Thank you for registering with **AccessAmerica!** As promised, here is the first installment of our six chapter Confidential Industry Report on the most common mistakes we have found made by applicants for mortgage loans nationwide:

The Six Biggest Refinancing Mistakes and How to Avoid Them!

Every few days, we will send another chapter to you. We have found this to be the most effective way for people to utilize this information, one byte at a time! We hope it will help you in your quest for funding, just as it has helped thousands of others along the way. And, if you have any questions or other needs related to finding a loan, one that fits you and your lifestyle, please Contact Us. We specialize in tailoring loans and lending programs to customers, instead of trying to fit you into a one-size-fits-all loan! Although this isn't the way most of the loan industry thinks, we feel it's the only common-sense way to develop long-term relationships with our customers. So give us a call… we're here to help!

Sincerely,

CEO
866-876-2377

The Six Biggest Refinancing Mistakes and How to Avoid Them!

Chapter 1. Working With Too Many Mortgage Companies

Conventional wisdom says you should get two or three bids before you settle on the mortgage company to use. After all, isn't that how most businesses make purchasing decisions? On the surface, this sounds like it makes sense. After all, shouldn't competition get you a better deal?

Not True With Mortgages!

When it comes to refinancing your home mortgage, "shopping around" is one of the worst things you could possibly do! Here's why:

Let's say you check out five or ten different companies. It may sound like a lot, but with the World Wide Web chock full of offers, we see more and more customers who have taken this route! BIG Mistake! Just think about the steps in the loan process… What is the very first thing every company MUST DO to give you a valid quote?

They Pull Your Credit Bureau Report!

How else will they know if you qualify for one of their loan programs or not? And if you do, which programs apply to you and your needs?

Can't I Just Ask Them For Their Best Rates And Terms, And Not Have Them Pull My Report?

Sure you can! And you'll get a bunch of information that may or may not apply to you. Or, the information may be so general, you may be seduced by a great rate that sours when you discover the restrictive terms of the contract. The ONLY way to KNOW if a program is right for you is to have your credit report pulled, and have your application information. If any company tells you otherwise, don't walk, RUN!

OK, so a credit report will be pulled. So what? How does that affect me until I sign the papers?

The number of recent inquiries into your credit directly affects your **FICO Score** (FICO is the abbreviation for Fair Isaac Company, a company which scores credit worthiness and is used by the major credit bureaus.). This rating is used by banks and other institutions, as well as many insurance companies. ***Your FICO Score will determine how much you can borrow and how generous the rate and terms will be,*** and part of it is factored on – you guessed it -- the number of inquiries you've had over the last six months. In most cases, having additional "mortgage companies" showing up on your report will drag your credit score down… in some cases, dramatically! Several mortgage inquiries could change your qualifications for the lowest possible rate, or even **COST you as much as .25% to .5% more in interest!** Remember, on any mortgage, even a small increase in your interest rate can cost you tens of thousands of dollars over the life of the loan! Even worse, the difference could mean you get turned down flat! Obviously, the lower your credit score the more important it is to <u>never</u> violate this rule.

How To "Shop" But Not "Drop"

Here's how to avoid this pothole on the path to getting your mortgage:

Do your due diligence research. Talk to three or four loan officers. Your objective is not so much to find out "best rate and terms," but to rank the companies. After all, finding the right company is the key at this point in your search. You need a partner, a company with people you feel comfortable and confident working with. A partner that will do whatever it takes to help you GET the best deal..

DO tell them that you are interested in refinancing but you are NOT ready to commit yet. Tell them explicitly to NOT pull your credit until YOU say so (they cannot legally do so without your permission).

Here are some good measuring sticks to use to narrow your search and help you rate the companies you contact:

- Do they treat you with respect, or in a condescending manner?
- How well do they answer your questions?
- How well do they explain the process?
- Are you comfortable with their level of experience and their responsiveness?
- What kinds of programs do they offer for someone in your (general) circumstances?
- Do they speak to you in easily-understood language, or gloss over key details and pepper their answers with technical "industryspeak" terminology?

Remember, they can only give you general loan information since they don't know if you qualify for specific programs. However, they <u>can</u> give you specific rate and term *ranges* to use as a guide.

Once you have narrowed your choices down to what you feel are the top one or two, THEN give them permission to do a credit check and begin their verification process. Do not do this step until you are ready to, because you will ultimately be working with one of these mortgage companies to get approved on your refi.

