Mortgage 101 Guide

ProCoaching Infinite Resources

Components of a Mortgage

- Mortgage Approval
    - Qualifying for a mortgage requires meeting a predetermined set of guidelines established by a lender, which may include credit history, income, employment and assets.
    - In addition to personal qualifying factors, a property must also meet certain standards set by lenders before a borrower can obtain a mortgage loan secured by real estate.
- Mortgage Payments
    - On a traditional 30 or 15 years fixed rate mortgage program that involves principal and interest, each payment made is divided into two parts
        - The first part of the mortgage payment, which is commonly referred to as principal, goes to paying down the initial amount borrowed.
        - The second part is the interest paid for the money borrowed to purchase the property.
    - The amount paid in interest decreases each month, as the amount paid towards the principal balance increases. This apportioning is referred to as amortization.
    - Other types of mortgage payments available can include options for

© 2025 ProCoaching Infinite | Infinite Labs



paying interest only or a teaser rate.

  - Either way, it is extremely important to have a solid understanding of the full payment and terms before moving forward with a particular option.

- Mortgage Programs
  - Mortgage Programs come in many different types of flavors and colors depending on the down payment and/or monthly budget a borrower has been approved for.
  - There are also federally insured mortgages, such as FHA or VA loans, which have more flexible qualifying guidelines.
- Closing Costs / Fees
  - The actual cost of obtaining a mortgage mainly depends on whether or not the borrower is paying points for a lower mortgage rate. In some cases, there are also other loan processing and underwriting fees associated with the work involved in the transaction.
  - Fortunately, there are several consumer protection policies implemented by the government to help borrowers understand their options during the initial mortgage pre-qualification process. However, please keep in mind that there may be other closing costs not associated with a mortgage or real estate transaction to be aware of. Appraisal, pre-paid property taxes, insurance and interest, HOA dues and inspections are a few additional out-of-pocket expenses you should

© 2025 ProCoaching Infinite | Infinite Labs

budget for.

- Mortgage Rates
    - While mortgage interest rates may change several times a day, there are a few market factors you can pay attention to which may impact your final payment.
    - Whether you're shopping for the best rate, or trying to determine the difference between the Note Rate and APR, it definitely helps to understand what questions to ask a mortgage lender about your specific loan scenario.

Mortgage & Title

Common Claims Title Insurance Protects Against

- Unpaid property taxes
- Supplemental taxes assessed after closing
- Mistakes in the interpretation of wills or other legal documents
- Impersonation of the owner
- Forged deeds, mortgage releases, etc.
- Instruments executed under fabricated or expired powers of attorney
- Deeds delivered after death of seller or buyer
- Wills not probated

© 2025 ProCoaching Infinite | Infinite Labs

- Deeds or mortgages by those mentally incompetent or of minor age (or with an incorrect marital status)
- Other lack of competency, capacity or legal authority of a party
- Undisclosed or missing heirs, including birth or adoption of children after date of will
- Mistakes in the public records
- Legal confusion from name similarities
- Transfer of title through foreclosure sale when requirements of foreclosure statute has not been strictly met
- Deed not joined in by a necessary party (co-owner, heir, spouse, corporate office or business partner)
- Undisclosed (but recorded) prior mortgage or lien
- Undisclosed (but recorded) easement, right of access or use restriction
- Erroneous or inadequate legal descriptions
- Deed not properly recorded
- Off-record matters, such as claims for adverse possession or prescriptive easement
- Deed to land with buildings encroaching on land of another
- Incorrect survey

© 2025 ProCoaching Infinite | Infinite Labs

- Silent (off-record) liens, such as mechanic’s or estate tax liens
- Pre-existing violations of CC&Rs
- Post-policy forgery
- Location and dimensions of insured land

© 2025 ProCoaching Infinite | Infinite Labs