

My Loan Detail –Purchase Script



Confidential & Proprietary

My Loan Detail

My Loan Detail

Thank you for choosing Carrington Mortgage Services, LLC ("Carrington") for your mortgage loan. My Loan Detail is a short program that explains the mortgage process, and confirms your understanding of your mortgage loan. The program takes just a few minutes to complete. This program is the final, required step in the loan application and approval process. Please click on the button below to begin.

My Loan Detail

What is a Mortgage Loan?

A "mortgage loan" is a loan secured by real estate, in this case, your home. A lender provides the financing necessary for you to acquire your home or refinance an existing loan.

A mortgage loan is a contract between a borrower and a lender. The lender's part of the bargain is to provide financing to a qualified borrower. Your responsibility as a borrower under the mortgage loan is to repay the debt with full and timely payments.

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Key Parties to Your Mortgage

- There are a number of different people involved in your loan application and closing process. You may have been contacted by some or all of the following people during the application process:
- **Loan Officer:** A representative of the mortgage company who assists in the application process. Your loan officer, <LO Name>, can be reached at < LO Phone > or by email at <LO e-mail>
- **Appraiser:** A professional that is not an employee of the mortgage company who evaluates the home's current market value. In some cases two appraisals may be required for certain loans. The appraiser for this transaction is <Appraiser's Name>, and the appraised value of your home is <Appraised Value>. Carrington has provided you or will promptly provide you with a free copy of your appraisal.
- **Underwriter:** An employee of the mortgage company who checks the loan application file to ensure that all required paperwork and standards have been met. The underwriter often requests more information from you through your loan officer. Mortgage insurance providers and other parties, such as investors, may also underwrite the loan and can impact loan approvals.
- **Loan Processor:** Is also an employee of the mortgage company. After completion of your application, it is the primary responsibility of the processor to work together with both the underwriter and the loan officer to ensure all conditions are met for loan approval. The processor often functions as a "coordinator" between parties.
- **Closing Agent or Notary:** The individual who organizes and conducts settlement, or closing. Your closing agent is AMY. In different areas of the country "settlement" and "closing" may also be called "escrow".

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Loan Underwriting Approval

- Federal and state rules, as well as Carrington's duties and responsibilities to insurers, investors and Carrington's shareholders, require that every mortgage loan must be carefully underwritten and borrower information verified. To originate a mortgage loan we must confirm that every borrower, based on the financial and other information the borrower has provided to us, has the intent and the ability-to-repay their mortgage loan at the time the loan is made.
- When considering a mortgage loan application, Carrington looks at such factors as employment and income, credit history, assets, down payment, loan size, home value and other factors to determine mortgage loan eligibility.

Question:

- Do you understand there are a number of important factors we must consider when underwriting your loan?

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What is Mortgage Insurance?

Purchase

- Lenders typically require borrowers to have a stake (down payment) in the home they finance, usually 20 percent of home value. However, not everyone has 20 percent of the value in cash for a down payment. To buy with less cash borrowers may choose a loan program that obtains mortgage insurance through such government agencies as the FHA, VA or a private insurance company. As with any form of insurance, there is a premium charged for coverage that may be paid up front at closing, or as part of your monthly mortgage loan payment depending on the loan program applied for.

Questions:

- Do you understand that by obtaining mortgage insurance you can sometimes finance real estate with less money down than otherwise possible?
- Do you understand that your monthly mortgage loan payment could be lower by making a higher down payment and avoid obtaining mortgage insurance?
- Do you understand that your mortgage loan includes mortgage insurance and that your monthly mortgage loan payment includes an insurance premium?

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Why is so much information needed to qualify for a loan?

Before a mortgage loan can be originated, a series of requirements and standards must be met. Carrington, mortgage insurance companies and investors all have a stake in the loan and therefore have standards that must be met. These standards must all comply with Federal, State and local laws. To ensure that all requirements are met, each mortgage loan application must be carefully documented and verified. Loan officers help gather information. Underwriters then review each application, the supporting documentation, and any related information to ensure that all necessary documentation has been obtained and to ensure all requirements for an individual mortgage loan program have been met.

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What happens if things go wrong?

