EAST COAST MORTGAGE

Home Buyer FAQs

Your questions answered, simply and clearly.

Congratulations! You're under contract! Here's what to expect at each step of your mortgage journey, and answers to the questions we hear most from first-time buyers.

Offer Accepted / Under Contract

Your loan is set up and registered, disclosures are generated (including your official Loan Estimate), and a title order is placed. Once you sign your disclosures, we submit your file to underwriting for the initial review.

Q: What are disclosures and why do I need to sign them quickly?

Disclosures are required legal documents, including your official **Loan Estimate**, that outline your loan terms, estimated costs, and your rights as a borrower. Signing them promptly is essential: **we cannot submit your file to underwriting until disclosures are signed.** The sooner you sign, the sooner your loan moves forward.

Q: When will my interest rate be locked?

Your rate can change at any point until it is locked, due to frequent market fluctuations. Most buyers lock at or shortly after going under contract to protect against movement. Your loan officer will walk you through timing and lock period options (typically 30–60 days). Once locked, your rate is set as long as your loan terms don't change.

Q: When will the appraisal be ordered?

The appraisal is typically ordered after inspections are complete and the buyer is comfortable moving forward with the purchase. Most loan types require you to pay for the appraisal at the time it is ordered, and we don't want you paying for it if inspection results cause you to walk away. Once ordered, results typically come back within 1–2 weeks. If the home appraises below the purchase price, your loan officer will walk you through your options.

Q: Can I use gift funds for my down payment or cash to close?

In many cases, yes. Gift fund rules vary by loan type, so talk to your loan officer early to understand what's allowed for your specific loan. In all cases, the donor must sign a **gift letter** confirming the funds are not a loan, and a paper trail (bank statement showing the transfer) is required.

Q: Can I deposit cash into my bank account before closing?

This is strongly discouraged. Lenders are required to source and document all large deposits, and cash is very difficult to trace. Even well-intentioned deposits can raise flags and slow down or jeopardize your approval. If you need to deposit funds, talk to your loan officer first so it can be properly documented.

Q: What should I avoid doing while my loan is in process?

Do **not**: open new credit accounts, make large purchases on credit, change jobs, move large sums of money between accounts, or co-sign on any loans. Any of these can impact your credit score or debt-to-income ratio and could delay or derail your approval.

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Submitted to Underwriting

Your loan application and all supporting documents are reviewed by an underwriter. Once reviewed, a list of conditions will be generated.

Q: What is underwriting?

Underwriting is the lender's formal review of your finances, the appraisal, and the title to verify everything meets loan guidelines. The underwriter's job is to confirm you qualify and that the property is a sound investment for the lender.

Q: How long does underwriting take?

Initial underwriting typically takes 3–5 business days, though it varies by lender and loan volume. Your loan officer will keep you updated on status throughout.

Q: When should I shop for homeowner's insurance?

Start shopping as soon as you're under contract. Your lender will need proof of a policy (called a binder) before closing, and it's often required to satisfy underwriting conditions. Getting it lined up early prevents last-minute delays.

Q: How often should I expect an update on my loan progress?

Your loan officer will reach out at key milestones, but you are always welcome to ask for an update at any time. During underwriting, things can feel quiet for a few days, and that is usually normal. If you haven't heard anything in 3-5 business days, don't hesitate to check in. Open communication is always encouraged.

Approved with Conditions

Your loan is approved, but the underwriter needs a few more items before issuing a final decision. Conditions may include additional documents, letters of explanation, or proof of insurance.

Q: What does 'approved with conditions' mean?

It means you're on track! A conditional approval is very common. The underwriter has reviewed your file and is satisfied overall, but needs specific items such as an updated pay stub, a letter explaining a large bank deposit, or homeowner's insurance, before issuing a final approval.

Q: How quickly do I need to respond to condition requests?

As quickly as possible. Every day a condition goes unanswered is a day your closing could be delayed. Your loan officer will clearly communicate what's needed. Treat these requests as top priority.

Q: How often should I expect an update on my loan progress?

Conditions can come in quickly or take a few days depending on what's needed. Your loan officer will communicate as things develop, but please don't hesitate to reach out if you have questions. The more responsive you are to condition requests, the faster your file moves to final approval.

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Q: Why are you asking me for documents I already provided?

Lenders are required to use the most current version of your financial documents. Pay stubs, bank statements, and similar items have expiration windows in the underwriting process (typically 30–60 days). We're not asking again because something was lost. We just need the most up-to-date snapshot to satisfy lending guidelines.

Initial Closing Disclosure (ICD)

You'll receive your Initial Closing Disclosure, which triggers the mandatory 3-business-day waiting period before closing. Note: these are not your final numbers yet.

Q: What is the Initial Closing Disclosure?

The **Initial Closing Disclosure (ICD)** is a detailed summary of your loan terms and estimated closing costs. Federal law requires you receive it at least **3 business days before closing.** This waiting period is mandatory and cannot be waived. Review it carefully and ask your loan officer about anything that looks unfamiliar.

Q: Are these my final cash to close numbers?

Not quite. The ICD reflects current estimates. Final numbers are confirmed once the lender's closing team balances with title and escrow, which happens after clear to close.

Q: Why did my cash to close change from the original estimate?

Several factors can shift the number between your Loan Estimate and Closing Disclosure: rate changes if you hadn't locked yet, adjustments to prepaid items like property taxes or homeowner's insurance, changes to seller concessions, or lender credits. Your loan officer will walk you through any differences so nothing catches you off guard.

Final Approval / Clear to Close (CTC)

All conditions are satisfied and your loan receives final approval. Your file is handed off to the closing department, where the lender's closer works with escrow and title to balance the final numbers and generate the closing package. Final cash to close is confirmed here.