Summary

Avoiding this one mistake will save you many hours of wasted time. Many, many people have fallen into the trap of shopping around, only to return to their "best" deal to find they no longer qualify. Following the guidelines above can also potentially save you thousands, even tens of thousands of dollars in additional interest over the life of your loan.

When we talk with new clients, we relate to the entire process as a partner. We are confident **we can overcome almost any obstacle to get you the right mortgage with the best rate and terms.** When clients have already made the mistake of shopping numerous companies, we alert them to the possible consequences. We only pull credit bureau reports AFTER you give your permission. Never before. Even then, we only review your information with the choicest lenders, to get you the very best possible refi loan available!

Just visit our site at **www.AccessAmericaMortgage.com** or give us a call at **866-876-2377 for your Free Refi Analysis.** We'll take the quality time necessary to answer all of your questions before you make this important decision… **we want to earn your trust and be your mortgage partner.**

Having some starting figures on hand will help you as you look for the right loan for you! If you decide to let us help you find a loan that fits you as great as the home of your dreams, our exclusive **"Closing Cost Guarantee"** will let you know well ahead of time exactly how much money you can get and how much it will cost... *No surprises!*

Call us for your Free Refi Analysis today!
866-876-2377
Or visit
www.AccessAmericaMortgage.com

P.S. Be sure to watch for our next chapter, Over Estimating The Value Of Your Home, coming in the next day or so.

Chapter 2
Over Estimating The Value Of Your Home

Building wealth through home ownership is an integral part of the American Dream. And a BIG part of the dream is the assumption that real estate always, perpetually increases in value. These assumptions, however, often create unnecessary hurdles for those seeking to refinance their home.

"Real Estate. They just don't make it anymore!"

Many things can affect the value of your home, including supply and demand within your market. It takes a trained, Certified Appraiser to accurately figure the current Fair Market Value… the amount your home should fetch if you were to sell it today. Before we go further, let's look at a couple of terms that can often be confusing:

Appraisals vs. Assessments

Many real estate and mortgage terms seem to say the same thing. Admittedly, it gets confusing! As you are seeking your new financing, if you have unanswered questions or run across a term you need explained, visit us at **www.AccessAmericaMortgage.com** We'll be happy to answer your questions and give you fast, accurate definitions of complex mortgage terminology. Two terms that we find many homeowners confuse are Appraisal and Assessment**.**

An ***Appraisal*** is performed by a Certified Appraiser. It calculates many variables and estimates the Fair Market Value of a house. This value should be at or near what the house would sell for on today's market. Market value, true value in money and Appraised Value generally have the same meaning. Appraisals range in cost from around $200-$500 or more, depending on the area in which you live, and are required by banks and lenders as an independent, third party system of determining value.

A ***Tax Assessment,*** on the other hand, is the process used by county governments to place a value on a property so they can generate Property Taxes. Most counties depend on Property Taxes, levied by the county Tax Collector and based on the Assessed Value, as their primary source of funding for most community services. Over time, the value of a property may change, depending on its nature, location, and other factors, so periodically the county will reassess it to make sure the taxpayer is being taxed the same as other comparable property owners. You don't have to pay for an Assessment… until you get your property tax notice in the mail!

Assessment values vary widely, sometimes more than Fair Market Value, often much less. Think of it as similar to the difference between your gross income, your taxable income, and your actual take-home pay. It all depends on the individual county's method of arriving at their taxable value.

Value is relative

It's not wise to use an assessed value to figure your home's value when refinancing. Many different factors go into an appraisal, and value is a relative thing. The main factor used to determines your home's "Fair Market Value" is an analysis of other, comparable homes that have sold in your general area. A professional Appraiser will look at these recent sales. He will consider all the differing features such as square footage, number of bedrooms and baths, Jacuzzi or fireplace, and many other items that can add value to a home. If your home has some of these features, this adds to its relative value. If a comparable home has some value-added features that your home lacks, these values are subtracted from your home's relative value.

The Appraiser will also consider the average value per square foot in the area, and multiply this by your home's area. This square footage analysis, while not used alone, gives a good benchmark for

general home values in your area. This is also called the "Cost" approach, and is an estimate of what it would take to replace your home in today's market.

