



At Sunset Bank, we understand that the mortgage process can be complex and difficult. We have the staff and experience to help you through the process. To get you started, we have put together below a list of Frequently Asked Questions about the mortgage process.

Should I buy a home?

It depends on if you really want to buy one. We're coming off a period of time (2008 – 2016) when it was argued that it wasn't that great of an investment. But prior to the "Great Recession" most analysts would have told you a home could be your best investment. Like all investments, some are good, some are bad and the risk and other factors are individualistic. More likely than not, the questions should be, "What is the right kind of home to buy or the right time to buy?" If you're not sure, don't do it. It's an investment that produces a hard (not liquid) asset and provides shelter (a basic need) for your family.

Is it harder now to get a mortgage?

Yes and no. There is more documentation required, all in the name of a more informed consumer and a more secure investment. But once again, it goes back to who's doing the work for you. The current environment makes it almost impossible for us to know everything that will need to be documented. But that's on the Loan Originator. The issue becomes when the person/organization you're relying on to finish the job goes to sleep on you. It's a trust factor.

What's the best type of Lender?

There are banks, credit unions, mortgage brokers and mortgage bankers. And of course, there is the internet version of all of them. Each lender type has different characteristics and stereotypes. Most of the stereotypes are deserved, some are not. At Sunset we combine a savings bank environment with a mortgage broker's/banker's thought process. It ends as the best of both worlds for the consumer. Credit unions seem to be less aggressive in mortgage lending.

How does the consumer decide their best path?

The federal government, under the Dodd – Frank Legislation establish the concept of “Know Before You Owe.” Essentially certain written disclosures are mandated before a Lender is able to collect any type of application fee from the consumer (credit report charges are allowable to be collected as they are minimal and are required to provide an accurate pricing quote.) The disclosures are designed to provide accurate cost estimates and information concerning the terms of the loan quoted. Without the consumers’ desire to “Know Before You Owe” and a commitment to challenge the Lender as to what all the information contained in the disclosures mean, the effort at consumer protection fails. Large investments require education, understanding and trust in the entity you pick to complete the transaction.

Should I complete my mortgage on-line?

This is another question as to which path is the best. On line is always marketed as quick, fast, convenient and easy. Unfortunately, the "easy" part is not always a definite due to the complexities of a mortgage loan transaction. For the busy consumer who cannot seem to find a convenient time to sit down and interview a Mortgage Loan Professional, an on line application is a good place to start. At Sunset, your assigned Loan Originator will then walk you through the process and coordinate with the other professionals involved in the transaction. This effectively gives you the best of both worlds.

What can I afford?

We'll ask you the same question back since your input is most likely more important than ours. We can tell you under certain underwriting standards what we can approve you for. That does not mean it's your comfort level.

What is mortgage pricing? Is it all about rate?

Absolutely not! Mortgage pricing includes a combination of rates and fees. It also incorporates what we call Loan Level Pricing Adjustments for those items mentioned in the "Specific Factors" question below. Rates can be lower with greater fees or rates can be higher which will allow us to cover fees required. You can always ask for offsetting quotes to see what is right for you.

What specific factors affect pricing?

Typically we would quote pricing based on Loan to value, credit score, use of the loan proceeds, use of the property, property type, loan size and where the property is located. Another concern is what time period is needed when locking in a rate. Shorter periods are more predictable (less risk) and can be hedged better, that is, marked to market. Longer terms can be best described as a guess and a gamble. Accurate quotes require a credit report to be completed to obtain scores

What strategic factors affect pricing?

The market itself. Stocks vs bonds. World economies. Crisis. Inflation outlooks. Federal Reserve movements and a variety of other factors we can only imagine. Effectively, what causes your retirement plans to gain or lose value, affects the rate. In fact, if you look into some of your mutual funds, you'll find FNMA, FHLMC and GNMA securities (which are used to fund mortgages) contained therein.

What's the rate?

Assuming we're using the fixed rate market (the national market) as the basis because it's the one most people shop in, the answer is simply, "It depends." On portfolio loans, loans that lenders keep as their own investments, not so much so, but depending on internal policies, some national standards could apply to pricing. Upon request, we can start the process for an accurate rate quote.

How long does the process to be approved for a loan take?

A good Loan Officer (LO) can tell you almost immediately after you supply requested information and allow for a credit report to be obtained whether or not you'll be approved or where problems may arise. Any delay in getting the required information to the LO delays the approval process. Increasing governmental regulations have lengthened the process by elongating the amount of time you need to have information in your hand prior to closing. Normal processing times should be looked at between 21 - 30 days.

Is a credit score absolute?

In mortgage lending, the formula is always to use the lower scored borrower of all proposed borrowers' middle credit score. Normally there are three scores (Trans Union, Experian and Equifax). There are also different scoring models. Usually the ones available on the internet use a higher range to make the consumer feel better. And of course, since scores change with time and simple life issues, the answer to the question is "no." The more mature the credit lines and the higher the amount of credit lines used in a like manner, the more predictable the rate becomes and the closer the answer becomes to "Yes."

What's the minimum credit score I can have and still get a mortgage loan?

Let's start the discussion at 620, but remember, nothing is absolute in lending. Certain combinations of other factors can mitigate that low end score. It depends on the situation, what caused the score and various other factors. Use this number as a guideline only. Even at 660, pricing for risk factors will come into play on fixed rate loans and may have an effect on others.

How do I raise my credit score?

This is a dangerous question to ask. By concentrating on one aspect, you can actually decrease the score. This is why credit repair companies get it wrong more times than getting it right. There are a list of factors you can review at www.myfico.com to get an idea. The best thing (but not exclusive by any means) - pay all bills on time.

Why doesn't a lender consider all my income?

Normally this is a communications issue. Let's take a job where you moved from base income to base plus commission income. You know you do your job well and will most likely make more money monthly under this plan. Problem is, to use commission income (it's the definition) we need a 1 to 2 year history of it. So while you KNOW you're fine, we're told not to be so sure. It's all in the ways the rule is written. Your questions can easily be answered in a phone call to us.

What happens when the appraised value comes in low?

On a purchase, value is defined as the lower of purchase price or appraised value. The current approved offer to purchase contract has an appraisal contingency contained that could allow for a renegotiation should the appraisal come in low. On a refinance, it's best to be prepared and have a plan "B" available. That could include mortgage insurance or looking at the loan in a variety of different options. Current appraisal regulations have made it virtually impossible to dispute the judgment of the appraiser. Normally, new data needs to come to light to provide a meaningful dispute. A second appraisal can cause more problems than what it cures and cannot always be done.

Do I have to pay my mortgage?

Contrary to what you may hear or wish to believe, yes. Just because the debt is on your home doesn't give you a pass on the fact that the mortgage and mortgage note is a contract to pay a debt.

Should I apply to Sunset Bank for my mortgage?

Admittedly, we're a little biased in our opinion. However, based on our passion for lending, extremely reasonable pricing margins (and thus rates/fees available to you,) experience, caring and the ability to get the job done as directed by you while protecting your interests – absolutely.