

Frequently Asked Questions

1st Mortgage

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1st Mortgage Questions

I forgot my password. How can I retrieve it?

Just contact a Loanontime Customer Service representative at 1-888-220-6680. The representative can verify your identity and recover the password for you.

Who should I contact once my loan is in process?

Once you submit your online loan application a personal loan consultant is assigned to guide you through the loan process. Your loan consultant is your single point of contact until you close your loan. If you have applied during business hours, your loan consultant will call you to answer questions and provide their contact information within one hour.

Who do I contact for general information and questions?

If you have any inquiries prior to filing an application, please call our 24 hour hotline 1-888-220-6680, following the direction to find the loan representative, who speaks your language to answer your question.

What should I expect after I submit my loan application?

Once you submit the application, your loan will immediately begin the underwriting process. Loanontime will deliver your credit decision within 48 hours. Meanwhile your loan consultant will contact you within two hour during business hour to answer any questions.

What is the difference between pre-qualifying and pre-approval?

A pre-qualification is normally issued after the loan officer interview you, determines the dollar value of a loan you can be approved for. It does not make the final approval, so a pre-qualification is not a commitment to lend. After the loan officer determines that you pre-qualify, he/she then issues you a pre-qualification letter. This pre-qualification letter is used when you are making an offer on a property. The pre-qualification letter indicates to the seller that you are qualified to purchase the house you are making an offer on.

Pre-approval more accurate above pre-qualification. Pre-approval involves verifying your credit, down payment, employment history, etc. Your loan application is submitted to an underwriter and a decision is made regarding your loan application. If your loan is pre-approved, you are then issued a pre-approval certificate. Getting your loan pre-approved allows you to close very quickly when you do find a house. A pre-approval can help you close in short time and make the loan contingency remove quicker or without it, that will help negotiate a better price with the seller.

What is a credit report?

A consumer credit report is a factual record of an individual's credit payment history. Its main purpose is to help a lender quickly and objectively decide whether to grant you credit. If you have any type of a charge account, car loan, student loan or home mortgage, then information about you is probably stored in a consumer credit database. Most of the information in your consumer credit report comes directly from the companies you do business with, but some information comes from public records. A credit report is used as the raw data to develop your credit score, but does not contain a score by itself.

What is a credit score (FICO score)?

A FICO score is a credit score developed by Fair Isaac & Co. Credit scoring is a method of determining the likelihood that credit users will pay their bills. Fair, Isaac began its pioneering work with credit scoring in the late 1950s and, since then, scoring has become widely accepted

by lenders as a reliable means of credit evaluation. Fair, Isaac & Co. and the credit bureaus do not reveal how these scores are computed.

Credit scores provide a numerical representation of a consumer's credit at a point in time. The most popular credit score is a credit bureau risk score that is based only on what is in your credit report. Computer programs process a consumer's credit report and analyze those factors that have been found to predict creditworthiness. The resulting score assesses the likelihood that a borrower will repay a loan or credit card on time. The higher the score the greater the likelihood that you will be approved for credit, possibly with a better rate than if you had a low score. Once information change in your credit report, your score will change too. If you have a short or incomplete credit history, it may not be possible to calculate a score. Credit scores are calculated using data contained in your credit report. [How to improve my credit score? \(Link\)](#)

How quickly will my loan be approved?

Once you submit your application your loan will immediately begin the underwriting process. In most cases Loanontime can get your loan approved within 48 hours after all needed document submitted in.

What kind of documentation will I need to provide for verification?

Loanontime express or streamlined loan process minimizes the number of documents required. The actual documents you will need to provide will vary based on your situation.

Can I apply for a purchase loan before I find a property?

Yes! In fact if you are in the process of looking for a property, we commends that you apply for pre-approval. A pre-approval will review your financial situation to determine if you are likely to qualify based on the estimated loan amount and purchase price information that you provide in your application. A pre-approval gives you greater flexibility and leverage while you conduct your home search. Please note that your rate cannot be locked until you specify a property address.