Just like missed rent or unpaid auto loan payments, missing mortgage loan payments is a big problem. Borrowers who do not make payments required under the mortgage loan contract can lose their property to foreclosure, ruin their credit standing and may also face "deficiency" judgments. A deficiency judgment is a claim by a lender who brings a legal action to recover unpaid mortgage debt and foreclosure costs if you default on your mortgage loan (may not be applicable in all jurisdictions).

Question:

Do you understand that if you do not pay your mortgage loan you can face foreclosure, lose your home and possibly face deficiency judgments?

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Basic Mortgage Loan Information

Now let's review some of the terms and conditions of your mortgage loan:

- Your mortgage loan is a form of debt used to buy or refinance a loan secured by a piece of real property such as a single-family home, condo, townhouse or multi-family dwelling.
- You promise to repay the full amount of the mortgage loan. The mortgage loan is a contract between you and the lender. The mortgage loan is secured by the property being financed.
- If you cannot or will not repay the money borrowed to buy your home or refinance an existing mortgage loan, then the lender has the right to repossess the home through foreclosure. The lender may also have the right to collect from you any unpaid mortgage loan amount not covered by the repossession of the property.

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Your Home

When reviewing a mortgage loan application, we look at the value of your home, which will serve as security for your mortgage loan. The value of the home is determined by the purchase price or the appraised value, whichever is lower. If the purchase price is \$220,000.00 and the appraised value is \$220,000.00, then the value of the home is \$220,000.00. The value of your home may fluctuate over time, but this does not affect your obligation to pay back the mortgage loan in full. If the home value increases, you do not owe the lender more money than was originally loaned. Similarly, if the home decreases in value, the amount of money owed to the lender is not reduced.

Question:

Do you understand that the value of your home may go up or down, but that fluctuations in the value of the property does not change the terms of the mortgage loan, or your obligation to make timely mortgage loan payments? To confirm completion of this program you **MUST** respond to the next three statements:

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Okay, Let's review your Application

We'll begin by reviewing the personal information you provided.

1. Your Name: <**Borrower Name**>
2. Your date of birth: <**Borrower D.O.B**>
3. The phone number where you can best be reached: <**Borrower Phone #**>
4. Your email address: <**Borrower e-mail**>
5. Your current address: <**Borrower's Current Address**>
6. The address of the subject property being purchased: <**Subject Property Address**>
7. The last 4 digits of your Social Security number: <**Last 4 of SS#**>

Questions:

1. Is the information listed in the seven items above correct?
2. Have you accurately disclosed whether you will be occupying the subject property?
3. Have you told your lender about all other properties (such as a vacation home or investment property) you own on your mortgage application?
4. Have you accurately disclosed all your debts in your mortgage application? Including any other loans in the application process?

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Basic Terms of your Mortgage Loan

Listed below are some basic terms of your mortgage loan:

1. The value of the home you are purchasing is: **<Lesser of Appraised Value and Purchase Price>**
 2. Your down payment is: **<Down Payment Amount>**
 3. Your mortgage loan principal amount is: **<Loan Amount>**
 4. The term of your mortgage loan is: **<Loan Term>**
 5. Your interest rate is: **<Interest Rate>** % per annum
 6. Your monthly mortgage loan payment will include some or all of the following items: principal, interest, real estate taxes, homeowner's insurance and mortgage insurance. Your first monthly mortgage loan payment is: **<Total Monthly Payment>**, and is due on **<1st Payment Due Date>** and all subsequent monthly mortgage loan payments are on the first of every month after that.
- **Principal and Interest:** A portion of the monthly mortgage loan payment is used to reduce the mortgage loan principal amount. In addition, a portion of the monthly mortgage loan payment is used to pay interest on the outstanding loan balance owed on the mortgage loan. Interest can be thought of as the "cost" paid for the use of borrowed money. Your first monthly principal and interest payment will be **<P&I>**.
 - **Real Estate Taxes:** A portion of the monthly mortgage loan payment is paid into escrow and used to cover the expense of required state and local property taxes. The servicer of your loan pays the taxes from escrow when they are due on your behalf. Your first monthly payment for taxes will be **<Total Real Estate Impounds>**.
 - **Homeowner's Insurance:** A portion of the monthly mortgage loan payment is paid into escrow and used to pay the annual premium for homeowner's insurance. The servicer of your loan will pay the premium when it **is due on your behalf**. Your first monthly homeowner's insurance payment will be **<Total Haz Ins Impound>**.
 - **Mortgage Insurance** A portion of the monthly mortgage loan payment is used to pay mortgage insurance premium. Your first monthly mortgage insurance payment will be \$237.12

