

Understanding the Mortgage Process

The mortgage process can be intimidating, especially for many first-time homebuyers. However, when the process is broken down into several steps, it is easy to follow.

Step 1: Pre-Qualification

Before you begin the actual loan process, we will need to gather information about your income and expenditures to figure out how much you can afford to borrow. There are many different programs available, so Bay Banc will work with you to pick the one(s) that best fits your situation.

Note: After signing your sales contract, you have 5 days to start the application process with a lender.

Step 2: Application

Once you're pre-qualified, you will need to "prove" your eligibility for a mortgage. Here are the following factors that determine your borrowing eligibility:

- Income
- Expenditures
- Credit History
- Down Payment Size

The following information/documents should be brought with you when apply for a loan:

- Most recent pay stub showing year-to-date income covering the most recent thirty-day period
- Most recent W-2's and/or 1099's
- Two months of most current and consecutive banks/investments/retirement statements for all your accounts.
- If self employed, you will need to bring in the most recent two years' tax returns and copies of 1040's, W-2's, 1099's and/or K-1. You will also need a year-to-date profit and loss statement

Step 3: Processing

During this step, Bay Banc reviews your credit reports, verifies the information disclosed in your initial loan application (income, assets, and expenditures), and payment histories. The credit report will show your payment history, credit limits, monthly payments, and current balances. If there are any late payments, collections for judgments, or other issues, we will request a written explanation from you that usually clears up any issues. Bay Banc then reviews the appraisal and information for accuracy, and assembles a total package for your review.

Note: Processing is required be completed within 35 days.

Step 4: Underwriting

After the loan has been processed, it will then go to a loan underwriter who reviews the loan. The underwriter will approve or deny the loan based on these four factors: income, expenditures, credit record, and property value. In some instances, Bay Banc may need additional information or documentation and will contact you quickly to make things happen on time.

Step 5: Secure Interest Rate (optional)

You have the opportunity to secure the interest rate during the process *up to 30-60 days* before your closing. Keep in mind that interest rates may change somewhat each day. Only you can make the decision to lock the interest rate on your loan. Therefore, it is your responsibility to contact your Bay Banc representative to determine the interest rate and lock in your loan.

Step 6: Closing

Once the loan is approved, a PCS Homes representative will coordinate a firm closing date and time with you.

You will have an opportunity to take a final walk-through of your new home before closing to make sure it is ready for you.

Prior to closing you must obtain homeowner's insurance with a carrier of your choice. This information must be provided to Bay Banc Mortgage within 72 hours of closing. A Bay Banc Mortgage representative will provide you with the amount you will need to bring to closing. Funds needed for closing must be in the form of a certified check or cashier's check. The title is then transferred to the buyer and the appropriate documents are recorded.

Congratulations, you are a new homeowner!