

Loan Pre-Approval

WHY DO WE REQUEST PRE APPROVAL

- We won't waste time considering homes you cannot afford
- A seller is looking for pre-approval letter with the offer
- You can select the best loan package without being under pressure

HOW MUCH HOME CAN YOU AFFORD?

- The down payment
- Your ability to qualify for a mortgage
- The associated closing costs

DOWN PAYMENT REQUIREMENTS

Most loans today require a minimum down payment of 3.5% - 5.0%.

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CLOSING COSTS

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

QUALIFYING FOR THE MORTGAGE

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- ▲ The principal on the loan (P)
- ▲ The interest on the loan (I)
- ▲ Property taxes (T),
- ▲ The homeowner's insurance (I).

Loan Checklist

☒ **General:**

Picture ID with Social Security Number & Application fee

Name and complete address of all landlords (past 2 years)

☒ **Income:**

Most recent pay stubs and W-2 form (2 yrs)

Verification of other income (social security, child support, retirement, etc)

Self-employed: Copies of signed tax returns and schedules

Retired: Tax returns (past 2 years)

Rental property income: Copies of all leases

☒ **Assets:**

Copies of all bank statements (past 3 months)

Copies of all investment account statements

List of assets, ie: all automobiles, boats, or motorcycles

☒ **Creditors:**

Credit cards , Installment loans , Mortgage loans

Childcare expense/support

☒ **Other:**

Bankruptcy – bring discharge and schedule of creditors.

Adverse credit – bring letters of explanation.

Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.

VA only – bring Form DD214 and Certificate of Eligibility.

Loan Commandments

- ⚠️ Thou shalt not change jobs
- ⚠️ Thou shalt not buy a car, truck or van
- ⚠️ Thou shalt not sell a car, truck or van or any other high value item
- ⚠️ Thou shalt not use charge cards excessively or pay late (even one day)
- ⚠️ Thou shalt not spend money you have set aside for closing
- ⚠️ Thou shalt not omit debts or liabilities from your loan application
- ⚠️ Thou shalt not buy furniture
- ⚠️ Thou shalt not originate any credit inquiries
- ⚠️ Thou shalt not make large deposits
- ⚠️ Thou shalt not change bank accounts.
- ⚠️ Thou shalt not co-sign a loan for anyone.