

EP 2: PREPARING FOR YOUR LOAN APPLICATION

Jason 00:00:03 Hello, and welcome to the New Home Owner podcast. On today's show, we're going to talk about what to expect during your loan application and how to prepare, to get the most out of it. And later in the episode, we have a great tip from our guest speaker. If you can keep your credit card balances below this percentage, you can save big on your monthly mortgage payment. We'll reveal the exact percentage and why it's important at the end of the show. Amy Kelsea, episode two, this is sort of exciting. I have to tell you, I was so excited this morning and I went to Chick-fil-A and got chicken minis. I, Amy, I know you're a vegetarian, so you don't eat those, but you know that I love the chicken mini.

Amy 00:00:41 I love Chick-fil-A believe it or not, I just eat different things there than you do.

Jason 00:00:43 I never thought I'd be a person who eats fried chicken and dough in the morning. But once a week usually is my, is my plan to sort of sit in my car and just enjoy it and have coffee.

Kelsea 00:00:54 I definitely like to dabble in chicken minis. I have a little story to add to that. So recently my husband and I traveled and I made him go in the Chick-fil-A line while I was in the Starbucks line, because you know, they always had the longest lines and I needed my coffee from Starbucks, but I needed my chicken minis

Jason 00:01:11 That's what I do too, I guess, Starbucks coffee. And I, I felt bad at first. Cause they're like anything to drink? I was like, no, cause your coffee isn't my favorite coffee. I'm being polite. It's not good.

Kelsea 00:01:20 It's not great. So we meet at the gate and he bought me a 10 piece chicken mini. Well, you really think I can consume all of this, but anyways, that's my Chick-fil-A story.

Amy 00:01:35 I can't hang with you all. I had a donut shop, Keurig coffee this morning and a protein bar.

Jason 00:01:39 Amy, come on.

Kelsea 00:01:41 It's not going to cut it for me.

Amy 00:01:43 Next week I'll do better.

Jason 00:01:44 You need to live it up a little bit more. Well, this is probably a good time to introduce our guest today. Ronnie, Ronnie, welcome to the show. Thanks for joining us.

Ronnie 00:01:52 Thanks for having me.

Jason 00:01:53 So you're a regional manager over the Maryland Southern PA and Eastern West Virginia markets with our mortgage company, 16 years with NVR 16 years in the industry. I'll let you introduce yourself a little bit more, but I was curious to hear about this professional lacrosse playing cause I've actually been watching a few games on TV recently. They've been on ESPN.

Ronnie 00:02:12 You're checking out the PLL?

Jason 00:02:14 Is that what it is?

Ronnie 00:02:15 I played in that league. It has absolutely nothing to do with this podcast whatsoever, but I figured I'd just throw in. Oh yeah. We'll do one about that. Yeah, no, I, um, I think you said 16 years in the industry, 16 years with NVR. Was hired right out of college. I've had the opportunity to process loans, to originate loans. I've led a sales team. I've led a, a mortgage branch and now I run one of our regions here at NVR.

Jason 00:02:42 Very cool. So we're going to talk about the loan application today, just to set the context big picture. Last week, we talked about the contract signing, how excited that was. Kelsea told us about her trip to the brewery. You know, I was reminded that I was just thinking about your story, about how, what a swing it was from the contract signing to, oh my gosh. We're freaking out. That usually is happening at the end of a very long day. Like a very emotional day. What I tell my kids is, look, if you're freaking out after 7:00 PM, just take a breath and say, I'm going to think about this in the morning because I'm tired. I'm emotional. Maybe I haven't had any food for awhile. So I think that's a good tip for anything, not just buying a house, but just, just remember that it's late at night and you're going to feel differently in the morning.

Ronnie 00:03:23 It's good advice.

