



**Planet Home Lending<sup>®</sup>**  
WE'LL GET YOU HOME

# THE MORTGAGE LOAN PROCESS MADE EASY: A STEP-BY-STEP GUIDE



[www.PlanetHomeLending.com](http://www.PlanetHomeLending.com)

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# MORTGAGE MILESTONES



## 1. Applying

Filling out and submitting the application to start your mortgage loan process

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## 2. Disclosures and E-Consent

You receive important information either online or by mail

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## 3. Inspection and Appraisals

Verifying property value and checking for home problems; not needed for some refinances

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## 4. Processing

Your Planet team organizes your financial information

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## 5. Underwriting

In the mortgage underwriting process, an expert reviews your finances

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## 6. Conditional Approval

Your Planet home loan is approved — we just need a few more items.

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## 7. Final Review

Your Planet team does one final analysis

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## 8. Clear to Close

Your mortgage loan is ready to go! Proceed to closing

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## 9. Closing

The big event — you sign your loan closing documents

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## 10. Funding

The money from your loan is now available.

# CONGRATULATIONS!

# **Congratulations! Whether this is your first time buying a home or you're refinancing your existing home loan, you're making a great choice — and Planet Home Lending will be your true partner every step of the way.**

This guide walks you through your mortgage process, from beginning your application to closing and funding your loan. On average, the mortgage process takes about 30 days from beginning to end, but each step is important to keep your application moving along.

To make it as fast as possible, stay in touch with your mortgage loan originator and answer requests for additional documents quickly. Ask any questions you may have at any time. We're happy to help! After all, our motto is, "We'll get you home."



# 1 APPLYING FOR A MORTGAGE

The mortgage process begins with your application. The Uniform Residential Loan Application, or URLA, makes sure everyone is on the same page — literally. It may look long, but don't be intimidated! All your documentation falls into four simple categories: Income and Employment, Assets, Credit, and Property.

Planet makes it easy to apply in person at one of our many branches, or via our secure online portal. In fact, if you have your financial information at hand, it can take less than an hour. Here's a checklist to get you ready.

## INCOME AND EMPLOYMENT

These items lay out your finances and help us find all your home loan options. Your home loan professional will tell you exactly which ones they need for processing your mortgage loan application, but you can expect them to include things like:

- Most recent pay stubs for 1 month
- W-2s for the past 2 years
- Personal Federal tax returns for the past 2 years

## ASSETS

This information shows where you'll get the money to pay your home loan, down payment, and closing costs, and could include: Past 2 months of bank and investment statements.

- A gift letter including your donor's personal information, if applicable
- Donor and borrower bank statements showing gift money has transferred



# APPLYING FOR A MORTGAGE CONTINUED...

## CREDIT AND IDENTITY

Lenders check credit during the mortgage approval process to prove you've done a good job managing debt in the past, and will need paperwork such as:

- Letter of explanation for any late payments, collections, charge offs, or derogatory credit
- Letter of explanation for all recent credit inquiries
- Divorce decree, if any

## PROPERTY

This information tells us about the home you're buying, or the one you're refinancing, and will include things like:

- Renting? Landlord's name, phone number, and address
- Living with family? You'll need a letter stating you live rent-free or how much you pay each month
- Refinancing can require a note and mortgage statement from current lender



### GOOD TO KNOW:

Once you start the mortgage loan process, you will want to avoid doing things that may negatively influence your credit, assets, or income. This includes things like taking out a loan to buy a car, opening a new credit card, spending your savings, or quitting your job.





# TYPES OF LOANS

Now that you know about the types of information you might need to share, let's look at some of the different types of mortgage loans. When you talk to your mortgage loan originator, they'll walk you through your home loan choices, but here's a brief overview of some mortgage loan products you might see.

## FIXED-RATE LOANS

With these loans, you'll pay the same amount of principal and interest each month. No surprises. The downside is that if interest rates fall, you won't pay any less — but if rates rise, you won't pay any more. The two most common types are 30-year fixed-rate, where you lock in the interest rate for 30 years, and a 15-year fixed-rate.