You don't have to figure any of this… it's up to the Appraiser to combine all of this research into a formalized Appraisal that states your home's Fair Market Value. Banks and lenders rely on this to advise them on how much they can safely lend on your home. The value of your home is the key to many of the lender's decisions regarding the mortgage program that will best fit your needs.

Your Loan to Value ratio or LTV (the proposed loan amount divided by your home's value) could require some adjusting if your Fair Market Value is too low. In cases such as this, mortgage insurance may be required, or a lesser amount of money loaned against the mortgage. If your home proves to be seriously overvalued, it could require additional appraisals, each costing you money. This is why we tell our clients to "Be realistic," and if the value comes in higher than expected, so much the better!

Be realistic!

In the beginning stages of your refinancing process, it's much more important to be realistic than to be precise with your figuring. If you want some good "rule of thumb" figures, there are ways for you to get a better idea of your home's value before committing to an appraisal.

You can call a Realtor who works the area and get a general idea (even if you have to tell them you're thinking about selling). Another way is to watch the sales in your area of homes that are similar to yours, i.e. same square footage, same number of bedrooms and bathrooms, similar floor plans, similar interior and exterior finishes, approximately the same age, and the same sized lots).

You can also collect flyers from For Sale signs and call the owners of FSBO's (For Sale By Owner, or "fizz-bows"), but remember, your home's value is based on what homes are SELLING for, NOT what people may be ASKING! ***Actual Sales Figures*** – the amount houses have really sold for – are ALWAYS more valuable than "asking price." You can ask a million dollars for your house, but it's what you can actually SELL it for that establishes true market value.

Another good way to get a handle on your home's worth is with a paid online service that specializes in real estate valuation. For a modest fee, these services will search all the recent home sales in the vicinity of any address you enter.

By simply being realistic, you will eliminate many of the issues dealing with your home's value (and its related Loan To Value), and in the process, shorten the time to refinance your home.

If you like, **AccessAmerica Mortgage** will calculate your home's approximate market value **Free of charge.** There is no obligation. Just visit our site at **www.AccessAmericaMortgage.com** or give us a call at **866-876-2377 for your Free Home Valuation.**

Having some starting figures on hand will help you as you look for the right loan for you! If you decide to let us help you find a loan that fits you as great as the home of your dreams, our exclusive **"Closing Cost Guarantee"** will let you know well ahead of time exactly how much you'll get and how much it will cost... *No surprises!*

Chapter 3
Not Knowing How To Score

For most borrowers, credit is a mysterious and elusive thing. For one thing, there's not just one source that monitors our credit… there are hundreds, although three main "credit bureaus" are relied upon for most mortgages.

Most people think of their credit rating in vague terms such as "all 1's," "good," not-so-good," or "so-so." For 99% of our lives this is probably sufficient. However, home mortgage loans are often the largest loan most of us will ever apply for, and for these lenders need a more specific -- and more *objective* -- method of determining creditworthiness. For this they rely largely on an independent "grading" system that analyzes all of your credit relationships (how you've paid your bills, your accounts, how many accounts you have, what type of accounts, how long you've had each one, any late payments or collections, etc.). You also get "graded" on your jobs and residency, your stability, and your overall debt level compared to your income. Your resulting "credit score" is based on all of these factors and more. Before we go into an explanation of just how credit scoring works, let's look at credit in more general terms everyone can relate to.

Integrity And Ability

Establishing good credit is a process of creating a history of habitually honoring your obligations. The assumption is, if you've acted a certain way up until now, chances are you will continue to have the same habit patterns with your future credit as well. Assuming, of course, you are financially able. The best intentions may not be possible if a borrower becomes financially overwhelmed. Sometimes you will hear a lender refer to these concepts as…

The "Four C's" Of Credit

These four primary considerations are what make the whole credit thing work. And, yes, they are **subjective** measurements, but these are the factors that lenders everywhere are looking for when they look at the facts and figures of your life.

- ✓ **Character –** This is really what it's all about: ***Will you repay*** the loan? How have you handled your debts up until now in your life? Do you pay your bills on time and honor your obligations?

- ✓ **Capacity (income)–** Do you have the ***ability to repay*** the loan? Do you have a steady job or some other source of income that is dependable? How much of your take-home pay goes to pay your debts, and how will this loan change that? (Your debt-to-income ratio).