Jason 00:03:25 So you contract sign, loan application, complete your selections, build the house close on the house. Those are the big steps. And honestly, they're not that big, but this is a big one. I would say a lot of people have anxiety about the loan process. So we're going to, we're going to try and put you guys at ease today. Before we dive into the loan app with Ronnie, I just want to introduce sort of what is NVR

Mortgage and um, how does it relate to the builder? So if you're listening to this podcast, you probably purchased through Ryan Home, which is our largest builder, but as a company, we also have NVHomes and Heartland Homes. And so NVR is the corporate parent to those three builders. So NVR Mortgage is a mortgage company that was established set up and exists solely to support those builders. So you guys, the buyers of our homes, we don't do refis. I think we did years ago, but we don't do them anymore. We don't service any other builders or any retail business, which is to say someone who walks in off the street and says, can you give me a loan? All we do is think about Ryan Homes, uh, buyers, and we, um, and NVHomes buyers, and we work with those guys exclusively.

Ronnie 00:04:28 That's right. A hundred percent commitment to our home buyers only.

Jason 00:04:32 And I think we made that decision as a company because we realized, look, yes, the building of the house is the main goal, but this is such a huge aspect of it. We want it to go smoothly. We want to be correct. And um, we want to make sure that you, as the buyer have all the possible options that we can give you good options in terms of this very big financial decision that you have to, that you have to make. Common question, do any of you know what does NVR stand for? Do any of you guys know? Oh, silence. So NV, you could take a guess if you're from this area, it was Northern Virginia. So Northern Virginia Homes. So our, our chairman, uh, originally founded NVHomes, right? And so when we merged with Ryan Homes, Ryan, is an R so N Northern Virginia Ryan is what you might guess. But if I asked 10 people upstairs, they'd probably say, no, it doesn't really mean that either. It doesn't really mean anything. It's sort of like a hokey, I guess there's some definition of it, but it isn't actually defined as anything.

Amy 00:05:31 Jason and I went to Virginia Tech, which is why he's referencing a hokey. But what you're supposed to say, when someone asks you what a hokey is, do you know the answer? You're supposed to say I am, as a Virginia Tech alum.

Jason 00:05:42 Oh, oh, that's good. I like that. I like that. All right, I'll work on that. My bad. So NVR could be NV Ryan, could be nothing, but the point is, it's a structure that sort of holds all those things together. So when your sales rep says, Hey, you're going to talk to NVR Mortgage or NVR M if they really shorten it, that's, that's who they're talking about. But we know Ronnie, we know all the mortgage, uh, folks. And, um, you know, we work, we work hand in hand to make sure you have a seamless experience. So Ronnie, maybe you could kick us off on this. You know, Kelsea signed her

contract. She's had her beers, she's done freaking its the next day. And the loan officer, I guess, calls her and says, Hey, you need to submit your application. How does this work? How does it start?

Ronnie 00:06:22 Yeah, you buy a home. If you don't have cash to pay for the entire house in full which side note 95% of our home buyers last year did not have cash.

Jason 00:06:32 Yeah. That's a nice problem to have, right? What do I do with all this cash?

Ronnie 00:06:36 Certainly I have not been faced with a situation where I'm buying my house out right quite yet. I haven't, I haven't gotten to that level. So if you don't have the cash to purchase your home in full, then you'll put a down payment on your home, depending on how much you have, how much you can afford. And then the remaining balance. I mean, you're going to, you'll, you'll borrow that from your lender in the form of a mortgage and your mortgage is a, it's a secured loan against real property. It's secured against your home. Then each month you'll pay back a certain amount to your lender and your monthly payment itself, Kelsee consists of four main components. You have the principal component, which is really the amount that you're borrowing. You're going to have to pay some of that back every single month. And then on top of that there's interest.

Ronnie 00:07:20 And so, you know, there's a cost to borrow that money and you'll pay a portion of that back every month. And then there's two additional pieces. There's taxes, there's a tax to own property in the state that you are purchasing and like sales tax there's property tax. The last component is homeowners insurance. And, and this, this insurance protects you and it protects the lender. Should any damage happen to your home? And so it's, I look at it like car insurance, you're required to have car insurance. You're required to have homeowners insurance. And those are the four main components to your monthly payment.

