

Published based on [First Mortgage: First Mortgage Trusts](#)

# **First Mortgage: First Mortgage Trusts**

When it comes to lifetime markers getting a [first mortgage](#) is a major event. With a mortgage you're magically transformed from occupant to owner and from tenant to titleholder. Applying for a mortgage used to be seen as a battle of sorts, a competition where the only winners were those who sold headache remedies and paper by the truckload. But now finding the right mortgage is faster and easier than ever -- but only if you know how to make the system work for you. If you compare loan applications today with the ordeals of even ten years ago you can see a marked difference.

It used to take days if not weeks to obtain a credit report. Meanwhile a mortgage lender could not act on a loan application because information regarding debts and credit history were simply missing so loan processing times have been greatly compacted. In 1995 both Fannie Mae and Freddie Mac said local lenders should use the credit scoring system developed by industry-pioneer Fair Isaac to evaluate consumer credit. With credit scoring, a rigorous mathematical profile drawn from a huge number of credit reports is used to measure credit history -- and thus predict future credit behavior. Credit scoring benefits borrowers because it measures how credit is handled, not how much income is earned. You can be rich and have low credit scores; conversely you can be poor and have excellent credit. In practice, the higher your score the lower your rate.

Many mortgage loan programs no longer require income and employment verifications, the physical process of confirming wages and jobs. A growing number of loan programs do not require individual appraisals -- instead lenders can use automated valuation systems based on tax records and past sales to show the worth of many properties. Automated appraisals are faster and less expensive when available; however they are not obtainable for all properties. The underwriting system itself has been automated. A conditional lending decision can often be made within an hour of receiving an application. Lending has gone online. The old advice used to be that borrowers were well served by checking with three or four lenders for the best loans; now it's possible to compare huge numbers of lenders within minutes. The result is that mortgage lending has become more competitive -- good news for borrowers.

Despite the growing use of computers and electrons however, the fact remains that borrower participation is still required. Essentially your job is to make sure lenders have application information which is complete and correct. If there are errors in the application you may suddenly face expensive and steeper mortgage costs. Your lender will supply you with a preliminary loan application showing income, assets, debts and required monthly payments. Much of the application is produced electronically from information received by credit reporting agencies -- but before signing anything go through this application line-by-line to make sure all data is current and correct. Since you know the lender will be providing an application for your review, you can speed the underwriting process by preparing your financial data in advance.

First, make a list of all assets. You want to show the balances or fair market values for all IRAs, stocks, bonds, mutual funds, checking accounts, real estate, pensions and cars and other major assets. You also want to list account numbers and contact information. Second, make a list of all debts. You want to include all credit cards, car loans, student debts, mortgages, etc. As with assets, show account numbers and contact information for each liability. In addition, but sure to list required monthly payments for each debt. What you now have is a handy financial planning tool. It tells what you have, what you owe and how much you're worth (assets less debits equal you're net worth). Because there are account numbers, contact information and such, this is good information to keep with wills and living wills. Also, if you enter this information onto a spreadsheet, it's easy to update and keep current.

Learn more about [Obama Mortgage Relief Plan Qualifications](#).

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