**First Heritage Mortgage, LLC**

**Onboarding Guide for Stanley Martin Employees**

Welcome to the team! We look forward to working with you.

As you begin familiarizing yourself with First Heritage Mortgage and our team, we want to get you jump-started with some initial information.

**This all-inclusive onboarding document provides you with key details about:**

* Who we are
* What sets our team apart
* Why you and your buyers will love working with us
* How we will work together to achieve shared success

**Questions About Getting Started?**

Our goal is to better prepare you to see a quick return from our partnership. This comprehensive guide is just one of several useful tools available to you!

Visit the **Inside FHM** online hub at [**www.InsideFHM.com**](http://www.InsideFHM.com) for a digital version of this guide, broken down into user-friendly segments. While you’re there, be sure to check out our robust collection of helpful tools and resources, designed specifically for Neighborhood Sales Managers at Stanley Martin.

[www.InsideFHM.com](http://www.InsideFHM.com)

Password: StanleyMartin *(case sensitive)*

**Prefer to speak with us directly?** We’d love to chat with you! Contact your FHM loan officer at any time for answers to your questions.

* For help identifying your FHM loan officer please email Phil Denfeld, Chief Operating Officer at FHM: [PhilDenfeld@fhmtg.com](mailto:PhilDenfeld@fhmtg.com)

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# About First Heritage Mortgage, LLC

Founded in 1996, First Heritage Mortgage (FHM) was built to be the premier source of mortgage financing in the Washington, DC metro area. By working hard to prove ourselves on every loan, we have become distinguished among the builder community for our ability to provide innovative construction lending solutions, customized to the unique needs of each borrower.

* **FHM is majority owned by Stanley Martin Communities (SMC)** but is not your typical builder-owned mortgage company. We capture 80% - 83% of SMC’s annual business, however, approximately 75% - 80% of FHM’s loans are originated using traditional mortgage sources.
* **We are a direct lender,** meaning our borrowers’ loans are processed, underwritten, and closed locally. This enables a speedy, accurate delivery of services, as well as direct access to our entire team at all points of the financing process. The end result: Less stress and greater satisfaction for you and your buyers.
* **We go beyond traditional conventional mortgage programs** to offer FHA, VA, and USDA insured mortgages, financing for new construction and second homes, first-time buyer assistance programs, and much more.
* **We care about giving back to the communities in which we operate.** Our primary corporate philanthropy is the Miracle Lender Program, which FHM founded in partnership with the Children’s Miracle NetworkTM (CMN) in 2014. Since its inception, the Miracle Lender Program has contributed nearly $500,000 toward making miracles happen for children at local CMN hospitals. Our growing network of participating hospitals includes 49 Children’s Hospitals across the 14 states in which FHM operates.

## Our Approach to Lending

We understand that for our borrowers, a home represents peace of mind for their family, a sense of community belonging, and in many cases, the most significant financial investment they will make.

Our team of construction lending experts pride themselves on providing buyers with greater simplicity, transparency, and confidence throught the homebuying process.