Jason 00:07:53 So even if you paid off your mortgage down the road, right? That's your principle and interest part. You still pay taxes. You still pay homeowner's insurance every single time. Except I guess, with a mortgage, they include it all one payment, it all gets handled for you.

Ronnie 00:08:07 Correct. They'll collect it all that way. The lender can make sure that all of those components are getting paid for on time. It gives them a peace of mind. And so you'll make one payment and then they, your lender, disperses each one of those payments to the, to the appropriate place.

Kelsea 00:08:22 That's a nice little breakdown. Yeah. I think looking back on my first home purchase two years ago, I remember even when I was browsing, I was, you know, on Zillow and I saw the Zestimates for the, my monthly payment. And I thought it was pretty black and white, like clear cut. Like here's what I'm going to play, pay monthly. And then once I sat down with my loan officer and he broke down these four components for me, I thought, okay, wow. So my monthly payment is really unique to me based off my needs and these, you know, four components.

Ronnie 00:08:52 Yeah. The only thing that I would add is depending on the structure of your loan, and I don't want to get too in the weeds here, because I believe we'll get into the specifics at another episode, but depending on the structure of your loan and where you actually are buying geographically, there could be one or two additional monthly obligations, but these are the four basics that you're paying. No matter what.

Jason 00:09:14 This is interesting. I looked it up because I love looking up words. And I was like, what exactly does mortgage mean? Where does it come from? Have you done this? Ronnie, are you familiar?

Ronnie 00:09:22 You know, I probably should.

Jason 00:09:25 So you're gonna learn something today. I learned it yesterday. So, so mortgage means dead pledge. So Mort, as you might've guessed like mortuary means death and the gauge is French for pledge, right? So the reason they call it that is that if you stop your payments, the pledge, the land that the person pledged to you, right, that's over, right. It's null and void. Or if you pay off the amount that you owed, then the pledge is also dead. So either way we have a temporary pledge, if you promise to pay me, I'll promise that this land is yours to control the land in the house. So you can think of your loan application as I'm applying for a dead pledge, that at some point, hopefully the reason it dies is that you paid it off, right? It's yours now completely and wholly.

Kelsea 00:10:12 That is dark.

Amy 00:10:12 But it did end on a positive note.

Ronnie 00:10:16 I've learned something. Beautiful.

Jason 00:10:18 There you go. You're welcome. Put that in your head for the next 20 seconds. I'm sure it'll be gone after that.

Amy 00:10:25 So I know for me, Ronnie, when I bought my first home, my biggest concern was what exactly is going to happen next and what is expected of me. So can you give us a little intro into that?

Ronnie 00:10:36 Are you asking specifically, like what goes into applying for a loan?

Amy 00:10:40 Well when I meet with you, what is, what is that meeting called? When I meet with my loan officer, what should I bring?

Ronnie 00:10:46 Yeah. So we, we refer to that meeting as your loan application and, you know, I heard somebody analogize it as it's like a doctor's visit in a good way. If there is such a thing.

Jason 00:11:00 Sometimes those don't go well

Ronnie 00:11:00 No doubt, no doubt. So just imagine a good doctor's visit, right? You're going to fill out a bunch of personal information and then you're going to meet with a licensed loan officer who should get to know you on a personal level, learn about your mortgage needs, learn about your financial goals so that they can best, I guess, prescribe or position a loan product that, that meets those financial needs for you. And that's, you know, on a high level, that's sort of what goes in to the loan application. The more communicative you are with your needs and with your goals, the better your loan officer can position a loan product to best meet those needs. So it's important on the loan officer side to spend a good amount of time upfront, really understanding you and those needs, and then you all can kind of team up and work together on, on, on building out a mortgage around you.

Amy 00:11:50 So you'll ask us the questions. And then from there we'll work on that prescription together. Is that correct?