- ✓ **Collateral –** On a home loan, the house (and land) becomes the security or collateral for the debt. Is the house worth enough money to secure the debt with enough of a cushion (equity) to protect the lender? Collateral insures that the loan will be repaid, even if you default, so it's a kind of "fail safe" for the lender. (Always bear in mind, your lender doesn't want your home… they're not in the real estate business! They're in the business of loaning money... and prefer developing positive, long-term relationships with borrowers).

- ✓ **Capital (accumulation)** – ***How much are you worth?*** How much will this loan impact your life? Are you living from paycheck to paycheck already? If a major event changed your income (an accident, divorce or death), are their other assets (savings accounts, certificates of deposit, etc.) you could use to repay the debt?

While federal and state regulations govern *how* lenders determine whether or not to accept loan applications (Equal Opportunity, Truth in Lending, etc.), lenders themselves make the decision whether to give you credit or not primarily based on the **objective system** known as "Credit Scoring" (we talked about earlier) which helps them rate the more **subjective "Four C's."**

Take Charge Of Your Credit!

Do you really know what's been reported in your credit record up until now? Almost every client we talk with has a *passive* relationship with their credit bureau: they pay their bills and rarely if ever contact the **Credit Reporting Agencies** (or bureaus) themselves. There's an assumption that credit reporting is somehow an automatic process. There are a lot of good reasons to begin taking a more proactive approach to your credit!

To begin with, there are millions of credit records being updated every day… the opportunity for simple human errors is greater than ever before (garbage in, garbage out). Also, many creditors are understaffed and overworked, and often the area that tends to suffer is the process of reporting your payment history to the bureaus. So take charge of your credit! It's a good idea to check your own Credit Report before starting the loan qualification process. This way, if you find any surprises you can dispute them with the individual bureaus before having a lender pull the information. (If you're concerned about adding unnecessary inquiries, like those discussed in Chapter One, relax. Generally, a personal inquiry or two will not be counted against your credit rating, since it's for personal information, not a specific credit application).

Which bureau should you use to check your credit? For a mortgage loan your lender will pull and compare reports from all three of the main bureaus. Today, it's easier than ever before for you to pull a "three-way" report (even one that includes your credit score) through any one of the bureaus' websites or 800 numbers:

Equifax: http://www.equifax.com or 800-685-1111
Experian: http://www.experian.com or 800-682-7654
TransUnion: http://www.transunion.com or 800-916-8800

Once you get your report (which is immediately, when you order it online), review it, reading over the explanations for the codes used.

First, make sure your personal information is accurate. This includes items like your address, birthday, social security number, and your employment record. Make notes of any discrepancies.

Next, make sure all the different credit accounts are yours. Sometimes a good account doesn't get reported properly. You may also find some accounts with inaccurate information or worse, accounts that you don't even recognize as yours! Unfortunately today, we find more and more applicants have been hit by some level of identity theft or credit fraud. Checking your report regularly is a very basic safeguard against this kind of crime.

As you look over your accounts, notice the number of 30-60-or 90-day late payments. Bear in mind, "30-days" does not mean that you paid within your grace period! It means you paid 30 days AFTER your payment due date (or, to look at it another way, 60 days from the time you received your statement). Especially pay attention to the highest reported credit lines and how they report your payment history.

Watch for liens from apartments or from the cable or phone company. Oftentimes people don't even realize they have a $36 outstanding lien from an apartment they moved from five years ago!

Finally, are there any legal notices that show up? Any liens or judgments? If you've been through bankruptcy, how is it reported? Does it show as discharged? Every little item adds to a picture of your overall creditworthiness, and you deserve to be aware of what's being shown the lenders, so you can address it or dispute it, ahead of time. No surprises!

Any irregularities on your report need to be dealt with immediately, with the appropriate bureau. Credit reporting agencies are required by law to handle any dispute within a reasonable period of time. You can contact them by phone, but in some cases you may need to file your dispute with them in writing, and possibly provide them with supporting documents.

Your Credit Score

Creditors use a statistical comparison of all of this information to rate or "score" your credit. Today's scoring process was developed by the statistical firm of Fair, Isaac and Company (or FICO) over half century ago, and is often referred to as the FICO score (or the BEACON® or EMPIRICA® Score). The process rates you against other consumers with similar profiles, and looks for certain indicators to statistically predict who is most likely to repay a debt. Your credit record is weighed and "graded" in five areas:

1. **Your Payment History – 35%**
2. **Your Outstanding Credit – 30%**
3. **Your Length of Time – 15%**
4. **Your New Credit Loads – 10%**
5. **Your Mix of Different Types of Credit – 10%**

The scoring process considers all of these, but it's based <u>only</u> on the information reported in your credit file. That's why it's important for you to take a <u>proactive</u> approach to your credit bureau file, to make sure the information being reported is accurate!