On a purchase loan, is there someone who will work with my Real Estate Agent?

Yes. Since each loan is assigned to one loan consultant who works with you until you close, he or she will be able to assist you or your Real Estate Agent at any time.

Is there any cost to apply or get pre-approval?

Loanontime does not require an up-front fee to submit an application and begin the loan process or issue a pre-approval letter.

I don't have much money for a down payment. Can I still get a loan?

Yes, we offer loan products with as little as zero percent down. For more information, contact a Customer Service Representative at 1-888-220-6680 for specific product requirements.

What is a rate lock?

You cannot close a mortgage loan without locking in an interest rate. There are four components to a rate lock: Loan program, Interest rate, Points, Length of the lock. The longer the length of the lock, the higher the points or the interest rate. This is because the longer the lock, the greater the risk for the lender offering that lock.

Let's say you lock in a 30-year fixed loan at 6% for 2 points for 15 days on March 2. This lock will expire on March 17 (if March 17 is a holiday then the lock is typically extended to the first working day after the 17th). The lender must disburse funds by March 17th, otherwise your rate lock expires, and your original rate-lock commitment is invalid.

The same lock might cost 2.25 points for a 30-day lock or 2.5 points for a 60-day lock. If you need a longer lock and do not want to pay the higher points, you may instead pay a higher rate.

After a lock expires, most lenders will let you re-lock at the higher of the prevailing market rates/points, or the originally locked rates/points. In most cases you will not get a lower rate if rates drop. In some cases, prior to the rate lock expiration date, the lender may allow you to

negotiate a rate lock extension at the original rate/points. An additional fee may be charged for this extension. .

Lenders can lose money if your lock expires. This is because they are taking a risk by letting you lock in advance. If rates move higher, they are forced to give you the original rate at which you locked. Lenders often protect themselves against rate fluctuations by hedging.

What is my loan rate and when is it confirmed?

Interest rates fluctuate daily, so the rates available when you apply may be different than the rate available when you decide to lock your interest rate. By locking, you protect your selected rate for a stated period regardless of market fluctuation. Once your rate is locked, you will receive a lock confirmation stating the rate and terms that you have protected.

Can I change my application after I've submitted it?

Yes. Changes can be made at any time until you lock your interest rate. However, be aware that any changes may delay the closing date or affect your loan costs.

When can I lock my interest rate?

Your loan consultant will review your application and credit information in order to determine whether you can request a rate lock. Once they determine that you are eligible your loan consultant will contact you so that you can lock at your convenience. Please note that you must specify a property address in order to lock.

What happens if rates drop after you lock?

Most lenders will not budge unless rates drop substantially (0.375% or more). This is because it is expensive for them to lock in interest rates, and rates fluctuate daily. If rates drop over 0.375% then you can negotiate down by 0.125% with the original locked lender, or the other way is we will move the loan package to a new lender offering lower rates, but if this is a purchase loan you have to be ware of the closing time issue before you doing any of the actions.

When is the appraisal ordered?

Loanontime will order your appraisal as soon as you are ready. All that is required is your credit card number and your consent to get the process rolling. We recommend that the appraisal be ordered early in the process in order to avoid delays.

What is hazard insurance?

Hazard insurance protects homeowners against property damage and is required by lenders before you buy or refinance a home. Hazard insurance shields you against property damages caused by a fire or a severe storm and should cover the cost of rebuilding your home. Generally, you have to confirm at closing that you've secured one year of hazard insurance coverage.

What is pre-paid interest?

This amount represents the interest that accrues between the day your loan closes and the last day of that month, and is added to your closing costs. After this one-time prepayment your interest will be included in your regular monthly payments.

What is the difference between the interest rate and the APR?

The interest rate is the cost to borrow the lender's money. The APR represents the total cost of the mortgage over the life of the loan, including closing costs and lender points.

What is an Annual Percentage Rate (APR)?

The annual percentage rate (APR) is an interest rate that is different from the note rate. It is commonly used to compare loan programs from different lenders. The Federal Truth in Lending law requires mortgage companies to disclose the APR when they advertise a rate. Typically the APR is found next to the rate.