## FHA HOME LOANS

Federal Housing Administration (FHA) loans appeal to homebuyers with small down payments. Because these are government-backed, you can qualify with a lower credit score and a surprisingly small down payment. When you have an FHA loan, you may be eligible for a reduced paperwork FHA Streamline refinance.

## JUMBO HOME LOANS

You can borrow a lot more money using a Planet Home Lending jumbo home loan, up to \$3 million. Another advantage is you may be able to put down as little as 10% and not have to buy mortgage insurance. That may save you money.

## VA HOME LOANS

VA home loans usually require no down payment at all, and frequently offer highly favorable interest rates because they're guaranteed by the U.S. Department of Veterans Affairs (VA). For veterans refinancing their existing VA loans, there is also a VA Streamline Refinance Loan, which may not require an appraisal. Who can use a VA home loan? Typically, active-duty military members, veterans, and some surviving spouses of service members can use this valuable benefit.

## REFINANCE MORTGAGE LOANS

Refinancing is when you swap your current home loan for a new home loan. The common reasons to refinance include:

- Get money to pay for anything you want
- Consolidate debt
- Shorten the life of the loan
- Lower monthly payment
- Lock in a safe fixed rate
- Lower interest rate
- Get rid of mortgage insurance

When you talk to one of our mortgage professionals, they'll be happy to explain your options. We're here to improve your financial life by delivering a streamlined lending experience supported by the deep personal care needed to help you thrive throughout your journey home.

If you'd like to crunch some numbers yourself, check out our mortgage calculators on [www.planethomelending.com](http://www.planethomelending.com). They can help you figure out your approximate payments, whether renting or owning is right for you, or how much you can save with an early payoff.

At Planet Home Lending, we don't charge an application fee, so we're ready to move on to the next step.



## 2 STAYING IN TOUCH: DISCLOSURES & E-CONSENT

Now that you submitted your application, we'll communicate with you frequently to keep the mortgage loan process moving along. One of the first things we'll ask is if you want to receive home loan documents electronically. Saying yes not only makes applying faster and easier, it's good for the environment — less paper, no fuel used to transport the paper — and avoids the risk of having your personal documents go astray in the mail.

We'll ask you for your electronic consent, a secure process managed by a trusted third-party provider, to ensure your personal information stays private.

“With E-Consent, you can sign online instead of dealing with downloading, scanning, printing, faxing, or rushing documents to the post office.”

With E-Consent, you can sign online instead of dealing with downloading, scanning, printing, faxing, or rushing documents to the post office. In our online portal, you can read and fill out documents, and upload bank statements and other required documents. The system will help make sure you don't miss any field you need to sign or initial.

The first document is your Initial Disclosure packet, which we will send you within three business days after you

finish your home loan application. This outlines the initial terms of your home loan.

It's important that you read, sign, and return these documents in a timely manner — many of these communications are covered by federal or state-mandated time limits that both you and Planet must meet.



### 3 INSPECTIONS, APPRAISALS, AND YOUR MORTGAGE

These two steps in the mortgage process — home inspections and home appraisals — may sound the same, but they're different. An appraisal is a professional evaluation of how much your home is worth. A home inspection evaluates the condition of the home and identifies any repairs needed.

When you purchase a property, you pay an appraiser to confirm the market value. The appraiser compares the home you want to buy to nearby homes that have recently sold. The appraisal has a sort of an expiration date because it's based on recent home sales. That's why it's only good for a limited time.

When you refinance your mortgage, you may not need to pay for a full appraisal. Instead, Planet may be able to ask for an appraisal waiver or use an automated valuation.

Homebuyers pay for a home inspection to make sure the property they're buying is in good condition with no major problems. Sellers may not realize their home has issues, like out-of-code wiring. That's why homebuyers call in a home inspection professional.

Broadly speaking, the inspection deals with the physical qualities of the home, and the appraisal establishes the value of the home.