Questions:

- Do you understand each of the components of your monthly mortgage loan payment?
- Do you understand that your monthly mortgage loan payment may include other required expenses in addition to principal and interest?
- Do you agree that you have been given clear and understandable monthly mortgage loan payment information about your mortgage loan?

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Amortization

Your loan is a "fixed-rate" mortgage loan. With a fixed-rate mortgage loan, your total payment for mortgage principal and mortgage interest remains the same each month. However, because the mortgage loan balance declines and the total payment remains the same each month, the proportion of principal to interest changes over time. The process by which your mortgage loan balance decreases over time is known as "amortization". With a fixed-rate mortgage loan, more of your payment goes towards paying interest in the early years of your mortgage loan. In later years, more of your payment goes towards paying the principal balance.

Click [HERE](#) to see an amortization chart showing how the composition of your monthly mortgage loan payment is expected to change over time.

If your loan is escrowed, you should also expect that, your total monthly mortgage loan payment, which includes escrowed items, will change because homeowner's insurance premiums and real estate taxes are likely to adjust over time.

Questions:

- Do you understand the projected amortization statement?
- Do you understand that monthly payments for "fixed-rate" mortgage loans with escrows may change to go up or down over time because of adjustments to escrow items such as real estate taxes and insurance premiums?

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Escrow Accounts

If your loan is being escrowed, money will be set aside in an escrow account at closing. The escrow account is held by the servicer to ensure that your real estate taxes, homeowner's insurance and mortgage insurance are paid on time.

If your local real estate taxes or insurance premiums increase, additional money will be needed to keep the escrow account at the required level. If there is a shortage in the escrow account, your monthly mortgage loan payment will be adjusted, so the amount of money you set aside each month may change.

Question:

Do you understand that the servicer has established an escrow account with your mortgage?

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Ability to Repay Your Mortgage Loan

You have provided Carrington information about your income, assets, other debt payments and total amount of other debt. This information allows us to determine your ability-to-repay your mortgage loan:

- The current annual income associated with this loan application is: **<Annual Income>**
- The current monthly income associated with this loan application is: **<Monthly Income>**
- Your monthly mortgage loan payment, which may include some or all of the following: principal, interest, taxes, fees, homeowner's insurance and mortgage insurance, is expected to be: **<Total monthly Payment>**

Questions:

- The figures above contribute to the lender's determination of your ability-to-repay your loan. Are the figures shown in items one and two above correct?
- Do you believe you are able to make timely monthly mortgage loan payments on your mortgage loan?

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Budgeting

In addition to the cost of housing, you also have expenses for such things as food, clothing, transportation, credit, alimony, child support, healthcare and other various debt and expenses. To maintain good credit standing, all bills must be paid on time.

- The monthly income associated with this loan application is: **<Total Monthly Income>**
- Monthly mortgage loan payment will be: **<Total Monthly Payment>**
- There will be **<Calculation (Income-Payment)>** remaining after your monthly mortgage loan payments to cover all other non-housing related living expenses and federal/state income taxes.
- Other monthly debt payments (auto, credit cards, etc.) associated with this loan application is: **<OtherExpenses>**

Depending on the neighborhood your home is located in, you may have homeowners associations or similar organizations which may require special assessments from time to time. It's important to know that homeowners association dues are not part of the escrow account, and you are responsible for making those payments directly.

The figures above contribute to the lender's determination of your ability to repay your loan.

Questions:

- Are the figures shown in items one through three above correct, and is this an accurate accounting of your income and expenses?
- Do you understand that monthly mortgage loan payments, including principal, interest, taxes, and homeowner's insurance and mortgage insurance will represent a large allocation of your monthly income?
- Do you believe that after making your monthly mortgage payment, other debt payments, alimony and child support (if applicable) you have sufficient residual income to cover your non-housing related living expenses?
- Do you understand that unexpected events such as (i) changes to your jobs (e.g., loss of job, loss of overtime, loss of bonus), (ii) medical bills, (iii) automobile repair bills or (iv) home repair bills do not change the terms of the mortgage loan, or your obligation to make timely monthly mortgage loan payments?

