



**BERKSHIRE
HATHAWAY** | Indiana
HomeServices Realty

Guide to Prepare for Mortgage Loan Application

Applying for a Mortgage

Practically all lenders sell their mortgages after a loan has been closed to either Freddie Mac or FNMA. Both of these entities are under the control of the Federal regulators and Congress of the United States. The new federal regulations that became effective in the summer of 2011 and multiple updates and changes since that time require considerably more information needed by the lenders, even if they know you personally. We all have to understand that while it may seem they are asking for a lot, if we don't provide the information requested, the process will be delayed or even terminated, so we recommend that you and your Realtor prepare properly for the application process.

Your Berkshire Hathaway HomeServices sales professional can help you get all your paperwork digitized into your personal and secure Zodas account so that you will have everything you need with the click of a mouse.

Information your Lender will need

- 1) **Income:** Include the annual amounts of **All** sources of income including any W-2 income, Interest and/or dividends you earn on investments. If you do independent contractor work on the side, or have a part time job, include those amounts as well. (*Your (2) most current pay stubs will often suffice for your employment*)
- 2) **Employment:** How long you have worked at each place of employment. Any employment of less than 2 months will not count toward your income requirement.
- 3) **Verification:** Which person at your work locations can verify your employment

NOTE: *If there are any changes in employment during the approval process, let your lender or Realtor know right away. It is now required that all employment is re-verified by the lender not longer than 2 days prior to closing.*

- 4) **MONEY:** How much money do you have available for Down Payment and Closing Costs.

Verification: Obtain your

- Bank account numbers and the balance in each account,
- 401K retirement accounts and balance
- Estimate of your net worth. (what you own less what you owe)

NOTE: *If there are any out of the ordinary or large deposits into your bank accounts during the past 6 months – obtain any documentation you have to show where it came from. The same is true for any large, out of the ordinary deposit you may make during the loan approval process. Federal rules for loan approvals are specific that down payment money cannot come from a gift without a specific gift letter, ie: you cannot borrow the down payment without disclosing it to the lender, therefore, unusual deposits will trigger a need for documentation. Anything other than a paycheck is considered unusual.*

Documentation that WILL be needed (no exceptions)

- 1) Copies of your last two year's federal and state tax returns
Also copies of any extensions you applied for to pay your taxes
- 2) Account numbers and Bank/lender for all active Credit Cards
- 3) Balance owed on all Credit Cards
- 4) Lender and Account numbers and balance owed on all loans
Car loans
School loans
Personal loans
Any/all loans that you make regular payments
Any loans you have co-signed for
- 5) Monthly obligations
Monthly rent or house payment and name and contact numbers of your Landlord or bank .

Documentation that MAY be needed

- 1) Are you divorced? If yes, provide copy of your divorce decree.
- 2) Have you ever used a credit counseling company to get debts paid. If yes, provide all documentation you have regarding the process, which company you used.
- 3) Liens: Have any liens been filed against you personally or any business interest you have. If so: What and how much.
5. Have your Realtor confirm the correct address of the property, or to obtain the corrected postal service address. If not compatible with USPS address, this could cause delays.
6. Are you buying a "Condo"? If so, have your Realtor confirm for you:
HOA fees (monthly homeowner assn. fees)
HOA Budget and balance of Assn. Reserves for maintenance/capital expenses.
President and Treasurer of the HOA
Percentage of owners who are delinquent on HOA dues. If over 10% your loan will not be approved.

Do's and Don'ts after application

- 1) **DO** Provide your lender with any documentation that he requests within 3 days after application.
- 2) **DO** Notify your lender and Realtor immediately if your employment status changes.
- 3) **DO** If you are getting a gift for part or all of your down payment, follow the exact prescribed instructions from your lender. There are no variances allowed on the "Gift Letter" and it needs to be signed by the "giver" and returned to the lender as soon as possible. If you are getting a gift and the lender fails to provide the letter to you, Ask him for it. *Note: Only family members or your employer may provide you a gift.*
- 4) **DO** Contact your Insurance agent right away so he can get started on getting the home approved for insurability. Your lender will need insurance information before submitting your loan for final approval and the title company will need it to complete closing documents.
- 5) **DON'T** Buy or trade for a different car or boat or anything of significance prior to closing. If you must buy furniture or something for the house, put it on a layaway plan, NOT on a credit card prior to closing. The debt will show on the final credit review just prior to closing and WILL cause delays and possibly even a loss of approval.
- 6) **DON'T** Increase your use of credit cards. Use it only for those types of items you normally use it for, such as groceries and gas. A big purchase can cause problems.
- 7) **DON'T** make any unusual deposits into your accounts without keeping the documentation. If you have questions contact you lender. Anything other than a pay check is considered unusual. An example might be if you sold a motorcycle to get extra cash. That deposit will raise a red flag, but can easily be explained if you have the bill of sale, and the deposit matches the amount of the sale. If you do something of this nature, send a copy to the lender before they ask.
- 8) **DON'T** get behind on any of your bills. Make sure you continue to pay all bills on time.

We Recommend:

Authorize your Realtor and the Title Company to discuss with the Lender your loan processing. Sign the attached authorization form for your Realtor and for the Title Co. to interact and discuss your application and loan process and approval and provide it to your lender at the application and a copy to your Realtor.

Federal privacy laws prevent the lender talking with Realtors and Title companies unless you authorize it. Without this authorization, your Lender cannot speak with your Realtor or the Title Co. to help facilitate the loan approval process. Time is saved and the process will be smoother with this approval from you.

Obtain your credit report and score – Available from www.freecreditreport.com The cost to get the score is \$1.00 and takes two days. Do this before you meet with your lender so you will know if there are any problems or errors on your credit.

INCOME:

Place(s) of Employment	Annual Income
Total	\$

Expenses/Monthly Obligations

Accounts/Items	Acct. #	Monthly Payment	Balance Owed
<i>School Loan</i>	<i>#123456789</i>	<i>\$456</i>	<i>\$65,450</i>
		Total	\$

Assets

Accounts/Items	Value	Amt Owed	Balance
<i>Ex. Ford F150</i>	<i>\$20,500</i>	<i>\$10,000</i>	<i>\$10,500</i>
All personal holdings			
Real Estate owned			
IRA Account(s)			
Other:			
Other:			
Other:			
		Total	\$

Bank Accounts	Acct #		Balance
<i>Ex. First National Bank - Checking acct.</i>	<i>12341234</i>		<i>\$56,124</i>
		Total	\$

**AUTHORIZATION LETTER
TO LENDER**

Please consider this my/our authorization for _____
(Bank or Mortgage Company)

to discuss and/or share any information regarding my/our application and processing of
my/our mortgage loan with:

My Realtor: _____ associated with Berkshire Hathaway HomeServices
(Realtor name)

Title Company _____

Client Signature: _____ Date

PRINTED

Client Signature: _____ Date

PRINTED