Ronnie 00:11:57 That is correct. And so you will, in that meeting, once you kind of go through that, you know, meet and greet, get to know you deep dive analysis of financial goals and needs, and then you'll, you'll walk away having signed a loan application for a specific loan product of your choice.

Jason 00:12:12 So not to sound dumb here, but so financial goal, my goal is to buy the house. So help me understand, like, cause we, we were talking before the show, you're like, well, there's a lot more opportunity than just buy the house. And the reason that you want to know them as a person and their financial situation, cause to me, mortgage, I need to get this house. What do I got to do to get that? That's end of story.

Ronnie 00:12:34 Yeah. So goals, a couple of examples, right? The obvious things are, I want my, you know, I have a goal to have a payment, no higher than \$2,500, but there's there's goals outside of just the mortgage itself. Albeit the mortgage can help you achieve those goals if it's built around you. So if you want to be debt free in the next three years, or if you have plans to rent this house out that you're purchasing in the next five years, there's products, there's pricing. There's a way to structure the financing to assist, not just on the payment alone, but on some of the other financial things that you have going on within your household that you're looking to accomplish. And they could be short term goals, they could be long term goals. We're going to want to know what those are in order to help you achieve them. And so the more communicative you can be with your lender and your loan officer, you know, the better they can help you there.

Jason 00:13:19 A lot of folks are probably coming and going it's a, it's a payment question. I was renting for this. I need to be close to this, but you're saying, look, maybe you have a car loan or maybe you say, well actually I think 20 years, we'd like to keep it at 20, not 30. What does that look like? And then sometimes that's not much more than what you are going to be having at 30. So that's a good discussion to have, I think if you're not buying the house by yourself, with the other person that you're buying with going well, what do you think about this? You know, because you don't, it'd be better than the meeting. Although it can happen I'm sure in the meeting with the LO loan officer, but to talk about it a little bit.

Ronnie 00:13:51 A hundred percent. So my brother Mark and his wife, Shelby just closed on a home. And when he called me a couple months ago and sort of asked for some initial advice on, you know, where should he go? What should he do? I pitched him with a couple of questions that he should consider, you know, discussing with Shelby. And part of the questioning process was around their financial goals.

Kelsea 00:14:11 Yeah, I think that's great. I think that's something that not everyone considers, you know, when they, when they are ready and prepared for this appointment. So I know that we had talked about four questions that you say are the best way to prepare for your loan application, you know, in order to take advantage of it and really have the most productive loan application as possible. So it sounds like the, what are your short term financial goals and what are your long-term financial goals are two of those questions. Let's talk about the third one.

Ronnie 00:14:38 Uh, the next question that I would, that I would ask everybody to ask themselves, what's important to you in a mortgage it's super fundamental, but I find

that a lot of people don't think that through what is important to you in a mortgage, low rate, lowest payment, least amount of money out of your pocket are the obvious answers to those questions. But I would invite you to get a little bit deeper, get selfish and really think, right. Do you not want to pay mortgage insurance? Do you need down payment assistance? Is there a niche product based on your profession or your background, do you need a doctor's loan? Do, do you want a VA loan? There's a lot there. And of course your lender, this is their profession will help you navigate that question. But I invite you to kind of see if you can't answer that for yourself before you sit down with your lender, it makes for a really productive conversation.

Ronnie 00:15:32 And so that would be the third question of the four and the fourth one, which I find that many people don't think through is just, what's most important to you in a mortgage company, right? And I'll give you some examples. We have people that are relocating to our markets and they're moving their entire family. They have to get in by a certain date so that their kids can get into a new school. So an on-time closing is a non-negotiable for them. And so that would be really important that your mortgage company can look you in the eyes and say, I can guarantee I can hit this date. And that would be something that would be really important for your mortgage company relationship with your lender. Some folks want a completely online relationship. Some folks want personal touch. They want to know who their lenders, that sort of old school traditional, you know, local bank feel, economic expertise. Do you need somebody that can help you navigate the ups and downs of the economy to help you best make a decision on when to lock in your interest rate, market expertise, servicing ability. I know I'm going to get, I'm getting too in the weeds here, but like there's things that, uh, I invite anybody who's looking to borrow money to think through when it comes to their mortgage companies specifically.

