What is Mortgage Loan Processing â€“ Four Stages in the Loan Cycle

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Mortgage loan processing involves a series of steps that are completed within a period of six to ten weeks. It is a very lengthy and intricate procedure for the parties involved. The mortgage loan processor oversees the entire process while the borrower adheres to the instructions given by the lender. Do you want a house loan? If so, you may want to know how to go about it. The steps are generally the same but your lender might have unique standards. There are about four steps that you should expect to complete during Mortgage loan processing. They are explained below.

Applying for a mortgage - After locating a suitable lender, you will fill out a loan application form. These days the process is done electronically on the internet. After filling all the blank spaces, as openly as possible, you will submit it to the mortgage processor. The processor will contact you immediately instructing you to deliver certain documents. These include your recent bank statement, pay stub, W-2 forms and income tax returns if self-employed. The paper work is normally sent by mail and so the Mortgage loan processing can be delayed.

Verification of information on documents - When every document reaches the loan processor, the actual processing will officially begin. The documents will be critically verified to make sure that they are genuine. To do this the verifiers might call your employer, landlord, bank or other entities that are featured in your documents. If you pass the pre-approval step, meaning that you have fulfilled all the requirements, the Mortgage loan processing overseer will send your file to the lender. Title report and appraisal processing begins at this step. The lender normally takes about 14 days to validate your documentation although this can vary. If your house loan is eligible for the Loan Prospector, it will be executed faster via automated computer systems.

Underwriting your loan - This is the approval stage where the underwriters will validate your documentation once again. They may also request your credit reports to ascertain your credit worthiness. Appraisals and title search reports are confirmed too. The underwriter has maximum power to reject or accept a borrower's file. If the file is rejected, it is returned to the mortgage loan processing department with a statement of denial. If it is accepted, it is returned to the loan processor with a pre-closing statement. Any denied file has to be reviewed again by the loan officer and processor to see if there is something they could do to help the owner. Automated Underwriting technique is in vogue nowadays. It requires less paperwork and little time. The computer approves or disqualifies a file while the underwriter checks the documents manually to identify possible problems.

Closing stage - If both mortgage loan processing and underwriting departments are happy with your file, the loan execution will enter the closing stage. The loan officer will initiate the closing stage following all the conditions stipulated by the underwriter. In a short time you will get a loan commitment from the lender so that you can set the actual date of the loan closing. You may need to consult with the property seller and lender to make this decision. Prior to closing, it is imperative to compare the Settlement Statement with the Good Faith Estimate statement. The charges outlined in both documents must be similar. If all things work out the Outsourced mortgage loan processing will come to an end and you will get a house loan.

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Mortgage Loan Processors helps mortgage brokers and bankers cut costs. There are many a target_new Outsourced mortgage loan processing services that cater to Mortgage Brokers and Lenders nationwide with a structured process to ensure success.

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