Four mortgage questions every agent should ask

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Real estate agents must know the ins and outs of buying and selling a home, yet sometimes it can feel like agents and lenders speak different languages.

It helps when agents understand the finer points of the lending side. As a lender who specializes in home loans for millennials and other first-time homebuyers, I know a brief education can help agents and their clients navigate the mortgage process, avoid pitfalls and keep the sale on track.

In other words, a little "lender speak" makes everyone more "well-rounded."

Here are four important mortgage questions every real estate agent should ask when working with a lender.

I received a pre-approval letter for/from a buyer, but has the loan been run through an AUS system? An Automated Underwriting System, or AUS, helps to determine the loan eligibility and conditions (documentation, etc.) that the borrower must meet. The AUS is a requirement for all loans backed by either Fannie Mae or Freddie Freddie Mac, which is more than 75% of all loans. What's more, underwriters use an AUS as a guide and roadmap to approve the loan.

Is the condo complex warrantable? Condos have their own set of regulations because lenders view them as a higher risk. Why? As an owner, you rely on other unit owners to maintain their places and pay condo association fees.

If you plan to finance a condo, you need to know if the condo project/building is considered warrantable (follows guidelines for Fannie Mae, Freddie Mac, FHA, VA, etc.). If a property is not warrantable, the buyer will have a tougher time with financing.

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Examples that make a condo warrantable include:

- 51% of all units in the entire development have owner occupants.
- No more than 15% of the current unit owners are delinquent in payment of homeowners dues.
- No one individuals/entity may own 10% or more of the units in the condo development.

Lenders will require the property manager to complete a condo questionnaire to determine if a condo is warrantable.

What makes VA appraisals different from conventional appraisals? VA loans require appraisers to be certified and approved through the Veterans Administration. VA appraisals also have different property requirements, guidelines and documentation than conventional appraisals. For example, all VA appraisals must note any evidence of wood destroying insect infestations, fungus growth and dry rot.

My client wants to buy/sell a flipped property. Will the property be approved for financing? Before you buy a property, do your research on how long the property has been titled. Most lenders will not accept a property titled less than 91 days.

If you plan to buy a property so you can flip it, the title may also impact the financing a buyer can receive. For example, the FHA loan has strict rules for financing a recently-flipped property. The FHA will only finance a property titled more than 90 days. You will also need a second appraisal to confirm additional value. ~