

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

- I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing
 - 6. Real Estate Finance/Mortgage Banking/Mortgage
Guaranty Insurance
 - x. "Closing a Residential Loan", no date

Closing a Residential Loan

1. Closing a residential loan is a paper factory process which requires a variety of documents to be assembled to validate assumptions under which the loan is made and to demonstrate in the future that the buyer was given every manner of protection in a transaction which is confusing at best and overwhelming as a result of government regulations. Basic documents are listed below in alphabetical order.
 - A. Appraisal to inspect property, satisfy permanent investor that legal loan to value ratio has been met, and to price guarantee insurance.
 1. VA loan appraisal sets maximum price and loan with certificate of reasonable value (CRV)
 2. FHA loans require Form 2800 which is part of application and Page 5 includes return notice of approval
 3. Conventional loans generally use FNMA Form 1004
 4. Failure to use correct form spoils loan for secondary market
 - B. Assignment of mortgage where construction loan is transferred to permanent lender and includes an estoppel certificate
 - C. Building restriction--special building department inspection liens which had to be removed to clean up title, occupancy permit, or legal opinion on conforming use issues.
 - D. Cancelled mortgage note where there is a refinancing plus notice of satisfaction recorded.
 - E. Closing statement to a portion proceeds of loan transaction and receipts signed by lender indicating that proceeds were dispersed according to instructions.
 - F. Commitment letters from originating lender and from mortgage guarantors or stand-by purchasers such as GNMA, participating lenders. Commitments must be matched to what was promised borrower.
 - G. Contract of sale where loan is requested for purchase to verify sale, matched to collateral pledge and support appraisal.
 - H. Credit report for inspection by borrower and submission with apt for guarantee insurance, etc.
 - I. Chattel liens on movable appliances included with purchase
 - J. Deed with instructions for recording with or without stamp, etc.
 - K. Disbursement papers are instructions on how funds are to be delivered to various parties in terms of cash, cashier's check, etc.
 - L. Escrow agreements where monies are impounded for future contingencies.