

## ***Frequently Asked Questions***

### **How can I start my application?**

Simply apply online through our secure on line system by clicking the red apply now button. If you prefer to speak with a loan officer contact:

Bonnie Born- NMLS 466375  
Mortgage Loan Officer  
325-224-3643  
bborn@lfcu.org

### **What is a P&I payment?**

P&I is the combined principal and interest you pay your lender each month. The principal amount repays a portion of the amount of money originally borrowed. The interest amount pays the monthly interest accumulated on your outstanding balance. Your total payment will typically include additional items, such as, real estate taxes and insurance premiums.

### **What is an origination charge?**

The origination charge is the amount charged for services performed on the initial loan application and loan processing. This includes all charges (other than discount points) that lenders and brokers involved in the transaction will receive for originating the loan. It includes any fees for application, processing, underwriting services, and payments from the lender for origination.

### **What are points?**

Points (sometimes referred to as discount points or mortgage points) are paid to the lender, usually at mortgage closing, in order to lower the interest rate. One point equals one percent of the loan amount.

### **What is the minimum down payment options for Conventional, FHA and VA loans?**

Generally speaking, the following minimum down payments are required for purchase transactions:

Conventional Loans are available with a down payment as low as 3%.

FHA Loans are available with down payment as low as 3.5% down.

VA Loans offer zero down payment, however eligibility restrictions apply.

A larger down payment may be required depending on various factors.

### **Why does my lender require homeowners insurance?**

Homeowners insurance is an insurance policy that protects both you and your lender in case of loss or damage to your property. The insurance company is chosen by you and the monthly homeowners insurance premium is often included as part of the monthly mortgage payment.

## *Helpful Tips....*

**Provide all documentation that is requested. Any missing documentation may cause a delay in your loan approval process. You will typically need to provide:**

- Pay stubs covering most recent thirty days
- W-2 statements covering the past two years
- Bank statements covering the most recent two months (all pages)
- 401K, IRA, or Mutual Fund accounts showing most recent transaction summary
- Purchase and sales agreement (on purchase transactions)
- Fully executed divorce decree (if applicable)
- Deed, hazard insurance policy, and most recent tax bill if you are refinancing
- A letter explaining any known credit problems or fluctuations in income

**If you are self-employed, paid by commission, or own real estate used for rental purposes you will need to provide:**

- Two years signed personal federal income tax returns including all schedules
- If self-employed through a corporation, the last two years' corporate returns as well as a year-to-date profit and loss statement and balance sheet
- If additional information or documentation is requested, please provide it immediately.

### **Other tips to consider:**

- Read all disclosures carefully and ask questions if you need clarifications. It is best to communicate all requests and clarifications in writing early in the loan process.
- Ensure that the income you report on your application is the same income as that which is reported on your tax documents.
- Inform your loan officer of any past credit problems.
- Review your credit report carefully to verify its accuracy.
- If you are thinking about obtaining any other type of credit before the closing of your loan, please contact your Loan Officer or Loan Processor beforehand.
- When signing your closing documents, sign your name exactly as it is printed. For example, you may need to include your middle name or initial in your signature.