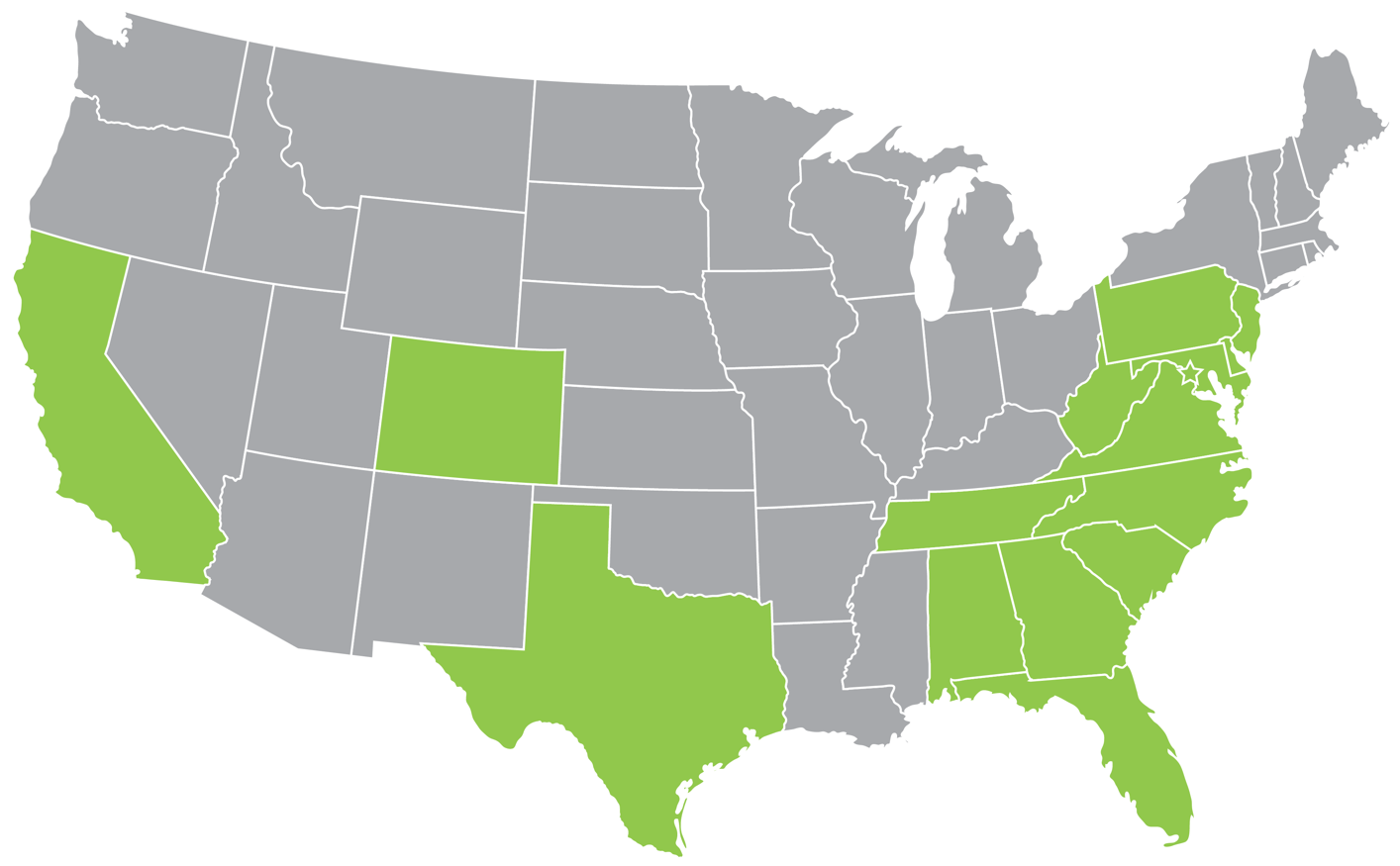
Whether your client is buying their first home, moving up into a new residence, or building a second home, our friendly and experienced team is here to ensure that all their needs – and yours – are met.

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## Where We Lend

First Heritage Mortgage proudly lends in the following states:

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| * Alabama * California * Colorado * Delaware * District of Columbia * Florida | * Georgia * Maryland * New Jersey * North Carolina * Pennsylvania | * South Carolina * Tennessee * Texas * Virginia * West Virginia |



## Branch Locations

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| * **Fairfax, VA** *Est. 1996* * **Bethesda, MD** *Est. 2004* * **Woodbridge, VA** *Est. 2013* * **Charlottesville, VA** *Est. 2013* * **Richmond, VA** *Est. 2014* * **Prince Frederick, MD** *Est. 2014* * **Raleigh, NC** *Est. 2014* * **Blacksburg, VA** *Est. 2017* * **Wake Forest, NC** *Est. 2018* | * **Atlanta, GA (Vinings)** *Est. 2018* * **Hanover, MD** *Est. 2018* * **Cary, NC** *Est. 2019* * **Charleston, SC** *Est. 2019* * **Columbia, SC** *Est. 2020* * **Greenville, SC** *Est. 2021* * **Tampa, FL** *Est. 2022* * **Augusta, GA** *Est. 2022* |

## More Than 25 Years of Success

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| **1996** | **First Heritage Mortgage, LLC is founded** in 1996 with its headquarters in Fairfax, VA. |
| **2004** | The **Bethesda, MD** branch is established. |
| **2011** | FHM forms a joint venture with Potomac Mortgage Group, a Northern Virginia lender, to bring all back-office services into a newly formed company: Lender Service Provider, LLC (LSP). |
| **2013** | FHM launches a **steady growth strategy**, adding new branch offices and loan officers. FHM’s production team has grown % since.  The **Woodbridge, VA** and **Charlottesville, VA** branches are established. |
| **2014** | FHM establishes a partnership with Children’s Miracle NetworkTM (CMN) to develop the **Miracle Lender Program**, which supports local CMN hospitals. Combined contributions since launch are nearly $500,000.  New branches are established in **Richmond, VA**, **Prince Frederick, MD**, and **Raleigh, NC**. |
| **2017** | The **Blacksburg, VA** branch is established. |
| **2018** | A **new brand and website** are launched to better share the story of FHM’s evolving culture, approach, and business model: **Personalized. Collaborative. Fresh.**  An integrated **Mortgage CRM** platform and **LoanNow mobile app** are rolled out.  New branches are established in **Wake Forest, NC**, **Atlanta, GA**, and **Hanover, MD**. |
| **2019** | The **Cary, NC** and **Charleston, SC** branches are established. |
| **2020** | The **Columbia, SC** branch is established. |
| **2021** | The **Greenville, SC** branch is established. |
| **2022** | The **Tampa, FL** and **Augusta, GA** branches are established. |
| **2023** | FHM is **poised for additional growth** due to 2021 and 2022 new market entries. The new branches are rapidly growing their loan volumes and expanding their teams. |

