

90 Types of Turbulence

Things That Might Go Wrong During Your Transaction

The Buyer/Borrower:

1. Does not tell the truth on loan application.
2. Has recent late payments on credit report.
3. Discloses additional debt after loan application.
4. Borrower loses job.
5. Co-borrower loses job.
6. Income verification lower than what was stated on loan application.
7. Overtime income not allowed by underwriter for qualifying.
8. Applicant makes large purchase on credit before closing.
9. Illness, injury, divorce or other financial setback during escrow.
10. Lacks motivation / delays getting documentation to Lender.
11. Gift donor changes mind.
12. Cannot locate divorce decree.
13. Cannot locate petition or discharge of bankruptcy.
14. Cannot locate tax returns.
15. Cannot locate bank statements.
16. Difficulty in obtaining verification of rent.
17. Interest rate increases and borrower no longer qualifies.
18. Loan program changes with higher rates, points and fees.
19. Child support not disclosed on application.
20. Bankruptcy within the last two years.
21. Mortgage payment is double the previous housing payment.
22. Borrower / co-borrower does not have steady two-year employment history.
23. Borrower brings in handwritten pay stubs.
24. Borrower switches to job with a probation period.
25. Borrower switches from job with salary to 100% commission income.
26. Borrower / co-borrower/seller dies.
27. Buyer is too picky about property in price range they can afford.
28. Buyer feels the house is misrepresented.
29. Veterans DD214 form not available.
30. Buyer comes up short of money at closing.
31. Buyer does not properly "paper trail" additional money that comes from gifts, loans, etc.
32. Buyer does not bring cashier's check to title company for closing costs and down payment.

The Seller:

33. Loses motivation to sell (job transfer does not go through, reconciles marriage, etc.).

34. Cannot find a suitable replacement property.
35. Will not allow appraiser inside home.
36. Will not allow inspectors inside home in a timely manner.
37. Removes property from the premises the buyer believed was included.
38. Cannot clear up liens – is short on cash to close.
39. Did not own 100% of property as previously disclosed.
40. Encounters problems getting partners' signatures.
41. Leaves town without giving anyone Power of Attorney.
42. Delays the projected move-out date.
43. Did not complete the repairs agreed to in contract.
44. Seller's home goes into foreclosure during escrow.
45. Misrepresents information about home and neighborhood.
46. Does not disclose all hidden or unknown defects and they are subsequently discovered.

The Realtor(s):

47. Has no client control over buyers or sellers.
48. Delays access to property for inspection and appraisals.
49. Does not get completed paperwork to the Lender in time.
50. Inexperienced in this type of property transaction.
51. Takes unexpected time off during transaction and can't be reached.
52. Misleads other parties to the transaction.
53. Does not do sufficient homework on their clients or the property.

The Lender(s):

54. Does not properly pre-qualify the borrower.
55. Wants property repaired prior to closing.
56. The market raises rates, points or costs.
57. Borrower does not qualify because of a late addition of information.
58. Lender requires a last-minute second appraisal or other documents.
59. Lender loses a form or misplaces entire file.
60. Lender doesn't simultaneously ask for all needed information.
61. Lender doesn't fund loan in time for close.
62. Changes in Fannie Mae guidelines affects the borrower's ability to qualify [vs. old rules] or the tolerance level allowed in the new GFE and HUD are off

The Property:

63. County will not approve septic system or well.
64. Termite report reveals substantial damage and seller is not willing to fix.
65. Home was misrepresented as to size and condition.
66. Home is destroyed prior to closing.
67. Home is not structurally sound.
68. Home is uninsurable for homeowner's insurance.
69. Property incorrectly zoned.
70. Portion of home sits on neighbor's property.
71. Unique home and comparable properties for appraisal difficult to find.

The Escrow/Title Company:

72. Fails to notify lender/agents of unsigned or unreturned documents.
73. Fails to obtain information from beneficiaries, lien holders, insurance companies or Lenders in a timely manner.
74. Lets principals leave town without getting all necessary signatures.
75. Loses or incorrectly prepares paperwork.
76. Does not pass on valuable information quickly enough.
77. Does not coordinate well, so that many items can be done simultaneously.
78. Is not flexible on small problems.
79. Finds liens or other title problems at the last minute.

The Appraiser:

80. Is not local and misunderstands the market.
81. Is too busy to complete the appraisal on schedule.
82. No comparable sales are available.
83. Is not on the Lender's "approved list."
84. Makes important mistakes on appraisal and brings in value too low.
85. Lender requires a second or "review" appraisal.
86. Appraisal Not Disclosed per HERA

Inspectors:

87. Pest inspector not available when needed.
88. Pest inspector too picky about condition of property.
89. Home inspector not available when needed.
90. Inspection reports alarm buyer and sale is cancelled.