

# FAQ

## Home Loans



### **Q: What documents or information are typically required in an application process?**

A: Once the application is reviewed by the lender, they will contact the customer with further instructions on what supporting documentation is required to get an approval for their loan or mortgage. Common documents requested may include bank statements, proof of income such as pay stubs and tax returns, identification documents, and other financial records that verify a borrower's creditworthiness. Depending on the lender's requirements and risk assessment policies, additional paperwork may be needed. It is important for customers to respond promptly with all necessary information in order to move forward in the loan process.

Ultimately, providing accurate and complete information will lead to a smoother transaction for both parties. Knowing the types of documents needed and having them ready before applying for a loan can help borrowers secure their desired loan quickly and with greater ease. The more prepared the borrower is, the less time it will take to get an approval. It is important to note that incomplete paperwork may cause delays or possibly result in a denial of the loan request. Careful attention should be paid to all of the documentation requested by lenders in order to ensure a successful transaction. Contacting your lender if you have any questions about what is required for your loan application can help get you approved faster!

### **Q: How long is a pre-qualification approval valid for? Is there an expiration date or does it remain valid until you find a property?**

A: Prequalification for a loan or mortgage is an important step in the home buying process. It can give potential buyers insight into their finances and how much they can afford to spend on a house. The length of time that a prequalification remains valid, however, varies by bank. Generally, banks will provide a prequalification that is good for 60 days which gives ample time to search for the right property and begin the loan application process. It's important to remember that, even if you have been prequalified, your financial picture may change over this period and lenders should be contacted again at least every 30 days for updates. Keeping lenders informed of any changes can help ensure you maintain access to the best loan terms available.

### **Q: What percentage of a down payment is required for the various loan types available?**

A: When it comes to loans and mortgages, there is no "one size fits all" answer when it comes to the down payment required. It varies greatly depending on the type of loan or mortgage you are seeking. Some mortgages may require as little as 0% down, while others can require up to 25%. Ultimately, the amount of your down payment will depend on the type of loan you seek and the specific program and conditions associated with it. It is important to thoroughly research your options before committing to a particular loan or mortgage in

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order to ensure that you understand what kind of down payment will be necessary. Taking some time upfront can save you a lot of frustration later.

## **Q: How quickly can I receive the funds from a loan to complete my purchase?**

A: A mortgage loan is an important financial decision, and it's imperative to understand the details of the entire process before signing on the dotted line. Generally speaking, a homeowner can expect their mortgage loan transaction to take anywhere from 30-45 days from initial application to closing. The third parties involved in this process need to come together properly for a successful conclusion; this includes lenders, appraisers, title companies, insurance agents, and more. To ensure a smooth experience when obtaining a mortgage loan, it is essential for all documents and logistic procedures to be accurately completed in order to make sure the closing happens within the expected timeline. Additionally, clear communication throughout the process between all respective parties is critical for success. Ultimately, with proper care and attention, a mortgage closing can be completed in an efficient and timely manner.

## **Q: Do I need a realtor when buying a property?**

A: A realtor can be a valuable asset to ensure that you have a smooth process when buying property. They will help guide you through the various steps of the purchase, such as helping you understand the loans and mortgages associated with your purchase, arranging inspections to assess the integrity of the property, organizing access to view the property, and protecting your interests throughout negotiations. Realtors usually have a thorough understanding of their local markets and are often able to provide advice about current trends and potential future value. Ultimately, it's up to you if you choose to hire a realtor or not; however, they can make the process much simpler by providing insight into the market and protection along every step of your transaction.

## **Q: What are closing costs and what components make up the total amount of closing costs?**

A: Closing costs are an important part of the mortgage process and it is important to understand what you will need to pay for in order to close on your loan. These fees can range from a fixed amount charged by a third party, such as credit report fees and appraisal fees, to variable

fees that depend on the size of your loan amount, like lender fees and title company fees. Additionally, there may also be government recording and transfer fees associated with closing costs. Lastly, there are prepaid items that you may need to fund at closing, such as initial deposits into an escrow account or prepaid interest payments. It is essential that you budget accordingly for all these potential costs when applying for a loan. By understanding the various components of closing costs ahead of time, you can be prepared and confident when the time comes to close your loan.

