specific financing, including terms and program information. This document must be sent to you no later than four (4) days prior to closing.
- **Verification of Employment (VOE)** – The lender sends Verification of Employment (VOE) forms to all employers for the last two years. The employers complete, sign, and return the forms to the lender. The forms show the dates of employment, the amount of money you earned last year, and how much you have earned so far this year. The VOE documents bonuses and overtime you earned.
- **Verification of Deposit (VOD)** – Verification of Deposit (VOD) forms go to each banking institution listed on your application. The institutions indicate the date you opened each account, average balances for the last three months, and the amount of money you have in each account on the day they complete the form. Any loans or overdraft accounts you have with the bank will also be shown.
- **Verification of Mortgage (VOM)** – Mortgage companies and landlords complete Verification of Mortgage (VOM) forms. These show the lender how much you owe, the amount of your monthly payment, and whether you make your payments by the due date.

Contingencies

Loan approvals often carry conditions of approval. The sale of a previous home and proof-of-funds are two examples. Discuss any concern you may have about such conditions with your loan officer and obtain any requested documentation as soon as possible. Once all contingencies are met, the final loan can be approved.

Loan Lock

A loan lock is a promise that a lender makes to provide a loan to you at a quoted rate. Until you lock your loan rate, your interest rate can go up or down. Loan locks obligate the lender to a rate for a set period of time. Locks may come with a fee outside of 60 days. To obtain the locked rate, the approval of the loan and the closing must take place before the lock expires. Your lender will discuss the various programs with you.

Because FrontDoor Communities recognizes that timing is vitally important in planning your move and locking in your loan, after countertops have been installed we will provide you with a closing window during which we expect to complete construction of the home. Because weather delays and inspection schedules can have a huge impact on construction progress, it isn't possible to establish a closing date before cabinets are installed.

Please remember that at that stage, the closing date is a target date, and be sure to leave enough flexibility in your loan lock to allow for variables that may change the date somewhat. **If you lock your loan rate too early, or without any flexibility in your closing date, the result can be unnecessary expenses and considerable anxiety that can easily be avoided.**