

Home Mortgage Loan Tips: How to Simplify the Process By Emerson Clauss, President

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Whether you are buying your first home or a move-up house, the process of financing this important purchase can be the most intimidating part of the process. Understanding financial terminology and good preparation can take some of the sting out of the process.

Most people look to their bank to borrow the funds for their mortgage. While this is a logical choice, it is important home buyers know there are other lenders available. Mortgage companies, savings and loan associations, credit unions, mortgage brokers and commercial banks all make home loans. Special assistance is available for people in low- to moderate-income levels. Many people who never dreamed they could own a home are pleasantly surprised to learn they qualify for help with down payments and credit counseling. Three organizations who provide this type of assistance have toll-free numbers: Consumer Credit Counseling Services, Housing Counseling Clearinghouse, and Fannie Mae.

To begin your home buying process, you need to determine the price range you should explore. One of the most effective ways to determine your price range is by pre-qualifying. When you pre-qualify, your financial situation is reviewed to determine how much money you can borrow. It does not mean you are pre-approved for a loan, but you will have a good idea about the price range of homes you can buy. Your Realtor or financial institution can help you pre-qualify.

After you choose your home, you will need to secure the funds to make the purchase. The boy scout motto, “always be prepared,” will help you through the loan application process. You will be required to disclose detailed information about your financial situation. Having the following documents with you when you apply for your mortgage will speed up the process.

Mortgage Application Checklist

Contract

- Legal description of the property
- Price

Personal Information

- Social Security number and driver's license for all borrowers
- Home addresses for the last two years
- Divorce decree and separation agreement, if applicable

Income

- Most recent pay stubs
- Documentation on any supplemental income: bonuses, commissions
- Names, addresses and phone numbers of all employers for the last two years
- W-2s for the last two years
- If self-employed or commissioned sales, copies of last two years tax returns with all schedules and year-to-date profit and loss for current year, signed by an accountant
- Documentation of alimony or child support, if such income is to be considered for the loan

Real Estate Owned

- Names, addresses, phone numbers and account numbers of all mortgage lenders and landlords for the last seven years
- Copies of leases and two years tax returns for any rental property
- Market value estimate

Liquid Assets

- Complete names, addresses, phone numbers and account numbers for all bank accounts
- Copies of the last three months statements for all bank accounts
- Copies of any notes receivable
- Value of other assets (auto, household goods and collectibles)
- Cash value of life insurance policies
- Vested interest in retirement funds, IRAs

Liabilities

- Names and account numbers for all revolving charge cards; balance and current monthly payment amount for each

- Names, addresses, phone numbers and account numbers for all installment debt; approximate balance and monthly payment for each
- Alimony or child support payments
- Names, addresses, phone numbers and account numbers of accounts recently paid off, if used to establish credit

NOTE: This information was adapted from *Building Your Home: An Insiders Guide* available through the BuilderBook Press, National Association of Home Builders in Washington DC. As the nation's leader, BuilderBook Press offers consumers practical information concerning all phases of home building, remodeling, maintenance and homeownership. A copy of *Building Your Home: An Insiders Guide* and hundreds of other publications is available by calling (800) 223-2665 or visit www.BuilderBooks.com.

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