## **Q: What steps occur during the closing process with a title company?**

A: At the conclusion of a loan or mortgage transaction, the title company will play an integral role in finalizing the process. They are responsible for document review and signing, notarization of necessary documents, ensuring accuracy, collecting and dispersing all funds involved in the closing transaction, and recording documents such as deeds and mortgages with local County offices. The title company provides invaluable services to help ensure that these transactions are conducted smoothly and efficiently so that buyers, sellers, or borrowers can have peace of mind with their purchases or loans. With their expertise in this area, they ultimately provide protections to all parties involved. Therefore, it is important to partner with a reputable title company for closing service needs.

## **Q: Is attendance at the closing mandatory, and if so, where will the closing take place?**

A: Real Estate closings are an important milestone in any transaction. While some title companies are willing to allow documents to be signed remotely, it is generally recommended to attend the closing in person. At the closing, you will review and sign the final loan documents and mortgage papers. The title company representative will be present to answer questions and explain all of the details related to your loans and mortgages as well as other steps being taken to complete the real estate transaction. In order for your documents to be legally binding, they must be notarized by a public notary after being signed in their presence. If you are unable to attend the closing in person, you may be able to have your documents notarized remotely if permitted by the title company handling the closing. Regardless of how you choose to proceed, it is important that all legal requirements are satisfied and that all details of the transaction are clearly understood before finalizing the purchase.

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## Q: What is an amortization schedule?

A: An amortization schedule is an important tool for managing your loan or mortgage repayment. It illustrates the breakdown of each monthly payment into principal and interest, and provides a timeline for when those payments are due. This allows you to plan ahead and accurately budget your expenses over the loan period. However, it's important to note that if you pay early or late on any payment, then it can throw off the amortization schedule and make it inaccurate. Therefore, regular payments made on time are essential for ensuring that this schedule is up-to-date and precise. Doing so can help you stay on track with your loan repayment goals.

## Q: What is an escrow account?

A: An escrow account is a special type of loan account set up by mortgage lenders to pay certain property-related expenses, such as property taxes, home insurance, private mortgage insurance, and flood insurance. The money for these expenses comes from the Escrow portion of the borrower's monthly mortgage payment and will be disbursed by the lender throughout the year as payments come due. This helps to ensure that these bills are paid on time without any surprises for the homeowner.

## Q: What is Private Mortgage Insurance?

A: Private Mortgage Insurance (PMI) is a type of mortgage insurance that lenders may require if a borrower has less than 20% equity in their home. PMI protects the lender and not the borrower if payments are not made on the loan, by covering potential losses that may occur from defaulting on the loan. It requires borrowers to pay an additional fee when taking out a loan or refinancing an existing loan with less than 20% equity in their home. This extra fee helps protect lenders in case of defaulted payments.

## Q: What is a Title Commitment?

A: A Title Commitment is a document issued by a title company that discloses all the liens, defects, obligations, and ownership interests that affect a specific real estate transaction. It will also list all of the requirements that must be met before a title company can insure a title as "marketable" or guarantee loans and mortgages with certain priority. This document is necessary to secure the title insurance they are issuing for this specific property.

## Q: What is an Easement on property?

A: An easement on property is a legal right that allows another party access to or use of the property for specific purposes. This can include rights of way for travel, maintenance and irrigation, or to install utility lines and other services. Easements are generally established by agreement between two parties or through court order, and they must be documented in writing. Easements may bind subsequent owners of the property unless released according to certain rules; therefore, buyers should obtain a full disclosure of any existing easements before purchasing a property. Loan and mortgage companies often require such an investigation as well.

## Q: What are the differences between an Owner Title Insurance Policy and a Lender's Policy?

A: An owner's title insurance policy is a key element of purchasing a home or property. It provides the homeowner with protection against legal challenges to their ownership of the property and can be vital when taking out loans or mortgages for the purchase. Title insurance helps to ensure that the buyer is not at risk from any problems that may have existed in relation to the title prior to them buying it, even if these issues were unknown at the time of purchase.