#### HOME INSPECTIONS:

Home inspections are required for FHA and VA loans and are a smart idea for all home purchases. A trained and licensed home inspector will spend several hours at the property, investigating not only the appearance of the home for safety, but also testing systems, such as plumbing, electrical, and HVAC.



# INSPECTIONS, APPRAISALS, AND YOUR MORTGAGE CONTINUED...

## HOME APPRAISALS:

An appraisal is a professional evaluation of a home's value. The appraiser compares your home to other recently sold homes. They also make price adjustments for elements such as the number of bathrooms, home size, or property condition.

- If the home is appraised for more than the asking price, that benefits the homebuyer. Your mortgage amount doesn't change to meet the appraised value, but you have instant home equity.
- If the home is appraised for less than the asking price, Planet may decide to lower your home loan to the appraised value. That doesn't necessarily mean you won't get the home, but you may need to make a larger down payment or negotiate with the seller to reduce the price.

While you can choose your own home inspector, your appraiser is assigned. Appraisers are licensed independent third parties and federal law forbids Planet from attempting to influence the appraiser or the home valuation. We may request an appraisal review when there is conflicting information, however, the review and home valuation determination remain at the discretion of the appraiser.

These documents, along with any others you provide, are part of processing.



## 4 MORTGAGE PROCESSING

Think of processors as the air traffic controllers of the mortgage application process. During mortgage processing, your Planet processor makes sure the correct documents are collected and verified to be ready for underwriting. They order and analyze your credit report, looking for inaccuracies you might want to have corrected, and keep track of the various mortgage process deadlines.

“Your Planet processor makes sure the correct documents are collected and verified to be ready for underwriting.”

It is extremely important that the documents you submit are correct and complete. For example, with many bank statements, there will be a blank page included — and yes, the processor needs that, too. If your documents aren't accurate, it can hold up the mortgage process, or even lead to you not getting the mortgage.

Once the processor has everything they need, they hand off your mortgage file to the underwriter.

## 5 THE UNDERWRITING PROCESS

Underwriting might be the most misunderstood part of the mortgage process. Let's take a look at what it actually entails.

Underwriting is a close examination of your finances to determine if you have the resources to pay your mortgage loan. The law requires us to verify certain aspects of your application, but we also want to make sure your home loan suits your financial situation. Everyone has the same goal, which is making sure you are able to pay back your loan and enjoy many happy years in your home.

During your mortgage loan process, you shouldn't do anything that will jeopardize your application. This means you shouldn't change jobs, apply for a car or appliance loan, or make any large bank deposits or withdrawals. The underwriter needs a constant image of your finances, not something that's changing.

Because underwriting is so detailed, it can take as little as two to three days or over a week. It is also common for the underwriter to request additional information, such as a letter from a family member if their financial gift is providing funds for your down payment. If that happens, you might find that you receive conditional approval.



## 6 **CONDITIONAL APPROVAL:** **WHAT DOES IT MEAN?**

Conditional approval means that your underwriter has verified your information and is fairly certain you qualify for a mortgage loan, but there are some things that need clarification. At this point, Planet may ask you to send more information.

Don't panic! This is very common, and your Planet mortgage loan originator or loan processor will be in touch with exactly what you need to provide. While on rare occasions, this additional information can lead to the loan being denied, the best way to ensure success is to provide accurate, complete information at every stage of the mortgage process.

It's important that you get us any additional requested information as quickly as possible. That way, we can keep your mortgage on track and on time.



### **GOOD TO KNOW:**

Remember — don't take on any new debt before closing! Even if you find the perfect refrigerator on sale for the new house or your cousin needs you to co-sign a car loan, you should wait until you close.

## 7 **FINAL REVIEW**

It may sound like a lot, but at this point, your mortgage file will undergo a final review. This involves doublechecking all of your paperwork, doing one last verification of your employment status, pulling a final credit report, and ensuring that everything is in good shape.