Jason 00:16:40 And we are going to get into rates and rate locks. We're gonna have a whole episode on that. Cause I know that's a question in a lot of people's mind and when will you know what your payment is going to be? We're going to talk about that in some future episodes. Let's take a quick break. And when we come back, we're going to ask Ronnie what's happening behind the scenes. After the loan app is completed, we'll be right back.

Kelsea 00:17:03 Hey, homeowners, it's Kelsea with the New Home Owner podcast. If you ask me the best neighbors you could have are your friends and family send them to [Ryanhomes.com](https://www.Ryanhomes.com) to get in touch with their community sales team or just to browse local communities in their area. That's [Ryanhomes.com](https://www.Ryanhomes.com).

Jason 00:17:23 All right, welcome back. We're here with Ronnie, our mortgage specialist, and he's been walking us through four important questions, uh, when you're thinking about your loan application. So there's some documents and maybe we'll touch on those briefly, but I brought the docs, we filled it out. We've had the discussion we're high fiving, things are good. You take the application and what, you put in a tube and a pigeon carries it off somewhere. I would like to know what happens. I think everyone else would too.

Ronnie 00:17:49 Yeah. The short answer to that is no, that's not what happens. You know, from the application, there's really three steps. There's a submission package that's put together. And this submission package kind of adds color around your financial picture for the underwriter. Who's responsible for saying yes or no to the loan itself. The majority of the time, it's a yes, this is why you're most likely going to see your loan officer taking a boatload of notes in your loan application, because they're going to put together this submission package that like I said takes all the black and white financial docs, and then they're going to build a story around it so they can kind of paint that picture for your underwriters. So that's the first step. There's a submission package put together your loan is submitted and then it goes through a verification process, verifying your identity, employment, income tax returns, your credit what's on there is it all legitimate assets. There's a contract review. So there's a, there's a pretty extensive verification process.

Jason 00:18:47 So while that's happening, I'm not getting phone calls like, Hey, this is all happening. Now we have all the stuff we need based on the, on the loan application.

Ronnie 00:18:55 Correct. Occasionally depending on your financial situation, there might be one or two things that you need to, you need to get to your lender after you make application, but you would know that walking away from the application itself. So this is all behind the scenes. There's really nothing. You've done everything that you need to do as the borrower at this stage of the game. And so that verification process is, is pretty extensive. There's, there's a manual component to that. And then there's also some automated systems that we run all of your financials through. And so that's sort of the second step. The third step is your loan is assigned to a real live human being, an underwriter who's licensed. And they're going to review all of your financials, everything that you gave to your loan officer, they're going to review it, everything that you signed with your home builder, they're going to review that contract as well and ultimately issue you a loan approval.

Jason 00:19:43 Ronnie. I have an idea for you since you're, you know, we're into sports, right? You're, you're built. Second career wrestling, your name, the underwriter. And then when you beat someone, right, you, you like reject them, like not approved, right? There's a whole storyline, I think I can work with, so WWE, if you're listening, let me know and I'll write up some notes, but I, I think that could be your thing.

Ronnie 00:20:07 Ron, The Underwriter Staines.

Kelsea 00:20:11 I'm very impressed you just came up with that.

Ronnie 00:20:14 I'll take it.

Amy 00:20:15 I'm concerned.

Jason 00:20:17 I did watch a lot of wrestling as a kid. I was one of those kids who jumped off the couch and landed on the pillow, nearly killed my sister. Probably.

Kelsea 00:20:25 Well Ronnie, is there anyone else you mentioned the underwriter. Can you kind of tell us a little bit more about who's who on our mortgage team? I know we have our loan officer that's who we're meeting with at the loan application. Is that going to be, you know, our primary contact? Are we meeting anybody else on the mortgage team?