Exceptions do exist however, which means it is important for buyers to review all title insurance requirements and exceptions carefully before they close on the purchase. In many states, payment for an owner's title insurance policy is usually made by the borrower, although sometimes this responsibility falls upon the seller instead.

It is essential to have an owner's title insurance policy in place when taking out loans or mortgages to purchase a property, as it can help protect the buyer from any existing unknown defects that may only become apparent after the closing of the purchase. By familiarizing yourself with all relevant requirements and exceptions, you can ensure that your ownership interests are secure.

## Q: What are the key differences between a Home Equity Line of Credit (HELOC) and a Home Equity Loan?

A: A home equity loan is a type of mortgage that allows you to borrow against the value of your home. Like other loans, which are distributed in one lump sum, the repayment term for a home equity loan is set on a specific amortization term and payments are made as monthly installments of both principal and interest.

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Meanwhile, a Home Equity Line of Credit (HELOC) is also a type of mortgage that provides access to funds on an ongoing basis by allowing you to draw from your available credit line over several years. The draw period typically consists of 5 to 10 years and payments usually consist of monthly interest only payments based on your average loan balance from the prior month. During this period, borrowers can make minimum payments or pay down and re-borrow from the line of credit.

Both home equity loans and HELOCs can be excellent financing options for larger purchases or projects, allowing borrowers to use the value of their properties as collateral against future payments. If you're interested in leveraging your property's equity, it's important to compare loan products to find which one offers the best terms for your needs. Consider researching interest rates, repayment periods, fees and other factors before making a decision. With careful research and consideration, home equity loans and HELOCs can be a great way to access funds while taking advantage of the equity already built up in your home.

## **Q: What should prospective buyers consider when making a decision to purchase a manufactured home?**

A: When financing a manufactured home, it is important to be aware of the different lending requirements compared to other types of housing. While some banks may not offer loans for manufactured homes, others may have special programs in place that provide more favorable terms. Generally, the interest rate for this type of loan is higher than those on traditional mortgages, and down payment requirements can also vary significantly depending on the lender. Additionally, if the home has a DMV vehicle title, it must be transferred upon change of ownership at closing - and when dealing with doublewide manufactured homes, the title will need to be surrendered to the state before this can take place. When considering financing for a manufactured home, it is important to do your research beforehand to determine which lender might offer you the best terms. Getting the right mortgage is an important part of any home buying process, and this is especially true for manufactured homes where interest rates can be higher and down payment requirements may differ. Doing your due diligence will help ensure that you get a loan that fits your needs.

## **Q: What are the risks and consequences of cosigning a loan for the borrower and the cosigner?**

A: When you co-sign a loan or a mortgage, it is important to remember that you are taking on the responsibility of paying back the loan with the primary borrower. Your credit score will be directly affected if any payments are missed or if the primary borrower defaults on the loan. This means that in addition to making sure that payment deadlines are met and ensuring that all loans terms are followed, you could potentially have to pay off the entire amount of the loan yourself. Before agreeing to co-sign a loan, think carefully about whether this is something you can truly handle and make sure your decision is an informed one. Taking on such a large financial commitment should not be taken lightly and should be done only after thorough consideration.

## **Q: In which geographic areas does Northview Bank offer loan funding?**

A: At Northview Bank, we understand that it's not always easy to purchase a home. That's why we offer competitive loan and mortgage rates for our customers in Minnesota, Wisconsin, North Dakota, South Dakota and Iowa. Our commitment to providing exceptional customer service ensures that you will receive the attention you need when discussing your lending options. We have decades of experience helping customers find the right loans that fit their budget and lifestyle. Whether you are a first-time homebuyer or looking to refinance an existing loan, our team of professionals can help guide you through the entire process.

## **Q: Can you provide financing options for commercial use?**

A: Northview Bank is well-equipped to handle the financing for a commercial property. A commercial loan is required in this instance, and it will have different loan terms than what would be seen with a residential or consumer purpose property. It's important to review these loan terms carefully before making any decisions about financing your commercial real estate venture. Our team of experienced mortgage professionals are available to help you understand the nuances of a commercial loan so that you can make an informed decision that best fits your needs. Northview Bank offers competitive rates and flexible repayment options for our commercial mortgages, so you can rest assured that we'll be able to provide the perfect solution for you.

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