Example: 30 year fixed Rate is 6% with 1 point, but the APR is 6.107%

The APR does **not** affect your monthly payments. Your monthly payments are a function of the interest rate and the length of the loan.

The APR is designed to measure the "true cost of a loan." It creates a level playing field for lenders. It prevents lenders from advertising a low rate and hiding fees.

A loan with a lower APR is not necessarily a better rate. The best way to compare loans in the author's opinion is to ask lenders to provide you with a good-faith estimate of their costs on the same type of program (e.g. 30-year fixed) at the same interest rate. Then delete all fees that are independent of the loan such as homeowners insurance, title fees, escrow fees, attorney fees, etc. Now add up all the loan fees. The lender that has lower loan fees has a cheaper loan than the lender with higher loan fees.

What is the rescission period?

The rescission period is a waiting period of three days (excluding Sundays and legal holidays), between signing your loan papers and closing your loan. This period allows you to reconsider, and perhaps void the transaction, and is required by federal law for all owner-occupied refinances.

Home Equity Line or Loan Questions

What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home is used as collateral. Home equity lines of credit feature a variable interest rate and a draw period.

What is a draw period?

The draw period is the time frame during which you are allowed to use the credit available on your home equity line. When you borrow funds from your line of credit it is referred to as a draw.

How much can I borrow?

Your credit limit (also known as available equity) is determined by taking a percentage of your home's appraised or fair market value (to be determined when your application is received), and subtracting the balances of any outstanding mortgages on the property. If you qualify, the minimum home equity line is \$10,000 and home equity fixed loan is \$10,000.

How can I access my home equity line of credit?

Within six to eight weeks of your loan closing you will receive a package that contains both payment information and checks that will allow you to access your line of credit.

What are the minimum payment terms?

For home equity lines of credit, your minimum payment during the 10-year draw period will be the greater of the following:

- One month's accrued interest, plus any assessed fees (a late fee for example), or,
- \$100.00

How often will I be billed?

You will receive a monthly billing on your home equity line of credit as long as there is an outstanding balance.

Is there an annual fee?

There is an annual fee of \$50-\$75 for the home equity line of credit. This fee may be waived for the first year.

Are there any fees for early closure?

We offer different lender's Home Equity Line, some of them may have early closure fee up to \$350.

Can I get a loan on my home if it is for sale?

No. If your home is currently for sale E-LOAN cannot provide you with a loan on that home. If your home has recently been for sale it must be off the market for 90 days before E-LOAN can provide you with a home equity loan on that property.

What can I use my funds for?

Once you close your Home Equity Loan / Line of Credit, the funds are yours to use as you wish.

Does the appraiser have to come into my home to perform an appraisal?

In most cases, home equity loans / lines of credit do not require a full appraisal. In fact for most loan amounts of \$250,000 or less the appraisal process can be completed electronically.

What is the difference between a home equity loan and a home equity line of credit?

Both Home Equity Line and Loan are considered second mortgages, with a home equity loan all funds will be paid at closing. A home equity line of credit provides you with a credit line that you can borrow against at any time within a set time limit and up to a maximum amount.

Does my home equity line of credit have any tax benefits?

In order to determine your tax benefits it is best to consult your tax advisor or attorney for specific tax guidelines. However, in most cases the interest on your home equity line of credit is deductible as long as your home equity debt is \$100,000 or less and the total debt on your home is less than or equal to your home's appraised value. Any mortgage debt above your home's appraised value may not be tax deductible.

What percentage of my home's appraised value can I borrow?

The amount that you can borrow varies based on a variety of factors. However, most borrowers can borrow at least 80% of their home's value (when all mortgages are totaled) and some can borrow up to 100%.

How quickly can I close my loan?

The time needed to close your loan depends on a variety of factors, including the time needed to obtain required documentation and when you can sign your loan documents. Many loans close within 14 days of application and most loans close within 7 days of receiving a final loan approval.