Ronnie 00:20:39 Yeah, let's start with the two customer interfacing roles that these two folks that are, are, are going to be engaging with you as the borrower throughout the entire journey. We'll start there and then we can work on some of the behind the scenes folks. Does that work?

Kelsea 00:20:53 Oh yeah. Sounds good.

Ronnie 00:20:54 Awesome. So the loan officer who you will meet at the loan application, this individual is basically the quarterback of the mortgage. Your LO helps you pick your loan product. They set your rate with you, make sure you understand all of the closing costs that they really handle all of the numbers. And so they sort of run face of the mortgage company. That's number one, your loan processor, who you will meet at the approval is sort of the running back of the mortgage team. This person will work directly with you and the underwriter to get your loan cleared for closing.

Ronnie 00:21:25 They kind of run with and handle all of the paperwork. So we look at them as sort of the, the, the running back of the mortgage team. You will talk to your loan processor equally as much, if not more than your loan officer. So your loan processor is very engaged in this process, for sure. Now behind the scenes, it certainly doesn't just stop there. There's, there's a team of individuals that are working on your

financing for you. And so there's, there's really three main players behind the scenes. The underwriter who's responsible for saying yes or no with regards to the loan, you'll never meet that individual, there's separation for a reason there. And then you have a disclosure specialist who's responsible for the pushing and the pulling of all of the disclosures, making sure they get to you on time. And then they get back to us on time. You'll never meet that individual either. And then the last person,

Jason 00:22:15 That's too many people already.

Ronnie 00:22:17 We keep it to two that you'll have to engage with and interface with. And then I'd say the last teammate, you know, on your lending team would be your loan closer. And they're sorta like mini auditors behind the scenes, making sure that all the money gets to the right place, that all the documents have been accounted for, signed ratified, et cetera. I know that doesn't sound super exciting, but, uh, you've got a team of folks behind the scenes that are working on, um, you know, the logistics, the money, the quality control side of things on behalf of the mortgage.

Kelsea 00:22:45 I like the football references. I'm trying to think who these people behind the scenes are like, are they defense? Special teams?

Ronnie 00:22:53 I like to think of them as linemen. Just sort of in the trenches. Yeah. You know, don't, don't get a whole lot of name recognition, but absolutely essential.

Jason 00:23:01 If they're not there, the, the quarterbacks just smashed on the ground.

Ronnie 00:23:03 He's toast. There's no, there's nothing to pass. There's nothing to hand off. There's nothing to run without your line. It's it's going to be tough to win.

Jason 00:23:10 No, I've, uh, seen a few commercials from various mortgage companies that make it seem like I click a few buttons. I put some stuff in and in like 10 seconds, I've got mortgage approved. Obviously there's a lot of people doing a lot of work. Just talk a little bit about their best interest is, is meet the buyer, right? The person who's going to take on this pledge, this commitment, they're trying to make sure that I'm not getting into a situation. That's not good for me. And I, and there's some history in the U S of bad mortgages being approved, or people saying, yeah, you can do this. No problem. And then two years later, you're totally underwater and never should have given that. So just tell us kind of that you've mentioned some of the checks and balances what's happening and why isn't it 10 seconds, like on the commercials.

Ronnie 00:23:53 Yeah. So it certainly can be fast. You can get, what's referred to in the mortgage industry as an automated underwriting approval, you can get that the same day. And so every single one of our borrowers is actually going to go through that automated underwriting process. And so when I'm sitting down for my loan application, that individual, that loan officer can hit submit, and it spits back an automated underwriting approval right then and there. So you'll know if it's, if it meets the guidelines, but it's not as black and white as that. And so, you know, our approach to the business at NVR Mortgage is that we want to go through the automated underwriting process as well as the physical underwriting process. And so it's kind of our business strategy. If you will, you will eventually get the loan in front of an underwriter. It's just a matter of, do you do it at loan application or do you do it right before closing? So we choose to do all of that grunt work the manual piece in addition to the automated piece upfront. But I could tell you, Jason, if we sat down, went through the, you know, your financials, picked a loan product, I could hit submit and tell you that you're, you're approved

Jason 00:24:57 That's good. I hate waiting. I'd like to know right away.