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Closing

The closing is also known as settlement or escrow. It is a meeting where all mortgage loan details and paperwork are finalized. At closing, the property and funds change hands. A closing agent or notary will be present to ensure that the funds and title to the property are transferred to the correct parties. The duties and responsibilities of various parties to the transaction will be confirmed and finalized. The parties to your mortgage loan include:

- Carrington -- the lender.
- The previous lender -- to pay off existing debt on the property.
- The mortgage insurance company or program that is insuring the loan if applicable.
- The government -- to collect taxes.

The property insurance company -- because a mortgage loan requires that property insurance must be in place during the entire mortgage loan term

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The Role of the Servicer

Once your loan is funded, you will be contacted by your loan servicer. A loan servicer is responsible for collecting monthly mortgage loan payments and paying real estate taxes, homeowner's insurance and mortgage insurance costs from your escrow account.

- Your first mortgage loan payment of \$1,580.91 will be due: 06/01/2014
- Your monthly mortgage loan payment will be due in full on the FIRST of the month thereafter. Mortgage loan payments will be considered late if they are not received in full by the 15th of the month.

Question:

Do you understand that your monthly mortgage loan payments will be due on the first of the month?

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Your Mortgage Payment Options

A number of payment options will be available to you, including:

1. Direct payment from a bank or other account.
2. Check by mail.
3. Auto debit from a bank or other account.
4. Pay by phone.
5. Wire transfer.
6. Online payments.

Some of the non-traditional payment options may have associated Service Fees from your servicer or bank. . If a Service Fee is charged by your servicer, it will be disclosed to you prior to making a payment and you will be given the option of not proceeding with the payment transaction.

Question:

Do you understand that there are multiple options for you to make your monthly mortgage loan payment?

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What happens if Your Payment is Late?

Your mortgage loan has a date on which the monthly mortgage loan payment is due and payable, as well as a "grace" period. The purpose of the grace period is to ensure that your monthly mortgage loan payment will be recognized as having been made on time even if there are slight delays in the mail or the monthly mortgage loan payment is due on a holiday.

Your mortgage loan contract will state that in the event of a late payment (a payment not received by the due date and within the grace period) you will be assessed a penalty. You **MUST** pay the penalty and the late payment in order to bring the loan current.

Questions:

- Do you understand that you may have to pay a penalty if your payment is late? **(NEW)**
- Do you understand that your monthly mortgage loan payment must be paid on time and in full?

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What if you are Late or Miss a Payment?

You should immediately contact your loan servicer to explain when the monthly mortgage loan payment will be made and why the payment was not made. You can find your loan servicer's contact information on your monthly mortgage statement.

If possible, contact the servicer BEFORE the payment is due if you foresee a problem. Note: There may be cases where late fees can be waived and other forms of assistance can be provided by your servicer.

Question:

Do you understand you should immediately contact your loan servicer to explain when the monthly mortgage loan payment will be made and why the payment was not made?

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Final Confirmation

The material presented in this program is for

1. General educational purposes
2. You to understand the terms of your mortgage loan
3. You to understand your monthly mortgage loan payment
4. Us to confirm the accuracy of the information you have provided to Carrington
5. You to have an opportunity to provide Carrington with any additional information that we may have missed or may be important

You are welcome and encouraged to contact your loan officer by phone or email with any questions or concerns.

Questions:

- Have you read, understood and agree to this program as presented in My Loan Detail
- I have completed this program and all of the questions truthfully and without influence from anyone affiliated with Carrington Mortgage Services.

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Thank You

Thank you for completing the My Loan Detail program. We look forward to our relationship together. **If you have further questions please contact your loan officer, <Retail LO Name>, at <Retail LO Phone> or by email at <Retail LO e-mail>.**

To confirm completion of this program you **MUST** respond to the next three statements:

Question:

I know that I can contact my Loan Officer anytime by phone or email with any questions I may have.