# Operational Excellence

There is a **smart-growth oriented culture** with an emphasis on recruiting **superior management and operations talent** and **expanding when there is the right opportunity**.

An exceptional operations team creates a strong foundation for recruiting the very best loan officers.

## Proven Experience and Leadership

We provide exceptional service to our clients by elevating our people-first culture as our highest pillar of success. Our leadership team is made up of hard workers, bold thinkers, and above all else, collaborative listeners.

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| **Corporate** | * **Alex Wish |** CEO * **Banks Gatchel |** President * **Phil Denfeld |** COO * **Jerry Berry |** EVP, Production * **Connie Marzin |** EVP, Operations * **Otway Wallace |** EVP, Southeast Regional Manager * **Bud Wilkinson |** EVP, Business &  Cultural Development | * **Erica Goodwin |** SVP, Corporate Marketing * **Noel Rodriguez-Pak |** SVP, Finance * **Paul Denmon |** VP of Construction, Renovation, and 203(k) Finance * **Denise Draper |** VP of HR & Corporate Operations |
| **Production** | * **Tom Wessel |** SVP & Branch Manager, Bethesda * **Amit Kaim |** SVP & Regional Sales Manager, Fairfax * **Jenny Kim |** SVP & Regional Sales Manager, Fairfax * **Charlie Aldinger |** VP & Branch Manager, Richmond * **Mike Bitrick |** VP & Branch Manager, Charlottesville, Raleigh * **David Bridges |** VP & Branch Manager, Woodbridge * **Vince Curcio |** VP & Branch Manager, Charleston | * **Sherry Riano |** VP & Branch Manager, Cary * **Bruce Rider |** VP & Branch Manager, Prince Frederick * **John Russell |** VP & Branch Manager, Hanover * **Mike Travis |** VP & Branch Manager, Wake Forest * **Scott Wimmer |** VP & Branch Manager, Blacksburg * **Erica Ergle |** Sales Manager, Columbia * **Beth Troxell |** Sales Manager, Greenville |

## The FHM Loan Origination Process

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| **1. Loan Officer** | **2. Disclosure Desk** | **3. Setup** |
| * Originate Loan * Complete 1003 * Order Credit * Run DP / DU * Lock Loan * Collect Loan Docs & Fees * Assign to Setup * Verify HMDA Data | * Prepare & Send  Initial Loan Disclosures * Prepare & Send  Initial Loan Estimate | * Assign Processor * Order Flood Cert * Order Preliminary Title * Order Transcripts * Run Fraud Alert * VOEs * Exclusionary List * Request HOI * Request COI / Condo Docs |
| **4. Appraisal Desk** | **5. Processing** | **6. Underwriting** |
| * Order Appraisal * Order FHA / VA  Case Numbers | * Review eFolder &  Assign Docs to Proper Folders * Run & Review AUS Findings * Review Overlays * Issue Welcome Letter * Contact Borrower for  Missing Docs * Review MAVENT * Submit File to UW * Order Transcripts * Work / Clear Conditions | * Review Loan * Conditional Approval * Review Appraisal * Review Title * Review Income * Final Loan Disposition * Set Conditions * Check Red Flags * Review Fraud Reports |

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| **7. Final Disclosure** | **8. Closing** |
| * Send Commitment Letter * Prepare & Send  All Final Disclosures * Prepare & Send  Closing Disclosure | * Review Closing Conditions * Review Title * Issue Instructions * Final Disclosures * Review & Approve HUD * Order Wire Transfer |
| **Review** | **Administrative** |
| * Review Initial Disclosures * Review Hazard Insurance * Review Title Commitment * Review Initial 1003 * Review Change of Circumstance * Review Appraisal Independence * Review MD / DC Commitments | * Disclosure Timing * Regulation B Reporting * Adverse Loan Actions |

## Products, Platforms, and Processes

First Heritage Mortgage offers a robust selection of innovation mortgage loan products.