These percentages are for the general population. For you, certain factors may be given more weight than others. For example, a bankruptcy or late payments will lower your score, but having re-established a good track record of timely payments will weigh in heavily to boost your score. Also, the final decision is made by human beings, who often will **subjectively** look at more than just your statistical credit score when for their decision. Remember the "5 C's"!?

According to the government, the average FICO Score is 723. In our experience that's a little high, but it's not really all that important to know your exact number (it changes through your life as your circumstances change). It is, however, a good idea to least know what range you're in.

750 & Up: AAA – Best possible rates, lowest documentation requirements
725-749: AA – Rates may be only slightly higher than AAA
680-724: A – Standard conforming rates, standard documentation
620-679: A- – Rates are 0.125% to 0.5% higher than A, FHA
580-619: B to C – 100% financing programs become limited, FHA
500-579: D – Limited financing available, typically 80% LTV or below
Below 500: F – Generally no programs for home mortgages except those requiring significant downpayment and higher rates of interest

(These ranges are for reference only, as some companies have different guidelines that may allow for lower or higher credit ranges).

Be Prepared!

Knowing your credit score in advance helps you better understand how lenders look at your application. Being *proactive* with your credit better prepares you for the loan process, and gives you the advantage of realistic expectations as you search for the best mortgage. It can be very disappointing to make financial plans assuming one has "great" credit, only to find out that the money planned on is not available, or that the payment or upfront expenses are more than expected.

As a consumer, it also helps to know your credit score to alert you when a mortgage company is trying to take advantage of you (ie, with higher interest, points or other terms). When you know where you stand, you will know when a company is "shooting straight!"

Knowledge Is Power

Having knowledge of your credit gives you the edge in choosing the mortgage that best fits your needs. Hopefully, this chapter has given you a better idea of the types of things to look for as you go about your refinancing.

Your ***AccessAmerica Mortgage Partner*** will help you as you explore your credit position, and answer any questions you may have. And remember, nobody's perfect! Loans aren't made based on perfection… and lenders don't make money unless they loan it out! We will help you find the right lender, who appreciates your circumstances and your needs.

Chapter 4
Believing Your Bank Has To Do Your Mortgage

We are constantly amazed when we find people who still believe, for various reasons, that their local bank or credit union has to do their loan. Or, similarly, people seeking refinancing who believe that they have to use their current mortgage lender.

Even though most of us use the words "mortgage" and "loan" interchangeably, your mortgage is something you give TO the lender, not something you get. It's a document of intent that you let them "hold" temporarily, in exchange for a loan. Once the note is paid off, your "mortgage" is returned to you. Why is this important? Because you can give the mortgage on your house to ANY lender you choose, as long as they are willing to loan you the money you need at the best possible rate and terms available to you.

It may surprise you to know that the vast majority of mortgage loans today are originated (or handled through) qualified mortgage brokers like **AccessAmerica,** The reason is simple:

Mortgage brokers generally have access to more loan options, lower rates and better terms than individual banks or credit unions!

Local financial institutions have individual boards of directors which decide the types of loans, the kinds of loans, the terms of their loans and the kind of borrowers they want. No matter how well-intentioned your local banker may be, no matter how long you may have had a "relationship" with your bank, he can't vary from the requirements and restrictions established by his Board of Directors. And the driving motivation for the board is**: Limit or eliminate any and all risks!** After all, lending money to individual homeowners is only one of the ways they make money (along with fees on savings and checking accounts, CDs, ATM machines, car loans, and more). This attitude severely restricts the loan programs they make available to the public. The best loan program they have available is the best they can do, and this is predetermined before you ever apply. If another lender, even one a block away, has a better program for you, you'll never know!

Mortgage lenders – companies that are completely focused on mortgage loans – are generally much more liberal and understanding. Their business IS doing mortgages, so they tend to look for ways to make a deal work. Often, they are more willing to negotiate terms or interest, depending on your credit status. And when you use a professional broker like **AccessAmerica,** you have access to dozens, even hundreds of lenders… so they are competing with each other for your business!

