

The mortgage world has changed significantly since 2007 as the economy changed. So, please expect to have more requirements for documentation than you may have experienced in prior home loan processes.

# *From Now Through Closing*

Now that you have applied for a mortgage loan, here are some helpful Do's and Don'ts to keep in mind to guide you between now and your loan closing.

## **DO**

1. Review the copies of your application and all disclosures. Contact your mortgage loan officer with corrections or questions.
2. Continue to make all scheduled monthly payments on time, even those on accounts that may be paid off when this loan closes.
3. Notify your mortgage loan officer immediately of any changes in your income, your job, your pay or your hours at work since you applied. This could impact your loan approval.
4. Keep all pay stubs, W-2's, 1099's and federal tax returns from application until closing, and be prepared to provide copies, if necessary.
5. Keep copies of all larger deposits made to your bank deposit accounts and records of transfers between bank accounts between now and closing, and be prepared to provide copies, if necessary.
6. Keep copies of all deposit and investment statements you receive between now and closing, and be prepared to provide copies, if necessary.
7. Notify your mortgage loan officer of any maintenance issues, issues identified in a home inspection or incomplete construction that may be present in the house you are financing.
8. Select your homeowners' insurance and provide the insurance binder and paid receipt to your mortgage loan officer. Make sure the property address on your insurance matches the *exact* address on your loan approval and that the binder/ policy lists "Merchants Bank, National Association, its successors and/or assigns" as loss payee/lienholder.
9. Notify your mortgage loan officer of any unique features of the home (ie: additional living quarters, large acreage, any agricultural use, outbuildings, unique floor plans, etc.).
10. Obtain a copy of your earnest money check if you are purchasing a home. We need a copy of front and back once it has cleared your account.
11. Consult your mortgage loan officer before initiating any disputes on your credit.
12. Be prepared to be asked for additional documentation as a follow up to documents you provide us. Often a pay stub or account statement triggers additional questions and we may need further documentation based on something on the original document that triggers an underwriter question. Tax returns often trigger further document requests to substantiate some financial item that shows up on the return. We will not know to ask for these additional items until the underwriter reviews the initially required document(s).

## **DON'T**

1. Apply for or accept any new credit cards or loans between the application and closing. If you are considering any additional credit, please check with your mortgage loan officer first.
2. Begin any home improvement or work projects to the home/property being financed prior to closing and recording of the mortgage. This includes excavation projects and demolition of structures on the site.
3. List the property that is the subject of this loan for sale. This can affect the approval of your loan.
4. Co-sign for anyone else on a loan prior to closing this loan.
5. Close credit cards or switch to new ones prior to the closing on your loan since this can affect your credit score.
6. Don't move money from account to account without consulting your loan officer first. That often makes the paper trail of funds harder to verify (e.g. don't transfer funds from one bank to another, or transfer savings money to checking.)

Borrower Acknowledgement: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Borrower Acknowledgement: \_\_\_\_\_ Date: \_\_\_\_\_



The Bank that Service Built

### **Additional items to consider for construction financing**

1. In Minnesota, do not start any construction or excavation or delivery of materials to your site prior to the closing of your construction loan.
2. Once plans and specifications are received from the builder, an appraisal can be ordered. After we receive the appraisal, your loan package will be submitted for approval for the construction loan. Depending on how old the comparable sales are in this appraisal, a completely new appraisal may be required for the permanent loan. We can discuss this once underwriting has reviewed the appraisal.
3. Merchants Bank is not responsible for any changes made between you and your builder to the original plans or original contract price. Any upgrades or changes made are your responsibility. They will need to be paid out of pocket by you directly to your builder unless the changes are approved and within Merchants Bank's guidelines. Contact your mortgage loan officer for any approval prior to making changes to your plans or contract price.
4. Employment, credit report and assets will be verified again prior to closing on your permanent loan. Keep your mortgage loan officer informed as to changes to any of these from your original application.
5. Accumulating additional debt prior to the closing on your permanent loan could impact whether or not you qualify for your permanent loan.
6. Your property taxes may be based on lot value only. Please expect an increase when the improvements are added to your taxes and be prepared to pay the higher amount.
7. Upon approval, you can close on the construction loan. If applicable, your lot will be paid off or purchased with the first draw; title will transfer to your name; and closing costs will be paid.

### **Things within your control in this process**

1. Provide complete legible copies as quickly as possible. Typical items would include:
  - a. Paystubs (you need to have one from the job you are using for income with year-to-date and company name)
  - b. W-2s and/or 1099's for most recent two years
  - c. Tax returns – signed, and all forms including attachments
  - d. Bank / investment statements for your assets — **Full statements** including all pages (not just e-banking transaction printouts)
  - e. Purchase agreement, if purchase
  - f. Expect that more items may be requested based on your employment / asset situation
  - g. Signed gift letter if you are receiving down payment funds as a gift. Any gift must have *no* expectation of repayment of these funds. We periodically verify this, so to represent otherwise would be fraudulent.
2. If this is a construction loan, provide
  - a. Complete specifications including materials used and bids from all sub-contractors
  - b. Blue prints
  - c. In Minnesota do *not* start any work or have any materials delivered before the construction mortgage is recorded
3. Please explain in writing
  - a. Any late payments you have on your credit record
  - b. Any large deposits to your bank or investment accounts and a copy of the appropriate documentation showing the source of those funds

### **Things within the Bank's control**

We commit to:

- Timely order your appraisal once we have the purchase agreement/plans and specifications and/or your completed application
- Provide you timely disclosures of your costs of this loan
- Ask you for the documentation required on the underwriting findings at the time your application input
- Ask you for any follow up documentation needed for our underwriting team's review based on the initial documentation once they have looked at those initial items (please note underwriting turnaround time does vary with how busy the mortgage market is from week to week, ask your loan officer for an estimate of time)
- Notify you of approval or non-approval and schedule your loan closing as soon as we have notification from our underwriting team

### **Things outside both our control**

- Appraisals are ordered from independent appraisers—we do not control the turn around time on appraisals
- Comparable sales are a required part of the appraisal. The sale of properties similar to your subject property in the most recent 12 months is the function of the local market and beyond your or our control. If the property you are looking to finance has unique or unusual features it would be helpful if you can describe those to your loan officer up front at the time of the application.
- Title insurance is ordered from a third party. Both turn around time and title objections are beyond your or our control. You may be asked to help clear title objections, if any arise. These may or may not be within your control.

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Borrower Initials

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Co-Borrower Initials



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Loans are subject to credit approval.