**Loan programs offered include:**

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| * Conforming * Jumbo * Construction & Renovation Finance * Extended Rate  Lock Options * VA Loans | * FHA & FHA 203(k) * USDA * Home Ready * Home Possible * In-House 2nd Trusts * In-House HELOCS * Bridge Loans | * NCHFA *(North Carolina)* * MD CDA * DC Open Doors * Georgia Dream * SC Housing * Virginia Housing * WV Housing | * Speciality Finance * Portfolio Lending * …and more! |

**FHM offers its wide array of programs through more than 35 lender relationships.**

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| * AIG * AmeriHome Mortgage * Angel Oak * Bank United * Bayview Acquisitions * Carter Bank * Chase * Citibank * Fannie Mae  ***selling direct*** * Freddie Mac  ***selling direct*** | * First National Bank  of PA * Flagstar * Franklin American * Freedom Mortgage * John Marshall Bank * Lakeview * M&T Bank * Max-Ex * Mr. Cooper * NASA FCU | * NewRez * Northpointe * OnQ * PenFed * PennyMac * PHH * Planet Home Mortgage * PRMG * Redwood | * State Financial Network * TD Bank * Truist * United Nations FCU * US Bank * Wells Fargo |

**More about FHM’s platforms and processes:**

* FHM uses **Encompass 360**, the leading national loan origination software, for its origination platform, and **Optimal Blue** for its pricing engine.
* Both **Best Efforts pricing** as well as **FHM’s own hedge products** are used for Conventional, FHA, and VA fixed-rate loans.
* **In-house processing, underwriting, and closing.**
* Comprehensive **marketing support** and cutting-edge **Customer Relationship Management (CRM)** platforms.

# Neighbhorhood Sales Manager FAQs

## Buyer Education

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|  | Question | Answer |
| 1 | **How should I talk about home financing with  my clients?**  **When do I bring it up?** | Your FHM loan officer is your partner in the sales process,  and they are best suited to handle any mortgage-related questions with your client.  The best time to bring up home financing is during the initial conversation you have with your client. Your buyers should be in contact with First Heritage Mortgage (FHM) prior to completing a Purchase Contract. The easiest way to do this is by sharing your  co-branded LoanNow app with the buyer as soon as possible.  This instantly notifies your loan officer and sets up a channel for shared communication between you, the buyer, and your FHM loan officer moving forward. |
| 2 | **How can I set expectations with the buyer – or the agent – on what to expect during the mortgage process?** | It’s important that you educate buyers and agents on how the mortgage process and homebuilding process work together.  Share that FHM is here to help them navigate this journey with ease. In addition to you and their FHM loan officer, they’ll need to work with the title company and possibly a few other vendors along  the way. Let them know to respond quickly if one of these parties requests information or needs a signature; the faster they act, the quicker the mortgage process can keep moving. |
| 3 | **How can I educate my clients about credit best practices during the mortgage process?** | Remind your clients of the following credit-related tips for a smooth mortgage process:   * **DO** continue making current mortgage or rent payments  on time. * **DO** stay current on all existing credit cards and other accounts. * **DO** remain with your current employer. * **AVOID** making any major purchases. * **AVOID** changing banks or transferring credit card balances. * **AVOID** taking out new loans. * **AVOID** opening or closing any credit card accounts or applying for new credit. |
| 4 | **What is a credit score and why does it matter?** | A credit score is a three-digit number calculated from a borrower’s credit reports, based on the likelihood they will repay borrowed money. A borrower’s credit score affects both how much and what loan terms lenders will offer them at any given time. Taking steps to improve credit scores can help buyers qualify for better rates from lenders, however any steps to improve credit should only happen after consulting an FHM loan officer. A borrower can actually hurt their credit If they do the wrong thing at the wrong time. |

