



From the Desk of...

David Stoltie



How Purchase Loans Are Made: A Step-By-Step Walkthrough

1. Pre-Approval – As potential buyers, you should get pre-approved for a mortgage even before you begin looking for a house. This way, you will know ahead of time how much house you can afford, and your Realtor^R will know which properties to show you.
2. Loan Type and Points/Fees Discussion – Now that you are pre-approved, it is time to talk with your mortgage consultant about what kind of loan is best for you. Things like how long you plan to stay in the home, whether your income or credit score are expected to improve in the future, and family plans will all affect your choice of a fixed rate or adjustable-rate mortgage. Also, these factors will help determine whether you should pay points or fees on your mortgage loan.
3. The Hunt - At this point, you're ready to start shopping for a house. Your Realtor^R will be a valuable asset here, researching properties that will meet your needs and desires. When your dream home is found, the terms of the sale are negotiated, including the sale price and whether the seller will be willing to help pay your loan closing costs.
4. Loan Application – Once you have signed the real estate contract, it's time to make your complete loan application based on the property you found. There will be a deadline in the real estate contract, so gather up your required documentation and meet with your lender as soon as possible. At this time you will finalize your decision on what type of loan you want, how to structure the points and fees, and if you would like to lock in your interest rate.
5. Documentation – See the final page of this report for the standard list of paperwork the lender will ask for. However, your loan may require additional paperwork if there are special circumstances, or less paperwork if we are not verifying your income, assets, or employment.
6. Appraisal –Your mortgage consultant will order an appraisal of the property to make sure that the sales price you have agreed upon is consistent with the current market value of the property.
7. Title Search - This is the time when any liens against the property are discovered. The title company will work with the lender to make sure that all liens against the property are removed before you purchase it.
8. Home Inspection – A very vital part of the purchase process. While you may not be required to have a home inspection done, it will reveal the true condition of the home you plan to live in. (**Highly Recommended**)

9. Processor's Review – Your mortgage consultant’s team, including the loan processor, package all pertinent information to be sent to the loan underwriter. Any explanations that may be needed, such as reasons for derogatory credit, time off from work, or why you wish to purchase that particular property are added to your original documentation.
10. Underwriter's Review - Based on the information put together by both the mortgage consultant and the processor, the underwriter makes the final decision on whether a loan is approved. Loans may be approved with conditions, suspended pending further information, denied, or “cleared to close” with no additional documentation required.
11. Mortgage Insurance - Many lenders require private mortgage insurance (PMI) when borrowers put down less than 20 percent on a home purchase. Even if a loan meets the standards of a lender, the mortgage insurance company could choose to deny coverage based on your qualifications. *Note: your mortgage consultant may structure the purchase with a 1st and 2nd mortgage to eliminate the need for PMI.*
12. Approval, denial or counter offer – Once the underwriter has reviewed the file and any additional documentation, they will issue your full loan approval (“clear-to-close”), denial, or counter-offer. Your mortgage consultant will make sure that your loan is cleared to close by the Loan Commitment Deadline in your real estate contract.
13. Insurance - Lenders require fire and hazard insurance (homeowner’s insurance) on the replacement value of the structure. Flood insurance will also be required if the property is located in a flood zone. Your mortgage consultant will take care of the details of arranging this insurance once you have selected an insurance agent.
14. Funding - The lender sends a wire or check for the amount of the loan to the title company. The title company then authorizes the escrow company to draft a check to the seller.
15. Closing Day – After your final walkthrough of the home, you will meet at the title company with your mortgage consultant, realtor, and the sellers. Final loan and real estate documents are signed, and congratulations! You are now a homeowner!
16. Mortgage Payments Begin – Unfortunately, yes, along with the benefits come the payments. However, your first payment won’t be until the 1st day of the 2nd month after closing, so enjoy!

When you choose to work with David Stoltie you will be provided with a precise timeline of events for your home purchase, including a detailed calendar of events. Let Dave and his team show you how easy it can be to purchase the home of your dreams!



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Short List of Expected Documentation for a Home Mortgage:

1. Last two years of W-2s (2004 and 2003): **if salaried or paid hourly**

2. Last two years of federal tax returns with **all schedules**:
1040 Returns: **if self-employed, in commission sales, or an LLC**
1120 Returns: ***in addition to 1040's if a Corporation***
1120S Returns: ***in addition to 1040's if an S- Corporation***

3. Year-to-Date Profit & Loss Statement: **if self-employed or a corporation with 25% or more ownership; not required to be audited by your CPA**

4. Most recent 30-days of pay stubs

5. Most recent 2 months of bank statements: **all pages, even blanks, for each account with a balance of over \$500 or that shows significant cash flow each month**

6. Documentation of your source of down payment funds: **only if not proven by #5 or #7. If the down payment funds are a gift, call Dave for the specific paperwork required.**

7. Most recent quarterly statement for the following assets: **all pages of just the most recent statement**

IRA 401k Stocks Money Mkt. CD Bonds

8. The name and phone number of your landlord for the last 2 years: **if renting**

9. Copies of Dissolution of Marriage and Separation Agreement: **if applicable**

10. Bankruptcy Discharge Paperwork and Schedule of Debts: **if applicable**

11. Name and Phone Number for Your Homeowner's Insurance Agent: **Will you use your current car insurance/renter's insurance agent? Ask Dave if you need to be referred to an outstanding agent.**

12. Clear copy of Your Driver's License: **required by the Patriot Act**