What about broker "fees?"

Again, a common misconception is that banks don't charge fees, or that they charge lower fees than a typical broker. In almost every case, ***banks and credit unions have higher fees than brokers!*** If you've ever shopped around for a simple checking or savings account, you know that every bank is different (some have fees that are astronomical!)

The reason **AccessAmerica** fees are usually lower is simple: Brokers have much less overhead than most banking institutions. For example, **AccessAmerica** doesn't have the cost or maintenance of

dozens of expensive ATM machines, expensive branches in high-priced commercial locations, or dozens of tellers and other support staff on our payroll.

We are leaner, and we are focused on mortgage loans, only. So we can run a profitable business helping thousands of people find affordable mortgages, for far less cost than your local bank or credit union would charge. And, **Give AccessAmerica Guarantees Your Closing Costs… in advance!**

Really, it's not such a hard choice when you look at the facts:

Do you want to get the mortgage a bank or credit union can <u>sell</u> you from their limited selection, or a <u>competitive</u> <u>loan</u> from a motivated lender, with the right rate and terms for you?
--AND --
Do you want to pay MORE for the loan you get?

If the answer to either is NO, Give AccessAmerica A Call Today! We will help you through the maze of choices to get the mortgage loan that fits you best… as good as your dream home fits your life! When you team up with a qualified **AccessAmerica,** you gain the advantage of access to ALL of our hundreds of different lending sources, to find the BEST possible mortgage program for you. One that fits your credit, your life, and your needs the closest… rather than some local bank board's limited options.

With **AccessAmerica,** you're in the driver's seat, with lenders who will compete for your business. We'll find the right mortgage loan for you, and **We Guarantee Your Closing Costs… in advance!**

Chapter 5
Not Knowing Your Mortgage Payoff Balance

You might not have even considered how important it is to know your mortgage payoff up until now. After all, you'll cross that bridge when you come to it, right? How important can this be? It's important enough that we recommend you get a balance statement from your current lender BEFORE you even begin the loan process!

If you are refinancing your house, ***your ENTIRE new loan will be built around the payoff of your existing mortgage!*** It affects ALL of the numbers on your new loan, including terms, interest rate, points, and the final amount you should receive. Here's just three of the ways it can positively or negatively affect your new loan:

- Assuming your payoff is lower than it actually is can potentially eliminate a lot of the cash you may be counting on.
- You could end up with a higher mortgage payment because the loan amount has to be raised in order to cover the higher payoff.
- This higher payment can alter your debt ratio enough to change the interest or terms of your final loan!

These are just three ways… there are many more. See how each one interrelates to the next? The payoff effect can cascade through all of the numbers related to your loan. It just makes sense to know the payoff upfront?

Your payoff is a floating figure. It goes up and down, growing every day of every month as your interest accumulates, and dropping a bit with every month's new payment. Because of this, when you ask for a payoff quote, your lender will ask you for the date you want it calculated for.

It will be figured based on a specific formula based on the **principal balance** of your mortgage, any **accrued interest** since your last timely payment, any **late fees or charges** not yet collected, and any prorated property insurance charges that may apply. While most loans don't have prepayment penalties, some do, and **any applicable prepayment penalties** (fees charged for early payoff) will be included as well. If you have a strong credit rating, you probably don't need to worry about them but it is always a good idea to check on this before you begin the refinance process.

The figure most people overlook is accrued interest. Since loan payments are figured "in arrears" (meaning your payment on the first of the month is actually for the *previous* 30 days, including the total accrued interest for the last month), any additional daily interest charges (between payments) that have "accrued." These charges, along with any other late fees, will not show up in your coupon payment book or monthly account statement. Amortization tables (showing the principal and interest breakdown for each month's payments throughout your loan) and monthly statements only reflect each full month's interest accumulation, not the daily charges. It's not important to know how to calculate your payoff, but this should help to better understand how they arrive at the payoff figure.

AccessAmerica will take care of getting your payoff from your current lender once the loan process begins. But to get the payoff yourself, call your current mortgage holder and ask for a payoff on your loan. Be sure to give them a "good through date" that is a month or two ahead (or for one week after the estimated closing, if you already know this date).