## Working with First Heritage Mortgage

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|  | Question | Answer |
| 1 | **What is the advantage of using FHM instead of another lender?** | The financing process runs more smoothly when you work with a lender who knows what both the buyer and the builder need from  the beginning to the end of the building process.  **Stanley Martin and First Heritage Mortgage are a team** – and your buyers will be part of that team, too. This unrivaled team approach provides a streamlined homebuying process with clear, up-to-date communication between all parties, during all steps along the way  to closing.  **FHM has specialized expertise in construction lending.** Your FHM  loan officer will get to know each buyer and help them pre-qualify with the best loan options for their situation, so when they look at floor plans and upgrades, they will already know what they can afford. FHM has in-house loan processing, underwriting, and closing to speed up the loan time and ensure a smooth process.  **Using FHM can save your client money, too.** FHM offers a full range of financing options, competitive rates, and expert mortgage counseling from local experts who are familiar with the community. Additionally, buyers who secure mortgage financing through FHM receive generous builder-paid financial incentives, applied toward closing costs. |
| 2 | **Why do business with FHM?** | Stanley Martin was founded with the goal of keeping customers happy throughout the home buying process. The founders recognized that securing proper financing was the most challenging and unpredictable element in buying or building a home.  As Stanley Martin’s preferred lender, First Heritage Mortgage will ensure that the mortgage process is smooth, simple, and stress-free for your customers.  Stanley Martin has partnered with FHM as its preferred lender for nearly 25 years because of their unparalleled expertise in construction lending, wide array of ever-evolving home financing solutions, streamlined operations, and personal touch – all of which add up to create an effortless loan management process for all parties involved.  Stanley Martin provides ample financial incentives to clients who choose FHM as their mortgage lender as a way to encourage buyers to take advantage of all the benefits outlined above and obtain the best possible deal on the purchase of their Stanley Martin home. |
| 3 | **What types of loan programs does FHM offer?** | FHM offers an expansive selection of loan programs including VA, FHA, USDA, State Bond Programs, Conventional, Jumbo, Extended Rate Lock Programs, and more! Our list of loan programs continues to grow in ways that cater to our client base. Check with your FHM loan officer for the most up-to-date breakdown of all available loan programs available to your buyers. |
| 4 | **Does FHM offer any State Bond Programs?** | Yes. FHM offers the following State Bond Programs:   * DC Open Doors * Georgia Dream Program * Maryland Mortgage Program (MMP) * NC Home Advantage MortgageTM (NCHFA) * Virginia Housing Development Authority (VHDA) * West Virginia Housing Development Fund (WVHDF) |
| 5 | **Where can I get  additional training on specific loan programs?** | Contact your FHM loan officer for additional training and information on any of loan program. We are always happy to help you learn more. |
| 6 | **Who is my FHM loan officer? How do I find out?** | For help getting in touch with your FHM loan officer, contact Phil Denfeld, Chief Operating Officer at FHM via email at [PhilDenfeld@fhmtg.com](mailto:PhilDenfeld@fhmtg.com). |

## Using Other Lenders

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|  | Question | Answer |
| 1 | **I want to work with a lender outside of FHM. What can I do?** | Your borrowers are free to choose whichever lender they prefer.  Keep in mind that all buyers are required to submit a full application with FHM in order to complete their Stanley Martin sales contract. After this, if your client chooses another lender, they will give up all closing cost incentives tied to the FHM-Stanley Martin partnership. |
| 2 | **My client is already working with another lender. What should I say to them?** | Let your client know that in order to complete their Stanley Martin sales contract, all buyers are required to make a full mortgage application with FHM. After applying with FHM, they may still choose to work with an outside lender, but they will forfeit all builder-paid closing cost incentives. Remember, FHM wants to work with every Stanley Martin buyer and will do their best to earn every client's business. |
| 3 | **An agent brought in a client who’s really interested, but the agent already has a relationship with a different mortgage company and are trying to sway the client to use them. What should I do?** | Let them know about the closing cost incentives available through Stanley Martin’s partnership with FHM, and inform them of the benefits of working with FHM over the competition:   * Expert knowledge of the intricacies of new home construction and all Stanley Martin processes * A full range of financing options, competitive rates, and expert mortgage counseling * Local loan experts who are familiar with the community and truly care about their relationships with clients * Ongoing, transparent communication throughout the mortgage process * Real-time milestone notifications every step of the way * Generous builder-paid incentives applied toward closing costs |

## Interest Rates

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|  | Question | Answer |
| 1 | **What is a mortgage interest rate?** | A borrower’s mortgage interest rate indicates the annual cost to borrow money from their lender. The rate is expressed as a percentage and is paid on a monthly basis, along with the principal payment, until the loan is paid off – usually in 30 years. |
| 2 | **How are interest rates determined?** | Mortgage interest rates fluctuate depending on larger economic factors and market activity. A buyer’s unique financial situation also plays a major role in the rate they may qualify for. Things like a buyer’s credit score, credit history, debts, income, and other considerations all impact the rate a lender can provide. |
| 3 | **What are FHM’s current interest rates?** | Rates are set each business day, but they can also change during the day depending on several factors. Set up a quick call between your client and an FHM loan officer to see what rate they may qualify for. The loan officer can provide an accurate estimate after getting some Information from the client and understanding their specific needs. |
| 4 | **What is a mortgage  rate lock?** | A mortgage rate lock essentially freezes the current interest rate for a specific period of time. The lender guarantees (with a few exceptions) that the mortgage rate offered to a borrower will remain available to that borrower for a stated period of time. This is called “locking in”  the rate. When a buyer locks in, they don’t have to worry about interest rates going up between the time they lock the rate and the rate expiration date.  Your client’s FHM loan officer will explain the rate lock periods available for their specific loan program to make sure their rate is locked long enough for their home to be completed and settlement  to occur. |
| 5 | **When should a buyer lock in their rate?** | Many buyers opt to lock in their rate sooner rather than later,  in order to protect themselves against fluctuations in the market. Normally, rate locks can only be done once a buyer has a fully  ratified sales contract. |
| 6 | **How long can a buyer lock in their interest rate?** | Rate locks typically last from 30 to 50 days. The loan must close before the rate lock period ends. If the rate lock expires before the closing date, the rate lock will be forfeited unless the buyer pays an additional fee to extend the rate lock.  One way to get around this if you think the home will take longer to build is through an extended rate lock program, which offers rate lock periods of 120 days or more. FHM’s extended rate locks go up to 350 days for qualifying situations. |