Q: What does 'clear to close' mean?

CTC means your loan has been fully approved by the underwriter. No more conditions, no more document requests from underwriting. At this stage the file moves to the closing department, and while rare, the closer may need an additional item (often related to gift funds or similar). This is the green light everyone's been working toward. **Important: CTC is not the finish line. Do not make any large purchases, open new credit, or spend frivolously until your sale is fully closed, funded, and recorded. Your file can still be reviewed right up until closing.**

Q: Will my credit or employment be checked again before closing?

Yes. Lenders typically run a soft credit pull and may re-verify your employment within days of closing. This is another reason it is critical to avoid opening new credit, making large purchases, or changing jobs until your loan has fully funded and the sale is recorded.

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Q: When will I know my final cash to close amount?

Once the lender's closer and title/escrow have balanced the final numbers, you'll receive your confirmed cash to close figure. Your loan officer or closing agent will walk you through the final breakdown before closing day.

Q: How do I pay my cash to close?

Via **wire transfer or cashier's check**; personal checks are not accepted. Your title company will provide wiring instructions. **Always call to verify wire instructions before sending funds.** Wire fraud is real and common. Never rely on instructions sent by email alone.

Docs Out

The fully executed closing package is sent to the title company. You're almost there!

Q: What does 'docs out' mean?

It means your closing documents have been sent from the lender to the title company. The title company will review them, prepare your signing appointment, and confirm your closing time. This is one of the final steps before you sit down to sign.

Closing

Time to sign! You'll meet at the title company (or with a mobile notary) to execute your loan documents. Do your hand stretches. You'll be signing a lot.

Q: What should I bring to closing?

A valid **government-issued photo ID** and your payment for cash to close (wire transfer confirmation or cashier's check). Double-check the amount with your loan officer the day before.

Q: Should I do a final walk-through before closing?

Plan your final walk-through 24–48 hours before closing. Confirm the home is in the agreed-upon condition, any negotiated repairs are complete, and the seller's belongings are out.

Get Your Keys!

Once your loan is funded and the deed is recorded. You're a homeowner. Congratulations!

Q: When do I actually get my keys?

It depends on your state. Some states allow you to receive your keys immediately after closing. Others require the sale to be recorded with the county before keys can change hands, which may push things to the next business day. Your real estate agent is the best person to answer this for your specific state.

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Understanding Your Mortgage Payment

Once your loan closes, you'll have a monthly mortgage payment. Here's what goes into it and how it all works.

Q: What is PITI?

PITI stands for the four components of your monthly mortgage payment: **P**rincipal (the portion that reduces your loan balance), **I**nterest (the cost of borrowing), **T**axes (your share of annual property taxes, collected monthly), and **I**nsurance (homeowner's insurance, and mortgage insurance if applicable). Your lender combines all four into one monthly payment.

Q: What is an escrow account?

An escrow account is set up by your lender to collect and hold funds for your property taxes and homeowner's insurance. Each month, a portion of your payment is deposited into this account. When those bills come due, your lender pays them directly on your behalf. This ensures they're never missed and protects both you and the lender.

Q: What should I watch out for with my escrow account?

Two things to keep in mind. First, you may still receive a property tax bill in the mail after closing. **Do not pay it.** Your lender handles that through your escrow account. Just verify the payment is showing as paid through escrow and contact your loan servicer if anything looks off. Second, keep an occasional eye on your escrow balance. If your property taxes or insurance premiums increase, your escrow account can run short. When that happens, your lender will adjust your monthly payment upward to cover the difference. Catching a growing shortfall early gives you time to plan for it.

Q: How do mortgage payments work?

Mortgage payments are due on the **1st of each month** and typically have a grace period through the 15th. Your first payment is usually due on the 1st of the month following your first full month after closing. For example, if you close in July, your first payment is due September 1st. Payments are made for the full term of your loan (commonly 30 years).

Q: Who will I make my mortgage payments to?

You'll make payments to your **loan servicer**, which may or may not be the same company that originated your loan. It's common for loans to be transferred to a different servicer after closing. You'll receive written notice with payment instructions. Always wait for official written notice before changing where you send payments.

Your Credit During the Process

Your credit plays a role from application all the way through closing. Here's what to know about how and when it's reviewed.

Q: How often will my credit be checked?

Your credit is typically pulled at least twice. The first is a **hard inquiry** at application, which may cause a small, temporary dip in your score. A second check, usually a soft pull, is often run closer to closing to verify no new accounts have been opened or new debt taken on. This is another reason why it is so important to avoid opening new credit or making large purchases until after your loan has funded and the sale is recorded.

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Q: Why did my credit score go down?

A small, temporary dip after your loan application is completely normal. The hard inquiry from your application can cause your score to drop by a few points. Other common causes include opening new accounts, increased credit utilization, or a late payment. The most important thing is that your score stays within the range your loan was approved for. Avoid new credit, keep balances low, and pay all bills on time throughout the process and your score should remain stable.

Title Insurance

Title insurance is a one-time premium paid at closing that protects against issues with the ownership history of your property, such as unpaid liens, errors in public records, or undisclosed claims.

Q: What is the difference between lender's title insurance and owner's title insurance?

Lender's title insurance is required by your lender and protects their financial interest in the property for the life of the loan. It does not protect you. **Owner's title insurance** is optional but strongly recommended. It protects you as the homeowner. If a title issue surfaces after closing, such as a previously unknown lien or a dispute over ownership, owner's title insurance covers your legal costs and any financial loss. Without it, those costs come out of your pocket. Both policies are typically purchased at closing through your title company.

Questions along the way? Your East Coast Mortgage team is here from contract to close. Reach out anytime. No question is too small.