

## INFO NEEDED AT LOAN APPLICATION

Although different loan types require different levels of documentation these are the basic Fannie Mae/Freddie Mac (FNMA/FHLMC) requirements for a full documentation loan. Processing is simply verifying the stated information you furnish at loan application and presenting it to the Underwriter in the most favorable light. The more proven information you can furnish, the faster processing will be and the faster you will be able to close. **In most cases all we need is the info in the box below.** *It is tough to have too much info about you, but easy to have too little!*

### First we will need info on the property you will be financing.

If you are **PURCHASING** a property we will need a copy of the **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** so that you get credit for that money at closing.

If you are **REFINANCING** we will need a copy of the first page of your deed & title policy. We need a copy of the survey & copy of your insurance Declaration page showing the cost & coverage.

There will be 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, but you need to pay your **APPLICATION** fee so that we can order your **CREDIT REPORTS** and the **APPRAISAL**. Depending upon how the contract is written the Seller may be paying for the Appraisal.

### Next we will need information on all parties to the loan

#### When you need to close **FAST!** **XPRESS PROCESSING**

is as easy as **1-2-3**

- **1** month pay stub\*
- **2** years W-2s
- **3** months of asset statements

\*Pay stubs prove up your 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 as there are alternate verifications) We need the paystubs for the period covering the last 30 days before **CLOSING** so we will also need any further paystubs you receive prior to closing.

We will also need your **ADDRESS** and **EMPLOYMENT** history for the past 2 years & we will be pulling all 3 of your **CREDIT REPORTS**.

**In many cases this is all the personal information we will need, but depending upon your situation, credit scores and assets it is possible for additional data to be required. If more info is needed I have tried to give some guidelines. Keep in mind it isn't a given that you will need to furnish this additional info but if you know of a problem you should go ahead and gather the data & furnish it to us.**

1. Checkered **ADDRESS** histories could cause us to need your Landlord(s) or mortgage company **MAILING ADDRESS(ES)**. Canceled rent/mortgage checks for the past 12 month period usually eliminate any issues that could arise.
2. Since the underwriter (UW) will be looking for your ability to manage your money they will be asking you to document any large non-payroll deposits. Please don't have any NSF checks showing on your bank statements.

Your **DOWNPAYMENT**, closing costs and your reserve cash (typically 2 months payments) will need to be verified prior to loan approval. If the funds 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 delay closing.

If any portion of the downpayment of closing costs is a **GIFT** we may need to verify the gift. Underwriters view gifts as proof you couldn't manage your money well enough at your old house payment to live & save money. They will ask themselves how well you will be able to manage the new (probably higher) house payment. The UWs view a gift as a negative & look more carefully at your income & credit history.

3. **INCOME** - the UW will be looking for the consistent portion of your income that is available to pay the consistent house payment. **Many times your income figures are accepted as is. If further documentation is required you could be asked to prove up the consistent portion.**

**TYPES OF INCOME: HOURLY/SALARIED** - We can definitely count as consistent income whatever your company verifies as your minimum work week or base salary. Anything else may have to be counted as Bonus or Overtime.

**COMMISSIONED** - At a worst case, FNMA/FHLMC might require complete tax returns for the last 2 years with an original signature (sign a copy in blue or red ink) to establish the regularity of your income. If this is the case, typically they count only the minimum income figures not the maximums unless we can prove a reason to count the higher figures. A 2 year average is the preferred figure to use. If this becomes an issue there are alternate financing types that do away with this requirement.

**Self Employed** - Occasionally you may be asked to furnish complete personal tax returns for the last 2 years. As a general rule of thumb only the Adjusted Gross Income [line 31 of your tax return] will count towards qualification. We can add back in any write-offs that were not actually out of pocket

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expenses or one time expenses such as Depreciation. If you own 25% or more of the company they might require corporate returns plus current P&L statement and balance sheet prepared by an accountant. There are alternate financing types that do away with these requirements.

**BONUS/OT** your Bonus/OT income figures will be averaged unless your company will 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.

**SECOND or PART TIME JOBS** - due to the fact that a 2nd or Part time jobs are not the norm the UW will want you to have a minimum of 1 year on the job plus have a history of working a 2nd or part time job. Even with this history, in a lot of cases, they will still only count a percentage of your income. Look at it from their perspective, the house payment will go on for 30 years, will your job?

**ADDITIONAL INCOME** The UW will be looking for proof this 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 this money to be used for your downpayment? If so this income will need to be reduced accordingly.

**RENTAL INCOME** - To arrive at the net qualifying income the formula is = 75% of the income minus 100% of the PITI payment OR we can use your tax returns. We will also need a copy of the lease.

**CHILD SUPPORT** must be able to be documented. Documentation is usually done thru canceled checks or the courts.

**NOTES RECEIVABLE** We will need a copy of the note

evidencing a minimum of 3 years remaining and evidence income has been received for 6-12 months.

4. To verify the accuracy of the credit report (most are wrong) we may 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 months balance do not have to be counted, but you must count all Revolving accounts even if they are paid off monthly.

5. **As a way to stand out from the crowd**, show your **ABILITY TO ACCUMULATE WEALTH** & manage money:

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 closets and garages!)

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 of IRA's, Keogh's, 401k's as well as retirement funds and the % you are vested.

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

**We're sorry, but your interest rate usually cannot be locked until after you have made loan application and contracted for a property.**

## **IMPORTANT!**

*There are 3 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 to an existing account!**

A new loan or an increased balance at this stage could cause your loan to be rejected! Retire your credit cards until after

your home loan is closed! No payment and no interest loan promotions show up on the credit report with a payment!!! Especially be careful of 30 day accounts like American Express if reserve cash is tight. If you absolutely must make a large purchase please talk to us beforehand.

### **3. DO NOT GO OUT AND BUY FURNITURE!!!!**

Many times we have seen people buy furniture/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.