

FINANCIER\$

Mortgage Group, Inc.

25 Years Old and Counting! - "The approval experts"™ since 1984

INFO NEEDED AT LOAN APPLICATION

Although different loan types require different levels of information these are the basic requirements for a **FULL DOCUMENTATION** loan. Your loan type may not require all of this information, so look at this as a worst case scenario.

Xpress Processing!

IT'S AS EASY AS 1-2

1 months paystubs &

2 years W2s (or 1099s) & bank/asset statements

1. We will need a signed copy of your SALES

CONTRACT. We can work off an unsigned copy, but we need a completed contract before we can get loan approval. We will also need a copy of the canceled EARNEST MONEY CHECK to prove you actually paid the earnest money.

2. There is a small amount of MONEY needed prior to

closing. This is not extra money, it is part of the closing cost estimate you were/will be given. You will need to pay for your credit report and someone will need to pay for an Appraisal in advance. Depending upon how the contract is written the Seller may be paying for Appraisal.

3. The underwriter will be looking carefully at your

address stability so we need your ADDRESS history, with no gaps, for the past 2 years including your landlord(s) MAILING ADDRESS(ES). Canceled rent/mortgage checks for the past 12 month period eliminate most problems that could be encountered here.

4. Copy of the last 3 months BANK STATEMENTS.

(We need 2 statements on all depository institutions that only send quarterly statements) We need copies of all pages except the canceled checks (please don't have any NSF checks!) The Underwriter (UW) will be looking for your ability to manage your money and will be asking you to document any large non-payroll deposits.

5. DOWNPAYMENT, CLOSING COSTS AND YOUR RESERVE CASH

(typically 2 months house payments) will need to be verified as being in your bank account prior to loan approval. If the funds for closing aren't available at time of loan application, please tell us so that we can hold the deposit verification until funds are available, this could delay the processing which would also delay closing. Bring mailing addresses, account numbers and current balances for all Deposit Institutions.

If any portion of the downpayment or closing costs is a GIFT,

we may need to verify the gift. Gifts may seem great to you, but an UW looks at it quite differently. To an underwriter it is proof you couldn't manage your money well enough at your old house payment and debt load to live and save the necessary money. UWers are paid to wonder how well you will be able to manage the new (probably higher) house payment. In other words, the UW will view a gift as a negative and look more carefully at your income and credit history. If you are weak in one area you must be strong in all other areas.

6. EMPLOYMENT (& income) Once again stability is the main factor so furnish information for the last 2 years, with no gaps, along with employer MAILING ADDRESSES.

7. Present MONTHLY INCOME. We need your most

recent, computer generated, paystub showing Year To Date income. (don't get a computer generated pay stub with YTD info? - call us there are alternate verifications) We will also need to you send us all future pay stubs you receive between loan application and closing. The UW will be looking for the "consistent" income stream that is available to pay the "consistent" house payment so lets look at the documentation needed on different types of income.

TYPES OF INCOME:

HOURLY & SALARIED - please furnish copies of your W-2s for the last 2 years (one to a page). We can definitely count as consistent income whatever your company verifies as your minimum work week or base salary. Anything else may have to count as Bonus or Overtime.

COMMISSIONED - FHA/VA/FNMA/FHLMC all require complete tax returns for the last 2 years (with an original signature so sign a copy in blue or red ink). We will need to establish the "regularity" of your income stream. If you have high enough credit scores and have good money & stability factors we can usually delete the need for tax returns. There are financing &/ or processing types that do away with this requirement altogether.

UWers are looking for an income STREAM, not isolated events so typically they will look favorably on minimum income figures instead of the maximums. A 2 year average is the preferred figure to use.

SELF-EMPLOYED - please furnish complete personal tax returns for the last 2 years (& possibly corporate returns if you own 25% or more of the company) plus a current P&L statement and balance sheet **prepared by an accountant.** (as a general rule of thumb only the Adjusted Gross Income [line 31 of your tax return] will count towards income qualification.) We can add back in any write offs that were not actually out of pocket expenses or one time expenses such as Depreciation &/or large purchases. If you have high enough credit scores and have good money & stability factors we can usually delete the need for tax returns. There are financing &/or processing types that do away with this requirement.

BONUS/OT - your Bonus/OT income figures will be averaged unless your company will report a definite bonus/OT figure for future income or show that your bonus/OT has been changed and will guarantee the higher figure. For a bonus to qualify as income, the manual says the bonus cannot be based upon performance or company profits. Both Bonus and OT income must be stable and recurring to count as qualifying income. The ideal bonus will be paid monthly, have a history and be guaranteed. With proper documentation even a less than ideal bonus/OT income can be counted.