Kelsea 00:25:00 See, I think I would prefer the peace of mind.

Jason 00:25:03 Well, I'd like that too. Can I, can I have my Chinese food delicious, fast and cheap?

Ronnie 00:25:09 There's no reason why, you know, your loan officer can't tell you that, Hey look, everything looks great. You know, I've got all, everything that I need. It's gone through the automated system it's been approved. You know, the next piece is to get it in front of an underwriter, just to, for the final piece.

Amy 00:25:22 You know, last week, we talked with our sales rep Valli, a lot about how our customers have a team of consultants working for them and how the sales rep will stay with them the whole time. And it sounds like this NVR Mortgage team you're referencing is the same premise. You'll be with the customer the entire time and see them from kickoff to the end of the game.

Ronnie 00:25:42 Well, 100%. And yea, I had listened to that episode. And some of the stories that Val told about being there at the closing table, handing the keys, we take equally as much pride in being there on, on really the day that you're paying us for, right? Is that closing day where we can hand you the keys. That's the desirable product. There's, there's nothing really that desirable about borrowing \$400,000. We just like the fact that we can be a part of that journey with you and hand you the keys and know

how emotional of a day that is. And so we take a ton of pride in making sure we're there for the high fives, for the hugs, and it makes the job absolutely worth it.

Jason 00:26:17 Well, and it is cool that you can, a regular person with a job can borrow money. Now, I mean, you think about a hundred years ago, you had to save it up or someone had to give it to you and you had to rent forever, or to be like, uh, you know, someone's ward 500 years ago, you worked for the king and like here grow some crops and maybe I'll give you like 10 bucks a month. Now you can be your own person. And so it's, it's an industry and it's a process that, that can take some time and some work, but man is the payoff worth it. And you get to control that house. That payment can stay the same. You know, if you want to lock it in for 30 years, that's not going up. Inflation goes up and it doesn't matter. Your payment is, and you can sell when you want to sell. That's was pretty cool. I think that's, that's a huge benefit. Absolutely. So you said there's possibility. There's the automated, Hey, looks, everything looks good. And there's the underwriter. What, how many weeks are we talking before? It's a definite yep. We're good. Start digging the hole and building the house.

Ronnie 00:27:12 So from the application, I like to tell people, you should expect a fully underwritten approval within 30 days of your application. That does move with loan volume. Currently, I think we average 20 days pre refinance, boom, which, you know, there's a lot of, there's a lot of refi and a lot of action going on right now, but pre refinance, boom, that was, we averaged 13 days. So it moves, but it should be within 30 days of your application. Now, do you have to wait on pins and needles and wonder if this house is really going to happen? No, like I said, your loan officers should be helpful to look at you at the end of your loan application and say, Hey, rest assured, everything looks fantastic. I've got everything I need, you qualify. I've run it through the automated underwriting system. You've got an approval here. We just got to go through that verification and manual underwrite, which we like to do upfront. So there are no surprises down the road.

Jason 00:28:05 So once I have that? I could go out and just buy a new car, maybe a stock up on some baseball cards. The rare ones that are super pricey. Ronnie, is this, is this a good idea?

Ronnie 00:28:14 Yeah. I would say no to that. You got to think you provide your bank statements. We pull your credit and that, but that is a snapshot in time. And so that's how you're approved. And so we'd like to keep everything the same, if not better your financial situation. And so I wouldn't advise you to go buy some rare baseball cards or a new car or anything like that.

Jason 00:28:36 Groceries are good. You go out to dinner, that's fine. Just leave your boat dreams to a later date. Yes, yes. You know what boat stands for? Right. Bust out another thousand. That's what my uncle told me. He owns a boat.

