



WORKING WITH MORTGAGE COMPANIES YOU DO NOT KNOW

Occasionally, you may find yourself working with a client who has already chosen a lender you do not know. If this is the case, try using these suggestions to make sure things are on track:

- a) **Introduction** - Find out from your client the name of the loan officer and give them a call immediately to introduce yourself. If you have not written a purchase contract yet, ask them to provide a good faith estimate so you know what the total closing costs and prepaids are. That way you can coordinate with your client on how you want to negotiate the contract. You also can find out at this time the terms of the loan so the agreement properly reflects the loan they have selected. As we mentioned in our tip on writing contracts, now is the perfect time to coordinate the timing of the due diligence period as it relates to where they stand in the loan process. Let them know that you are more than willing to help if the client is procrastinating in providing pertinent loan application items.
- b) **Loan Commitment** - If you have already reached binding agreement, contact the loan officer and make sure they have a copy of the agreement and understand the timing of the due diligence period. Can they provide a 100% loan commitment within the allotted time frame? Have they ordered the appraisal and title? Offer to help if your client is dragging their feet in providing pertinent information. Ask for a copy of the good faith estimate.
- c) **Checks & Balances** - The reason that you want a copy of the good faith estimate is to be another set of eyes and ears for your client. Like any industry, mortgage companies and banks have well seasoned loan officers, and also “rookies” and/or loan officers who are not well-intentioned. We are not suggesting that you become involved in the buyer’s financing, only that you check some simple things to prevent big surprises at closing. For example, if the buyer is responsible for the State Transfer Tax, is it on the good faith estimate? Most LO’s don’t even know that this changed on the new contract form in 2008. Do they have a line item for the Owners Title Insurance? Many leave this blank because it is “optional” even though it should be mandatory. Depending on the price of the house, these can easily be an additional \$500 - \$1,000 that your client is not anticipating. Does it appear to contain unusually high origination fees or discount points? Point that out if it seems excessive. There could be a logical reason, but you just want them to know you are making sure everything is covered.
- d) **Communication** - Find out the names and numbers from the loan officer of those people who will be handling the loan and their role. What exactly are the steps in the process and approximate timing of the various steps? Write all this information down so you have a record. If a lender/broker is doing their job, they should inform you as the loan moves from step to step. But as you know, that is unusual. Therefore it is best to keep tabs on it yourself if you are unsure or not confident. Most importantly, find out when the appraisal will be completed and the underwriting is expected back. Make sure and follow-up with the appropriate person. While all this might seem like a lot of extra work, it could be the difference between you getting paid or not getting paid. At a minimum, it will provide for a smoother mortgage process and no surprises at closing.
- e) **Preparation for Closing** - The end is critical. About a week prior to closing, call the loan originator or processor/loan coordinator and find out if the loan is in “clear to close” status. If it is not, when do they expect it will be? When do they expect that the package will be

delivered to the closing attorney? Tell them you would like a settlement statement at least 24 hours ahead of time; longer, if possible. Get the name of the person at the attorney's office preparing the HUD Statement. Go over the numbers ahead so the client knows how much the check needs to be etc...Be persistent at this stage, your goal is a happy closing where documents are simply signed and funds are dispersed, with no lingering issues to resolve.