## Marketing Materials

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|  | Question | Answer |
| 1 | **What kind of marketing materials and support does FHM offer?** | FHM offers all Stanley Martin Neighborhood Sales Managers the following marketing materials and support:   * **Inside FHM** knowledge hub at [www.InsideFHM.com](http://www.InsideFHM.com)  with access to all marketing and training platforms  and information about FHM * Co-branded educational flyers to inform and empower  your clients on a variety of mortgage topics * Co-branded loan product flyers to provide details about the mortgage products that matter most to your book of business * Additional training on how to use the LoanNow mobile app * Introductory materials to educate buyers about FHM * Seamless nurturing of all prospects who visit your community * LoanNow Mobile App * and more! |
| 2 | **Where can I go to get mortgage-related marketing materials?** | FHM provides a library of customer-centric marketing materials that cover all aspects of the mortgage financing process.  Call or email your FHM loan officer for help creating or locating any type of mortgage-related marketing materials you’d like. |
| 3 | **Can I get co-branded marketing materials  from FHM?** | Absolutely! FHM provides you with an arsenal of marketing materials, all of which can be co-branded with your headshot, name, contact information, and company logo.  Contact your FHM loan officer to request any marketing materials  you may need. |
| 7 | **What is LoanNow?**  **Why should I use it?** | LoanNow provides mobile-first technology that makes the mortgage process more efficient for you and improves the experience for  your buyers.   * **Milestone Notifications:** Real-time updates for you and  your client as the loan moves along each step to closing. * **Mortgage Calculators:** Give your clients on-the-go access to explore different mortgage options, loan types, budgets,  and monthly payments. * **Scan Docs from Mobile:** Your clients will be able to securely scan and submit all their supporting documentation or paperwork from the camera on any mobile device. * **Transparent Communication:** Share your app with clients to instantly notify your FHM loan officer . * **Enhanced 1003:** Your clients have access to a mobile-friendly application they can start, pause, and complete whenever and wherever they’d like, even on their desktop once they  get home. * **Mobile e-Signing Capability:** Your clients can sign their  loan documents right on their phone, or on their desktop computer. No more printing, signing, and mailing or  faxing back! |
| 8 | **How do I create a LoanNow account?** | Tell your FHM loan officer you want to use LoanNow. They will set up your co-branded account, and help you get the app on your phone. Your app will be branded with the SMC logo, your headshot, bio, and contact information. Your loan officer can also add links to your community website, testimonials, and other helpful information for your clients. |
| 9 | **I need more training on how to use LoanNow.** | Go to the **Inside FHM** hub at [www.InsideFHM.com](http://www.InsideFHM.com) (Password: StanleyMartin) or contact your loan officer to set up a personalized training with one of FHM’s LoanNow marketing experts. |