SECOND or PART TIME JOBS - due to the fact that a 2nd or Part time job is not the norm the UW will

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want you to have a minimum of 1 year on the PT job plus have a history of working a 2nd or part time job. Even with this history they may still want to only count a percentage of your PT income. Look at it from their perspective, the house payment will go on for 30 years, will your PT job?

ADDITIONAL INCOME - bring proof of this income along with the terms of continuance. The UW will be looking for proof OTHER income will last 3 years or more.

INTEREST or DIVIDEND INCOME - the UW will need to see a 2 year average from your 1040. Is any of this money to be used for your downpayment? If so this income will need to be reduced accordingly.

RENTAL INCOME - The Underwriter knows there are expenses to owning a rental property therefore to arrive at the net qualifying income they will count only 75% of the income and subtract 100% of the PITI payment. We will need a copy of the lease.

EXAMPLE:

\$1,000 monthly income X 75% = \$750 - \$620 PITI payment = \$130 net rental income. Alternatively you can furnish 2 years tax returns showing a higher income, but once you do that any information on your tax return is part of the loan. This is usually not a good thing!

CHILD SUPPORT must be able to be documented. Documentation is usually canceled checks or court records. Needs to continue for 3 years or more.

NOTES RECEIVABLE - We will need a copy of the note evidencing a minimum of 3 years remaining and evidence that the income has been received for the past 6-12 months.

8. To verify the accuracy of the credit report (most are wrong) we need a list of your CREDITORS along with mailing addresses, account numbers, minimum monthly payments and balances. Copies of your last month's statements are the ideal way to furnish this and answer any questions that may arise.

If applicable, we will need complete copies of bankruptcy papers. We may also need copies of divorce decrees if either party has had a divorce. This would show any contingent liabilities such as child support and, hopefully eliminate problems arising from erroneous credit reports.

Just for your information, Installment loans with less than a 10 month balance do not have to be counted as a debt on Conventional loans, but you must count all Revolving accounts even if they are paid off monthly. FHA counts Installment debts unless they last less than 12 months & the payments are less than \$125 which can be a significant detriment when compared to Conventional guidelines. FHA & VA also count all Revolving accounts even if they are paid off monthly. FHA counts all debts of the spouse even if you are doing a loan in the husband/wife's name only.

9. Show your ABILITY TO ACCUMULATE WEALTH & MANAGE MONEY with:

Estimate the replacement value of all household goods and personal items. (a good starting place is \$4,000 per room, or in other words, the cost to buy not the garage sale value. Don't forget your closets and the garage!)

Make, model and present value of all vehicles owned including boats and motorcycles.

Bring copies of titles if they are less than 3 years old and owned free and clear. Leased vehicles count as a debt, but not as an asset.

Face amount and cash value, if any, of life insurance.

Name, quantity, identification numbers and cash value of all stocks and bonds.

Statements on IRA's, Keogh's, 401k's as well as retirement funds and the % vested.

10. Information on all OTHER REAL ESTATE owned. (mailing address, mortgage balance & loan numbers)

IMPORTANT!

Here are 5 requests we need to make of you:

1. Please pay all your bills in a timely manner! A late payment at this stage could cause your loan to be rejected!

2. Do not make any new loans or charge on existing creditors! A new loan or an increased loan balance at this stage could cause your loan to be rejected! Retire your credit cards until after your home loan closes. If closing funds are tight be especially careful of 30 day accounts such as American Express. If you absolutely must make a large purchase please talk to us beforehand.

3. Don't even allow anyone to pull your credit! Credit pulls can lower your credit score by 8-10 points for each credit pull which can cause your interest rate to rise or even cause you not to be qualified for a loan.

"No payments till a certain date" loans give you a credit pull plus are reported to the credit bureau as active loans with payments. Therefore they count as debts and affect your qualifying ability.

4. DO NOT GO OUT & BUY FURNITURE! Many times we have seen people buy furniture or put it on layaway only to find they do not qualify for their new home with the additional debt. You will have years and years to buy furniture after you are in the house.

5. DO NOT CHANGE JOBS! EVEN FOR A RAISE! A job change shows instability. Talk to us BEFORE you even consider a job change. It might be OK, but it also might be DISASTEROUS!