



## Regions Next Step Podcast

### Home Ownership 101: Applying for a Home Loan

In this podcast Jeff Prior, a Mortgage Loan Officer for Regions Bank in Birmingham, Ala., shares helpful information for the mortgage loan application process.

Tune in through the link below to hear Jeff discuss the following:

- What lenders generally consider when reviewing your information for loan approval
- Steps to take when applying for a loan for your first home
- What it means to be pre-qualified and how to navigate the process

### ***Episode Transcript***

Narrator:

You're listening to the Next Step Podcast "Applying for a Loan" – part of our Home Ownership 101 series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals.

In this episode, we're going to learn about what lenders consider when deciding whether to make a loan, as well as how to apply for a loan with Jeff Prior, a Mortgage Loan Originator from Regions Bank in Birmingham, Ala.

Jeff Prior:

Thanks for having me today. When applying for a loan, it's important to know what to expect and to be properly prepared. First, I'd like to share what lenders generally consider when reviewing your information for loan approval. Lenders often refer to "The Four C's" of mortgage lending:

- **Credit or Character:** This refers to your record of paying bills and debts on time, as well as your general relationship with credit.
- **Capital:** Lenders want to know that you have readily available money, savings and assets that demonstrate financial health.
- **Collateral:** This refers to the value of the home you want to buy and other property that you will pledge as security for the loan.



- And Capacity to repay: This means your current and future ability to repay your loans. This includes your income, employment history and current financial obligations that will help determine whether you can comfortably take on a new mortgage.

This may sound overwhelming at first. However, there is a simple roadmap that you can follow when you work with a professional.

Narrator:

That's really helpful to know, thank you. Jeff, tell me some of the first steps I can take when applying for a loan to buy my first home?

Jeff:

A good first step is to get pre-qualified with a lender. This usually involves you supplying a lender with information about your overall financial picture. For example, this might include income, debt, assets, credit history and funds available for down payment and closing. The lender will give you a nonbinding estimate of the amount and the type of loan that you may qualify for that best suits your situation. The pre-qualification process can offer a good general idea of the direction you should be going.

Narrator:

So what steps are required to receive a pre-approval?

Jeff:

A pre-approval is when the lender obtains the documentation necessary from the borrower to complete a qualified credit approval. Pre-approval usually requires a full loan application and supporting documentation. If you qualify for pre-approval, the lender typically issues a conditional commitment to lend up to an exact amount, provided certain conditions are met once you find a home. It is important to remember that pre-qualification and pre-approval are not the final loan approval and commitment to lend.

Narrator:

Okay. Got it. So, what types of documentation are required?



Jeff:

Generally, lenders look at your credit history, the amount of debt you have, your income stability, and the amount you have for a down payment before making their decision. You may be asked to provide items like your last 2 years W2s, tax returns and deposit or investment account statements.

Narrator:

What if I just graduated from college and don't have a full 2-year history of employment?

Jeff:

Great question! Sometimes lenders will take your education into consideration and ask for a copy of your transcript.

Narrator:

That's great! When I talk to first time home buyers, one of their biggest concerns is the amount of the down payment required. Can you elaborate on this?

Jeff:

Sure! While it is generally true that the larger the down payment a borrower has, the more options are available. It is not true that 20% down is required for every product. There are programs that allow smaller down payments, and in fact, some products don't require a down payment at all. Your lender will help you navigate this process to determine the best product for your needs based on your situation.

Narrator:

Thanks. One other thing I hear from first time home buyers is their fear of being denied. Can you talk a little bit about that?

Jeff:

That is one of the reasons I recommend speaking with a lender. If your application is denied, that doesn't mean you can't get a mortgage in the future. Talk to the lender about why you were denied. Review your credit report to ensure that there are no errors. If it is correct, start working to make responsible credit choices to repair your credit, such as paying down debt, making payments on time, increasing your income, and saving more money. Anything can be fixed with enough time.



Just remember - No matter the type of loan you choose to apply for, it's important to meet with a trusted financial advisor or banker (like us) to help answer any questions you may have regarding rates or the application process.

Narrator:

That's easy enough to remember! Thank you for your insights today – you've given our listeners some helpful information to get the loan application process underway.

For our listeners, you can find additional resources including articles, checklists, calculators and more online at [www.regions.com/nextstep](http://www.regions.com/nextstep). No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

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