Information and documents you may need for lender

Enjoy a smoother closing by gathering your paperwork beforehand.
Here is a list of important documents your lender may need from you and any co-borrowers to get started.
Lender may need additional documents later in the process.

☐ **Your most recent year-to-date pay stub(s) reflecting a minimum of 30 days of income**

- Pay stub(s) cannot be more than one month old at the time you submit your application.

For conventional, home equity and VA loans:

- One pay stub may be sufficient, provided it contains at least 30 days of year-to-date earnings.

For FHA loans:

- If you're paid weekly, send your last five pay stubs.
- If you're paid every two weeks, send your last three pay stubs.
- If you're paid monthly, send your last pay stub.

☐ **Your most recent two years of your Form W-2 from your employer**

- Your W-2 is given to you every year by your employer so you can do your taxes.
- A copy of your W-2 should be attached to your tax return, so you should be able to find it there.
- If you filed electronically, you or your tax preparer should have a copy of your W-2

☐ **Your most recent three months of bank and investment statements**

- Be sure to copy all pages of your statements (front and back). If you don't receive paper statements, please print your entire online statement.
- Don't forget to include all of your accounts (checking, savings and investments). Your accounts must show that you have enough money to afford your down payment and several mortgage payments.
- You will need to provide a detailed letter to explain any large deposits or withdrawals.
- Double check! Are the three months of statements your most recent?

☐ **A completed and signed Form 4506-T or 4506T-EZ**

- Your Mortgage Banker will give you this form. (It gives us authorization to access your tax return.)

☐ **Your home purchase contract signed by you and the seller (not needed if refinancing)**

☐ **Additional required documents (varies by individual situation):**

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NOTE: If you ARE SELF-EMPLOYED or you get paid any commissions, lender may also need your most recent two years of tax returns, signed.

- Don't forget to include all pages and schedules. Lender may not need copies of your state returns.
- If you own a business, lender may also need the most recent two years of personal tax returns and any business returns you filed for your company (e.g., 1120, 1120S, Schedule K-1 / 1065).
- If you filed electronically, you can print a copy from your tax software or ask your tax preparer.
- Double check! Do all your returns have your signature? Have you included two years?

Source: chase.com

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<u>General Overview of Closing Costs</u> (please consult your lender for your specific transaction)

Here is an overview of the types of closing costs you may incur on your loan. Some are one-time fees, while others reoccur over the life of the loan. After you apply for your loan, you will receive a Loan Estimate of settlement charges, and a booklet that will explain these costs in detail.

<u>Appraisal Fee:</u> This is a one-time fee that pays for an appraisal, which is a statement of property value reviewed by the lender. The appraisal is made by an independent fee appraiser and can cost $475 to $675, or much more, depending on the home's size, value, location and intended use. Once the appraisal order is authorized and report submitted, you are responsible for paying this fee, even if your loan does not close.

<u>Credit Report Fee:</u> This one-time fee covers the cost of the initial credit report that is run by an independent credit reporting agency and is usually about $50. However, this does not include any cost to re-score or re-pull your credit prior to closing on your loan.

<u>Down payment:</u> The amount of money a borrower puts down toward the cost of the home to secure a mortgage. Some lenders require a down payment of 20% to avoid mortgage insurance. The amount of the down payment may also affect the interest rate you pay.

<u>Earnest Money Deposit</u>: It is important to have an understanding of the earnest money deposit, so you will not be placed in an uncomfortable position when you purchase a property. At the time a written offer is initiated, you will be required by the seller to include a personal check, cashier's check, or cash (not recommended if you are obtaining financing). The amount is normally deposited (cashed) into the designated escrow agents account upon the offer's acceptance and will remain in escrow until the time of closing. This amount is credited to you at closing as either down payment funds or to cover settlement expenses not paid the seller. If the offer is not accepted, this amount is returned to you promptly. Depending on the price of the property, you should anticipate a minimum of $1,000 earnest money deposit. Also, in the event that you do not qualify with a lender for the loan, the earnest money is refunded to you, provided the sellers are given written notice regarding the lender's disapproval, and provided you have supplied the lender with all documentation they have requested.

<u>Equity:</u> The amount of the home's value above what you owe on it.