Learning your loan payoff is an important part of the entire process. By educating yourself prior to beginning the loan process, you will be better prepared to evaluate loan proposals from lenders. This empowers you to select the loan – and lender – that works best for you. With **AccessAmerica's** extensive relationships with lenders nationwide, we will open the doors to the ones that appreciate and want your business most.

Chapter 6
Not Providing Documentation In A Timely Manner

Wow! Nowadays, life gets pretty hectic! Sometimes it can feel like adding one more thing to the list will break the camel's back! We all have busy lives and tend to mentally prioritize the things we have to accomplish each day by the ones we consider the most important. When you embark on the loan process, decide upfront that the lender's requests are among ***the most important tasks*** you have on your list!

Getting a mortgage loan can be a pretty daunting – and confusing – project. Unless, that is, you have a skilled guide and partner to walk you through the process. **AccessAmerica** will pre-review your loan documents to head off additional paperwork and smooth out the entire loan process. However, there will always be questions that arise during the course of obtaining your loan. Because we work with you closely BEFORE presenting your package to the lender, these are usually small questions with easy answers. When these questions – or more complex questions – arise, the lender will usually ask for some type of supporting documentation – a pay stub, tax return, letter, and possibly other items.

When a lender requests documentation, the rule of thumb is "The Sooner, The Better!"

Not sending in requested documentation for your loan, or dragging your heels when docs are requested, can seriously hurt your chances of getting your loan approved in a timely manner, or in some cases, even getting it approval at all!

Remember, the lender has already decided he wants to do your loan! Up until now, he's only seen your application and your credit report and score – the "objective" part of the process. His decision on the "subjective" part, the "Four C's," can be seriously brought into question if you don't fulfill simple requests promptly (could you see how this could relate to how you may handle your payments later?) When your loan officer requests certain items from you, send them in **ASAHP** (as soon as humanly possible!)

This can mean the difference between getting the loan approved or not!

Time is your best friend – or your worst enemy -- in the mortgage business. It's all up to you! The more time you give your loan officer to look at your complete file (including <u>all</u> documents you have requested), the more likely they can creatively solve any little issues or concerns that come up along the way.

Little Things Mean A Lot!

A common misconception is that loans fail to get approved because of "big" things… bankruptcy, criminal records, and the like. While these can certainly affect the loan's approval, it's far more common that **little things can become BIG things…** that can make or break your loan. These can W2's or tax returns with too little income, a vague divorce decree, or not enough cash reserves in your bank account.

When you have locked in a favorable interest rate for thirty days, you really only have about 25 days to actually close the loan. Part of this is due to the rescission period the time you have after closing to change your mind. When a borrower sits on information the lender needs for a week or more, then another week or two is required for an appraisal and survey, the window of opportunity has been cut way too close for comfort. Delaying lender requests eats away the time unnecessarily, and reduces the time available to resolve any issues that might crop up <u>after</u> the underwriter sees your file.

If the lender requests it, consider it a requirement!

Regardless of how it may feel at the time, the lender isn't really challenging you, questioning your honesty, or making you "jump through hoops" to get your loan. They WANT to lend you money,

otherwise they would not be spending time on your loan! However, they have a responsibility to make sure it will be a secure loan, and so they will give you every opportunity to explain any questions and document facts. They are really trying to provide as smooth a transaction as possible, IF you'll act promptly and work with them!

When you take days to send in requested documents, the only person you are hurting is yourself! Delay too many times, and it can often cost you real money! If you have to ask for an extension of a good, locked-in interest rate past the initial closing date, it can increase your costs as much as 0.25% of the loan amount. That's $250 for a $100,000 mortgage, in addition to other possible term changes that could affect your final costs.

Summary

Although it's easier to get a fast approval on a mortgage than ever before, avoiding these six common mistakes are still vital to the individual success of your loan. Addressing these in advance will ensure they don't become "deal killers," and with the "head's up" this Report has given you, you can come away from the mortgage process feeling happy with your results!

We could have probably added a lot more common mistakes, but at **AccessAmerica**, we've found these are the ones clients ask for help on the most. You may have other questions and concerns that this report didn't address, or you may feel you are ready to take the next step in refinancing your mortgage. Either way, please click the link below, fill out the short **AccessAmerica** application, and one of our loan officers will call you to discuss any questions or issues you may have. There is no obligation and even if all you are looking for is simply a "second opinion" about your situation, we would be happy to talk with you.

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