## The Mortgage Process

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|  | Question | Answer |
| 1 | **What are the major steps of the mortgage process?** | Here are the major steps of the mortgage process for Stanley Martin customers working with FHM:   1. **Download the LoanNow App.** You can quickly and easily share your co-branded LoanNow mobile app with clients via text or email. Once downloaded, your client will have access to your customized links, financing calcultors, document uploads, and contact information for their FHM loan officer. 2. **Get Pre-Qualified with an FHM Loan Officer.** Your client meets with an FHM loan officer to discuss their needs, understand the best loan options for their situation, and to find out how much they may qualify to borrow. 3. **Sign the Purchase Agreement.** Once your client selects their dream home and has decided on all options and upgrades, they will work with you to complete the Purchase Agreement. 4. **Formal Loan Application.** Your FHM loan officer will help the client complete and submit their full loan application via LoanNow. 5. **Loan Estimate (LE).** The client will receive the LE within three (3) days of submitting the formal loan application. The LE outlines initial estimates of the costs associate with the mortgage loan. Your client should review this carefully and ask their loan officer for help understanding any terms, fees, or charges they have questions about. 6. **Loan Processing and Underwriting.** FHM’s in-house team will review your client’s initial documentation and financial information. At this time, your client may be asked to provide a few pieces of additional information. 7. **Construction of New Home.** The construction phase takes place with Stanley Martin. 8. **Closing Date Scheduled by Stanley Martin.** Once construction of the home is complete, Stanley Martin will schedule a closing date. 9. **Final Loan Approval.** FHM’s in-house underwriting team reviews the completed home appraisal and the client’s financial documentation, including a new credit report.  FHM’s team may reach out to the client to request additional documentation prior to issuing final approval. 10. **Closing Disclosure (CD).** Your client will receive the CD no later than three (3) days prior to closing. The CD shows the final costs associated with the loan. Your FHM loan officer can answer any questions the client has during this time. 11. **Settlement.** This is when the buyer becomes the legal owner of the home. Once all documents are signed and any money due at settlement has been paid, the buyer will receive the keys to their new home. |
| 2 | **How long does it take  to be approved for a mortgage?** | **Conditional approval** happens within one to two weeks of the buyer completing the full application and submitting all supporting documentation to FHM.  **Final approval** happens once construction of your buyer’s new home is complete, and a Closing Date has been scheduled by Stanley Martin. |
| 3 | **What happens during the pre-qualification process?** | Your client’s FHM loan officer will review their credit and financial information to help determine how much they can afford to spend on their new home build. FHM will provide a list of all supporting documentation needed.  During this meeting, the loan officer helps determine how much the buyer may qualify to borrow and go over which loan options may be best for their needs. It is always FHM’s goal to work with each client to develop a plan to meet the short- and long-term goals for their family. With these initial figures in hand, your client will have everything  they need to make a confident, well-informed decision about  moving forward. |
| 4 | **Why is it important for clients to get pre-qualified or pre-approved?** | Pre-qualification or pre-approval tells clients what price range they can afford and helps the mortgage process go smoother and faster.  When it comes time to select upgrades and customizations,  pre-approved/qualified clients have more buying power. Rather than guessing what fits inside their budget, they’ll know their limits ahead of time, allowing them to customize their home accordingly. From floor plans to décor, every decision will be that much easier after getting pre-approved/qualified.  The client will have also had a chance to discuss various loan options with a loan officer and will be more confident and prepared to move forward once it’s time to submit the full loan application. |
| 5 | **What questions should I ask a potential buyer before starting a contract?** | The first question you should ask is *“Have you already spoken with a First Heritage Mortgage loan officer?”*  If the answer is no, the best course of action is to share your  co-branded LoanNow app with the client and let them know that their dedicated mortgage expert will be reaching out to them shortly to get to know them and their goals. |
| 6 | **Will an additional credit check for pre-approval from FHM hurt my client’s credit score?** | Not necessarily. Mortgage lenders pull a credit report during the  pre-qualification process. This is known as a **hard inquiry** and can lower credit scores by a few points. The good news is that if any other mortgage lenders, like FHM, check the client’s credit within 45 days  of the first credit check, those checks don’t count as additional  hard inquiries. |
| 7 | **Is there a credit  report fee?** | A credit report will be obtained in order to evaluate a client’s qualifications and eligibility for a loan. The credit report will be paid for as part of the overall loan application process, along with paying for the appraisal prior to closing. |
| 8 | **What happens on the day of closing?** | The day of closing or settlement is the day the buyer becomes the legal owner of the home. Here is a basic outline of what buyers should expect:   * Any remaining closing costs, as listed in the Closing Disclosure, are paid by the buyer. * Stanley Martin will sign documents to transfer property ownership. * The buyer will also sign the Closing Disclosure which lists all costs related to the home sale, as well as a mortgage note stating their promise to repay the loan and a mortgage or deed of trust securing the mortgage note. * The title company will register the new deed in the buyer’s name. Once all documents are signed and any money due at settlement has been paid, the buyer will receive the keys to their new home. |
| 9 | **What are closing costs?** | Closing costs are the fees associated with the home buying transaction that are paid to the mortgage lender. These are generally between 2% and 5% of the home purchase price depending on the type of loan and its structure. |
