



## **What Can Upset An Otherwise Smooth Loan Process:**

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It is the wise client that prepares for problems before they happen! Here are some challenges we run into in the course of working on loans that keep us very busy every day! Since no escrow is closed until it is funded and recorded, the following items are potential roadblocks.

With years of experience, we are armed with the tools to overcome each and every problem mentioned here. In the following descriptions, we placed an estimated time delay next to each problem. The ones with asterisks (\*) are potential deal-killers.

### **BROKER AND LENDER (Brokers send loans to lenders):**

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|--|----------------------|
| 1. Broker or lender does not properly pre-qualify borrower | DELAY:<br>2 wks or * |
|--|----------------------|

### **LENDER:**

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|--|------------|
| 1. Decides last minute they don't like the borrower  | 2 wks or * |
| 2. Decides last minute they don't like the property  | 2 wks or * |
| 3. Wants the property repaired or cleaned prior to close   | 1-3 wks    |
| 4. Raises rates, points or costs   | 2 wks or * |
| 5. Requires another appraisal or re-appraisal  | 2 wks or * |
| 6. Loses documents which must be resubmitted   | 1-3 wks    |
| 7. Does not simultaneously ask for info and documents from the borrower, rather in bits and pieces | 1-4 wks    |
| 8. Do not move promptly to subordinate existing loans  | 1-3 wks    |
| 9. Too busy and not enough workers   | 1-4 wks    |

### **BORROWER:**

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|---|--------------|
| 1. Does not qualify because of late or new information  | 2 wks or *   |
| 2. Does not like fine print in the loan documents that are received 3 days before funding and recording | 3 days or *  |
| 3. Did not tell the truth on the loan application   | 2 wks or *   |
| 4. Did not tell the truth to the real estate agent  | 2 wks or *   |
| 5. Fails to submit requested documents in a timely manner   | 3 wks        |
| 6. Lacks motivation or goes on vacation   | 1-2 wks or * |
| 7. Source of down payment changes   | 1 wk or *    |
| 8. Family members do not like the property  | 1 wk or *    |
| 9. Is too picky regarding conditions  | 1 wk or *    |
| 9. Finds another property that is a better deal   | 1 wk or *    |
| 10. Is always negotiating   | 1 wk or *    |
| 11. Brings an attorney into the picture   | 2 wks or *   |
| 12. Does not execute paper work in a timely manner  | 3 wks or *   |
| 13. Does not deliver deposit in required form   | 1-2 wks      |
| 14. Job change, illness, divorce, financial setback   | 3 wks or *   |
| 15. Comes up short on money for reserves  | 1 wk or *    |
| 16. Enters into another loan process, simultaneously without communicating to either lender             | 1-3 wks or * |
| 17. Make a major purchase using credit  | 1 wk or *    |



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|-----|--|--------------|
| 16. | Does not obtain insurance in a timely manner             | 1-4 wks      |
| 17. | Leaves town without giving anyone power of attorney      | 1-4 wks      |
| 18. | The notary did not make a clear stamp                    | 3 days-1 wk  |
| 19. | Challenges the appraisal                                 | 1-3 wks      |
| 20. | Fails to tell lender/broker about litigation in progress | 1-3 wks or * |

**ESCROW:**

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|----|--|-----------|
| 1. | Fails to notify agents of unsigned or unreturned documents, so agent can cure  | 1 wk or * |
| 2. | Fails to obtain information from beneficiaries, lien holders, title companies, insurance companies or lenders in a timely manner | 1 wk or * |
| 3. | Lets principals leave town without getting all necessary signatures  | 1-2 wks   |
| 4. | Incorrect interpretations of transactions or assumptions then incorrect items given to lenders, attorneys, buyers and sellers    | 1 wk or * |
| 5. | Too busy and not responding in a timely manner   | 1-3 wks   |
| 6. | Loses paper work (sometimes originals)   | 1-3 wks   |
| 7. | Incorrectly prepares paper work  | 1-3 wks   |
| 8. | Does not pass on valuable information fast enough  | 1-4 wks   |
| 9. | Does not coordinate well so items are completed simultaneously   | 1-4 wks   |

**SELLER:**

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|-----|--|-------------|
| 1.  | Loses motivation (job transfer did not go through...)                                      | 1 wk or *   |
| 2.  | Illness, divorce, etc.   | 1 wk or *   |
| 3.  | Has hidden defects that are discovered   | 1 wk or *   |
| 4.  | Unknown defects are discovered   | 1 wk or *   |
| 5.  | Home inspection reveals average amount of small defects that seller is unwilling to repair | 1 wk or *   |
| 6.  | Gets an attorney involved  | 2 wks or *  |
| 7.  | Removes property from the premises that the buyer believed was included                    | 1-3 wks     |
| 8.  | Is unable to clear up problems or liens  | 1 wk or *   |
| 9.  | Last minute solvable liens are discovered  | 1-3 wks     |
| 10. | Did not own 100% of property as previously disclosed                                       | 1 wk or *   |
| 11. | Thought partners' signatures were "no problem"   | 1 wk or *   |
| 12. | Leaves town without giving anyone power of attorney  | 1-4 wks     |
| 13. | The notary did not make a clear stamp  | 3 days-1 wk |
| 14. | Delays the projected move-out date   | 1 day or *  |

**ACTS OF GOD:**

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|----|---|-----------|
| 1. | Earthquake, tornado, fire, slides, etc. | 1 wk or * |
|----|---|-----------|

**THE APPRAISAL:**

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|----|--|-----------|
| 1. | The appraiser is not local and misunderstands the market | 1-3 wks   |
| 2. | No comparable sales are available                        | 1 wk or * |
| 3. | Delays the appraisal because too busy                    | 1-3 wks   |
| 4. | Incorrect appraisal and must be done again               | 1-3 wks   |



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|---------------------------------|---|--------------|
| 5.                              | Appraisal too low and lender must review  | 1 wk or *    |
| <b>INSPECTION COMPANY:</b>      |   |              |
| 1.                              | Too picky   | 1 day or *   |
| 2.                              | Scares the buyer  | 1 wk or *    |
| 3.                              | Infuriates the seller   | 1 wk or *    |
| 4.                              | Makes mistakes  | 1-3 wks or * |
| 5.                              | Delays report   | 1 wk or *    |
| <b>TITLE COMPANY:</b>           |   |              |
| 1.                              | Does not find liens or problems until last minute                                       | 1 wk or *    |
| 2.                              | Does not bend the rules on small problems   | 1-3 wks or * |
| 3.                              | Poor service, too busy to complete required tasks                                       | 1-3 wks      |
| 4.                              | Loses paper work  | 1-2 wks      |
| <b>HOMEOWNERS ASSOCIATIONS:</b> |   |              |
| 1.                              | Does not submit required documents in a timely manner                                   | 1-2 wks      |
| 2.                              | Will not release documents until borrower pays a small fee                              | 1 wk         |
| <b>EMPLOYERS:</b>               |   |              |
| 1.                              | Do not respond promptly to Verification of Employment requests, in writing and verbally | 1 wk         |
| <b>REALTORS:</b>                |   |              |
| 1.                              | Inexperienced residential realtors who try to do commercial loans and vice versa        | 1-3 wks or * |
| 2.                              | Too busy, so do not complete required duties  | 1-3 wks or * |

Catalyst Funding creates relationships for life. We work as a team because everyone, including our clients and friends, are able to achieve more. We appreciate the time you took to read and understand the challenging time between application and close. It is important because a transaction cannot close until escrow has cleared up all of the previously mentioned problems. You play an important role in getting the process done on time.