<u>Fixed-rate mortgage:</u> A type of home loan in which the interest rate remains the same for the length of the loan. The most popular kind of home loan.

<u>Flood Certification Fee:</u> All properties are verified by a third-party provider with FEMA flood maps to determine if your property is in a flood zone. This fee can range from $10 - $20.
<u>Home inspection:</u> A visual examination of the readily accessible areas of a home by a certified professional to provide an accurate evaluation of the home's condition at the time of purchase.

<u>Homeowners insurance:</u> A form of insurance that protects your property against loss from theft, liability and most common disasters. Mortgage lenders often require a borrower to maintain an amount of homeowner's insurance on the property that is equal to the amount of the mortgage loan or the insurable value of the improvements.

Interest rate: The money you pay a lender in exchange for a loan, expressed as a percentage of the amount you've borrowed.

Jumbo loan: A loan that is for a larger dollar amount than the limits set by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC) guidelines.

Loan Origination Fee: This fee covers the lender's administrative costs in processing the loan. It is a one-time fee and can vary from lender to lender. A loan origination fee is usually one point, or 1% of the loan amount. For example, a one-point loan origination fee on a $100,000 mortgage would be $1,000.

Points (discount points): A portion of your interest that you pay to the lender up front in exchange for a lower interest rate. One discount point is typically equal to 1% of the loan amount, paid at closing. For example, one point on a $100,000 loan would require an up-front payment of $1,000. There is no requirement to pay discount points. Generally speaking, the longer you plan to remain in a property or hold your mortgage, it is to your advantage to pay points.

Prequalification: A process whereby a lender tells you how much you would be qualified to borrow based on information that you volunteer, but which the lender does not verify.

Principal balance: The amount you owe on your mortgage, not counting interest. In other words, it's the face amount of the loan minus any principal payments you have already made.

Private mortgage insurance (PMI): An insurance policy that covers the bank in case you can't pay your loan payments, and the bank can't recoup the entire value of the loan on the house in foreclosure. Banks will generally require that you get this insurance if you put less than 20% down as a down payment.

Rate lock: The guarantee of a specific interest rate for a specific period of time.

Seller's Agent: A real estate professional that represents the seller, also known as a Listing Agent. If you are working with a Buyer's Agent, you generally won't have any direct contact with the Seller's Agent. However, your agent will work closely with the Seller's Agent on your behalf.

Settlement: Also known as "closing," this is the process whereby the property changes hands from the seller to the buyer, after both parties fulfill a set of conditions.

Title Insurance Fee: There are two title policies typically issued at closing on a purchase: A lender's title policy (which protects the lender against loss due to defects on title) and a buyer's or owner's title policy (which protects you). The lender's policy is required to obtain financing and the owner's title policy is optional. Both are one-time charges.

Miscellaneous Title Charges: The title company may charge fees for a title search, title examination, document preparation, notary fees, recording fees, and a settlement or closing fee. These are all one-time charges and add up to hundreds of dollars. When you purchase your home, both you and the lender need a preliminary title commitment that will indicate exactly what recorded liens, encumbrances and easements are currently in effect on the property. The title commitment will also indicate the vested owner of record and any restrictions on the use of the property.

Prepaid Interest: Depending on the time of month your loan closes, this charge may vary from a full month's interest to just a few days' interest. If your loan closes at the beginning of the month, you will probably have to pay the maximum amount. If your loan closes at the end of the month, you will only have to pay a few days' interest. Regardless of what day you close in a particular month, mortgage loans are paid in arrears, so you always skip at least one month before your first payment is due.

MIP Up-front and Monthly: If you are applying for an FHA Loan, HUD currently charges a one-time up-front fee equal to 1.75% of the loan amount which is typically financed into the total loan amount. In addition, FHA charges a monthly mortgage insurance amount that is part of your overall monthly payment.

VA Funding Fee: If you are obtaining VA financing and are not exempt from the funding fee, the VA will allow you to finance the cost of this fee into your loan. The VA does not charge any monthly mortgage insurance.

Survey: While not required to obtain loan financing, like a home inspection it is a one-time cost to determine your property lines and learn of any easements or encroachments on your property. The fee ranges from $275-$375 and higher for large or unique properties.

Source: chase.com