Amy 00:28:50 Never heard that before.

Jason 00:28:52 Bust out another thousand. Cause it's, you know, maintenance and stuff.

Ronnie 00:28:55 Sure. No, I get it.

Jason 00:28:56 All right. So let's, let's wrap it up with the tip. You mentioned something about credit card balances and, and you know, most of us have some of those. How should we be thinking about that? And what advantages would we gain if we could sort of get that under control? Uh, either, you know, right now, or as we get closer to settling on the house or in on the mortgage.

Ronnie 00:29:12 Yeah. So I'm going to give you a tip on revolving credit. So these are, these are credit cards specifically, and the tip is geared towards helping you maximize your point potential. If you're not in this range, that doesn't mean you're negatively impacting your credit. But if you want to get a hit with the most positive points, as far as your credit score is concerned, here's the tip, know what your max limit is. And you only want to put 10% of your limit on your credit card.

Jason 00:29:41 So if my limit is 10,000, I want to be at a thousand,

Ronnie 00:29:45 Never put more than a thousand dollars.

Jason 00:29:48 If I can help it

Ronnie 00:29:49 If you Can help it.

Jason 00:29:50 And if I'm not there, it doesn't mean I'm rejected. Just means might cost a little bit more if I can get down to there, ideal

Ronnie 00:29:55 Correct. You know, credit reevaluates on average every 30 days. So if you're above that 10% threshold, you pay it down. It re scores. Next month you get hit with positive points.

Jason 00:30:06 Quick question. What if I paid it off, cancel it and cut it up. Good or bad.

Ronnie 00:30:10 Good. And you could still help yourself. And so what I mean by that is to have no balance. You're not hurting yourself at all there to cut it up. You won't

spend any money and you won't go above this threshold also positive. Just don't cancel it because available credit to you is a good thing

Jason 00:30:26 Ah, cut versus cancel. Okay. Got it. Got it. I was thinking cancel when I said cut, but you're right. If I just cut it, I can't use it, but I'd actually have to call to cancel the card anyway, so correct. Gotcha. I'm sure there's a lot more tips like this. We're going to dive into those in some later episodes, but just so you know, cause right off the bat, like it's next day, like I got great credit. Everything's good. Just got approved for the house. Let's go buy some more stuff. Totally understandable. Don't do that. Don't do that. Don't do it. I'm sure the loan officers tell people that as well. You'll get a reminder. Don't bust out another thousand. Don't bust out another thousand. Keep that thousand in your pocket. Okay. This is a great spot to stop. Ronnie. Thank you for coming in today.

Jason 00:31:06 Uh, we'd love to have you back maybe later, episode to, to talk more about the mortgage process. Thank you very much.

Ronnie 00:31:12 Thanks for having me guys.

Jason 00:31:13 Yeah, absolutely. In the next episode, we're going to talk about how to make your interior design selections and talk about the most common design questions that we hear from buyers. Plus we'll have some very helpful tips from our design specialist. This team literally spends all day every day, thinking about interior design, working on interior design, swapping products out as they get better or trends change. It's amazing what they do. I'm bad at it. I'm not good at it. I admit it whenever we want to redo a room, I just say pick it. I don't care. I'll pay for it, but you got to go figure out the colors and what should be here, but that's what these guys do.

Jason 00:31:48 And we're going to talk all about that. That's a very fun part of the process. So we'll um, hopefully hear you guys or see you guys, or you can listen to us next week or at the next episode, if you want to just keep on rolling. Be sure to subscribe to the podcast, to stay in the loop with future episodes and visit newhomeowner.com to submit any questions or topics for future episodes. We'd love to hear from you. If you have a friend who's looking for a new home, please share the podcast with them. And that way they'll know what to expect as a new home buyer. I think it can give people some confidence and check out Ryanhomes.com for communities that are in your area. We'd love to talk to you. Thanks a lot. See you later.