| 10 | **What makes up closing costs and prepaids?** | Closing costs vary depending on the location of the home and the type of loan program being used.   * Typical **property-related closing costs** include prepaid loan interest, escrow fees, home inspection, property taxes, and HOA fees. * Typical **loan-related closing costs** include lender loan origination fees, discount points and other third-party fees paid to companies that perform certain loan related tasks on behalf of the lender such as the appraisal, flood certification, and credit report. * Typical **title company closing costs** include title/attorney fees, title search fee, recording fees, and transfer taxes. * Other **insurance-related costs paid at closing** may include mortgage insurance, FHA/VA/USDA fees, or lender and owner title insurance.   A breakdown of these fees specific to each borrower is provided in the Closing Disclosures sent ahead of settlement. As always, your FHM loan officer is here to provide assistance and guidance for any questions you or the buyer may have. |
| 11 | **What is the loan origination fee?** | This is the fee the lender charges the borrower for making the mortgage loan. Origination services include taking and processing the loan application, underwriting and funding the loan, and other administrative services. Government laws require that these fees be shown as the Loan Origination Fee on the Loan Estimate (LE) and the Closing Disclosure (CD). |
| 12 | **What is the appraisal fee?** | This fee is to pay for an appraisal report made by an appraiser to establish the value of the house.  NOTE: The appraisal is not a home inspection. If the customer wishes to hire a home inspector to check the house prior to closing, they will need to contract with a home inspector on their own. The use of a home inspector is not typical on a new construction home. |
| 13 | **What is the Loan  Estimate (LE)?** | The LE or Loan Estimate is the Initial estimate of the costs associated with the loan. Your loan officer can help the client understand the fees and charges shown on the LE. The LE must be sent to the borrower within three (3) days of completing a full loan application. |
| 14 | **What is the Closing Disclosure (CD)?** | The CD or Closing Disclosure shows the final costs associated with the loan. Your loan officer can help the client understand the fees and charges shown on the CD. The CD must be sent to the borrower  three (3) days prior to closing to give the borrower time to review the final numbers.  In some cases, these numbers can change prior to settlement and the final CD which is signed at settlement will capture any last-minute changes that had to be made. Whenever possible a new CD will be provided to the client prior to closing if changes had to be made after the initial CD was sent. |
| 15 | **What is the credit  report fee?** | This fee covers the cost of a credit report, which shows a borrower’s credit history. The lender uses the information in a credit report to help decide whether or not to approve the loan and how much  money to lend. |
| 16 | **How do property  taxes work?**  **How should I explain  them to clients?** | Property taxes are levied on real estate by local and state governments. When purchasing a home, it’s important to factor in property taxes as part of the overall budget.  **The amount of property taxes for a specific home depends on the location of the home and its assessed value.** Talk to your FHM loan officer for an accurate determination of what property taxes may be on a specific home and how that may factor into your buyer’s  monthly payments. |
| 17 | **Under what circumstances will a loan application  be denied?** | There are several reasons why a loan application may be denied. Some of the most common situations that may lead to a mortgage being denied include:   * Lack of employment history or a change in employment status * Debt-to-Income (DTI) ratio exceeds the limit required by the loan program * Derogatory credit events like a history of late payments, bankruptcy, tax liens, or civil judgements * Insufficient funds for a down payment and closing costs * Missing or omitted information on the loan application * Red flags on bank statements * Recently opened credit accounts which add additional debt and impact the borrower's ability to repay the loan |
| 18 | **Can a loan application be denied after a buyer has been pre-approved?** | Yes. The amount a buyer is pre-approved to borrow is not a guarantee. It’s based on information provided during the pre-approval process. There are many reasons an application could be denied even after pre-approval. For example, the buyer’s financial situation could change before they close on the home, or the lender’s mortgage guidelines could change after pre-approval. |
| 19 | **What happens if my client’s loan application  is denied?** | First, talk to your FHM loan officer for a full explanation of what happened. The client will receive written notification of the denial status along with a copy of the credit report that factored into the denial. Make sure your client knows that FHM is dedicated to helping them reach their goals.  Our team of loan experts and extended network of financial professionals are available to assist clients who are denied in order  to provide the tools necessary to improve their circumstances and prepare for a more successful loan application in the future. |
| 20 | **What are borrower requirements for  self-employed prospects?** | FHM has a variety of loan programs with flexible terms available for qualifying self-employed borrowers. Contact your FHM loan officer  to learn more about special financing options for your self-employed clients. |
| 21 | **What happens if someone’s had a  previous bankruptcy  or foreclosure?** | FHM is committed to providing innovative solutions to qualified borrowers who can demonstrate their ability to repay, including borrowers with negative credit events such as bankruptcies, foreclosures, deed-in-lieu of foreclosure, or short sales.  Get in touch with your FHM loan officer to discuss the best way to address your client’s specific situation and help them reach their home financing goals. |
| 22 | **Can FHM lend to  non-U.S. Citizens?** | Yes. FHM offers loan programs to green card holders and permanent-resident aliens. In addition, FHM provides several financing options for buyers with a work visa as well as other specific situations. It is best to speak with your FHM loan officer for the most up-to-date information on these programs, as the guidelines change regularly. |