How can you speed this process along? Make sure you stay in touch with your mortgage loan originator and respond to any requests quickly. After this final review, if all goes well, your mortgage loan originator gets to make their favorite phone call or send their favorite email: "You're clear to close!"

## 8 CLEAR TO CLOSE

Planet will send you the Closing Disclosure at least three business days before your closing is scheduled. Remember the Initial Disclosure you signed at the beginning of your mortgage application? This five-page document will look similar. It lays out the final details of your mortgage: your loan terms, your projected monthly payments, and how much you will pay in fees at the closing table to get your loan, also known as closing costs.

“Be especially careful about wiring funds. Scammers send fake wire transfer instructions that look like they’re from your lender or title company.”

Pay attention to the closing costs, as you’ll need to bring a cashier’s check or wire money to pay those at your loan signing. Be especially careful about wiring funds. Scammers send fake wire transfer

instructions that look like they’re from your lender or title company. Always check directly with your mortgage loan professional to confirm you’re wiring your closing cost payment to the right place.

Please sign electronically to confirm receipt of your Closing Disclosure! That isn’t a binding acceptance, but it does let us know you received this important paperwork.





## 9 CLOSING: SIGNING YOUR MORTGAGE

Congratulations! This is the big day. Time to meet with your title company in person or remotely to sign the documents that give you a home loan. If you're buying a home, you'll also receive the title to your new home. Make sure you bring the following so the signing can go smoothly:

- A valid, government-issued ID
- A cashier's check to pay your closing costs, unless you have wired the funds in advance

Everyone on the loan, or their legal representative with power of attorney, will need to be present to sign either in-person or virtually. Some people choose to have their real estate agent or property lawyer present at the closing.

And what will you be signing at the mortgage closing table? Expect at least the following:

- Property transfer documents, which can include the deed, and will be signed by both the homebuyer and home seller
- The seller's affidavit, also known as the affidavit of title
- Your mortgage itself
- Your Closing Disclosure
- Your promissory note
- Affidavit of flood insurance, if applicable
- Any escrow documents or waivers, if applicable
- Servicing disclosure (Planet keeps the majority of our loans for servicing, so you can anticipate keeping it easy!)

If you are refinancing your existing mortgage rather than purchasing a new home, there's an additional document to note — your right to cancel the mortgage process, known as your Right of Rescission. This gives you a three-business-day period, excluding weekends and federal holidays, to change your mind and decline to go through with refinancing.

Once all the documents are signed, you're officially a homeowner, or you have a new mortgage! Congratulations. You've worked hard to get here, and Planet is happy to be a part of your journey home.

## 10 FUNDING A MORTGAGE

What is funding a mortgage? Funding is when we wire the money for your home purchase to the title company or to pay off your current mortgage in a refinance. It's the final step in the mortgage process.

Different states have different regulations covering funding, and your Planet mortgage professional can tell you when your loan will fund.

- If you're purchasing a new home, funding typically happens at closing.
- If you're refinancing an existing home loan, funding will not occur until three business days after closing.

Once this is done, and the county or local government has recorded the new ownership in their records — you've done it. The process is complete.



# HOW A MORTGAGE WORKS

The mortgage approval process may sound like a lot, but there are two things to remember: people do this every day, and Planet will be with you every step of the way.

Planet follows all state, federal, and industry guidelines and regulations from the U.S. Department of Housing and Urban Development (HUD), the Federal Housing Administration (FHA), and the Consumer Financial Protection Bureau (CFPB) — so we're skilled at helping borrowers navigate the mortgage loan process.

“People do this every day, and Planet Home Lending will be with you every step of the way.”

Don't be intimidated or assume that you're locked out of homeownership because of a few credit dings, student debt, or a competitive housing market. At Planet Home Lending, we work every day to improve the lives of borrowers by delivering a streamlined lending experience to help individuals and families thrive.

Call and talk with one of our mortgage professionals today about your home finance plans - whether that's to buy a new home or refinance your current mortgage. We're always ready to help, which is why our motto is, "We'll get you home."





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