

A hand is shown in the upper right corner, placing a light-colored wooden block on top of a structure made of various wooden blocks. The structure resembles a house with a gabled roof and a chimney. The background is dark and out of focus.

# YOUR HOME BUYING JOURNEY






## **MORTGAGE PROCESS:**


- **Apply by Completing an Application**
  - **Provide Supporting Documents**
  - **Determine your Qualifying Amount**
  - **Receive Your Pre-Approval**
  - **Go Over Your Loan Program & Estimated Cost of Your Loan**
  - **Start Shopping for your Home!**
- 



## SUPPORTING DOCUMENTS

- 1 Copy of your Unexpired Government Issued Identification (ie. ID, Driver's License, Passport)
  - 2 Copy of your Social Security Card
  - 3 Pay Stubs (the most recent 30 days)
  - 4 Bank Statements ALL PAGES even if they're blank (Most Recent 2 Months)
  - 5 All W2s and/or 1099s Received in the Last 2 years
  - 6 Federal Tax Returns with all Schedules/Attachments (Most Recent 2 Years)
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# ADDITIONAL DOCUMENTS THAT MAY BE NEEDED IF APPLICABLE

- **Self-Employed And/Or Rental Income:**
    - 2 Years Tax Returns (All Schedules)
  - **Retired:**
    - Social Security Award Letter
    - Pension Documentation
  - **Child Support/Alimony**
    - Court Ordered Child Support Documents
    - Court Ordered Divorce Papers
    - If you receive Child Support Payments or Alimony we will need proof that the last 12 months of Child Support/Alimony Payments were made.
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# ADDITIONAL DOCUMENTS THAT MAY BE NEEDED IF APPLICABLE

- **401K:**
  - Most Recent Quarterly Statement Or 2 Months Statements
  - Terms of Withdraw
- **Bankruptcies**
  - Bankruptcy Papers including Discharge/Dismissal
- **Residency**
  - Copy of Unexpired Visa
  - Copy of Unexpired Permanent Resident Card

***If your Visa or Permanent Resident Card is about to expire in the next 6 Months you will need to provide proof of the Renewal.***



# QUALIFYING AMOUNT

**DATE:** 08/18/2020

**PURCHASE PRICE:** \$210,000.00

**LOAN TYPE:** CONV 30 YR 3% DOWN FIXED RATE

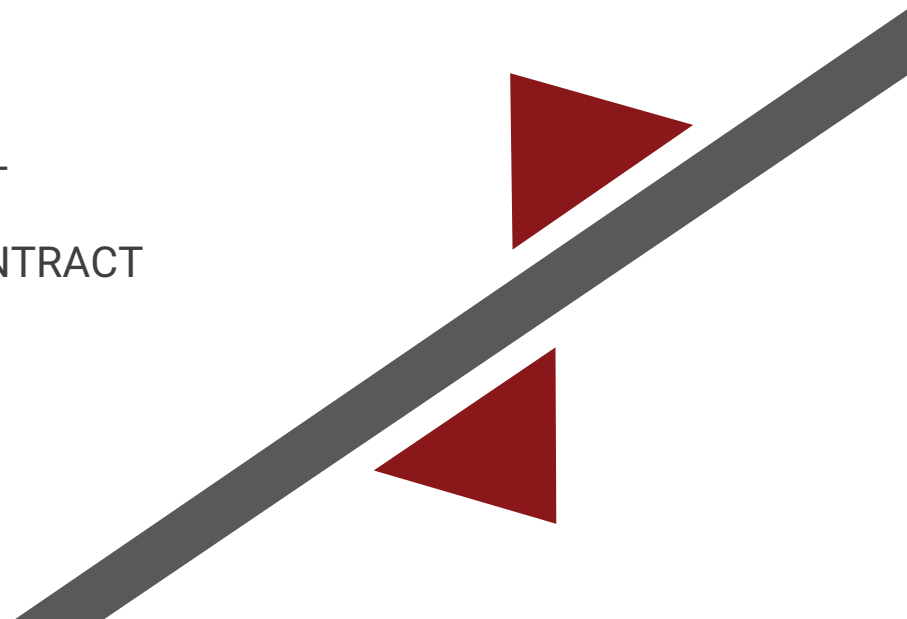
**INTEREST RATE:** 3.25%

**MONTHLY PAYMENT:** \$1,312.37

- P&I: \$886.52
- TAX: \$218.75
- INS: \$57.72
- MI: \$149.38

**ESTIMATED CASH TO CLOSE:** \$12,497

- DOWN PAYMENT: \$6300
- EST. CLOSING COSTS: \$5712
- Appraisal: \$485.00 OUT OF POCKET EXPENSE ONCE IN CONTRACT
- Re-inspection: \$175 ALSO OUT OF POCKET EXPENSE ONCE IN CONTRACT BUT ONLY IF APPRAISER CALLS FOR REPAIRS ON PROPERTY



# UNDERSTANDING YOUR CREDIT

Credit has 54 different scoring algorithms. This is why there is variation of the credit scores you see when you monitor your credit online and apply for credit.

## ONLINE SCORES

The credit algorithms used for online credit monitoring are generally only scoring your past 12 months of credit history, which is why you can see a significant difference between a credit score when you apply for credit, as opposed to the score you view online. The online scores are there for you to monitor changes in your credit, not to apply for credit.

## THE 3 CREDIT BUREAUS

- **TRANSUNION**
- **EQUIFAX**
- **EXPERIAN**

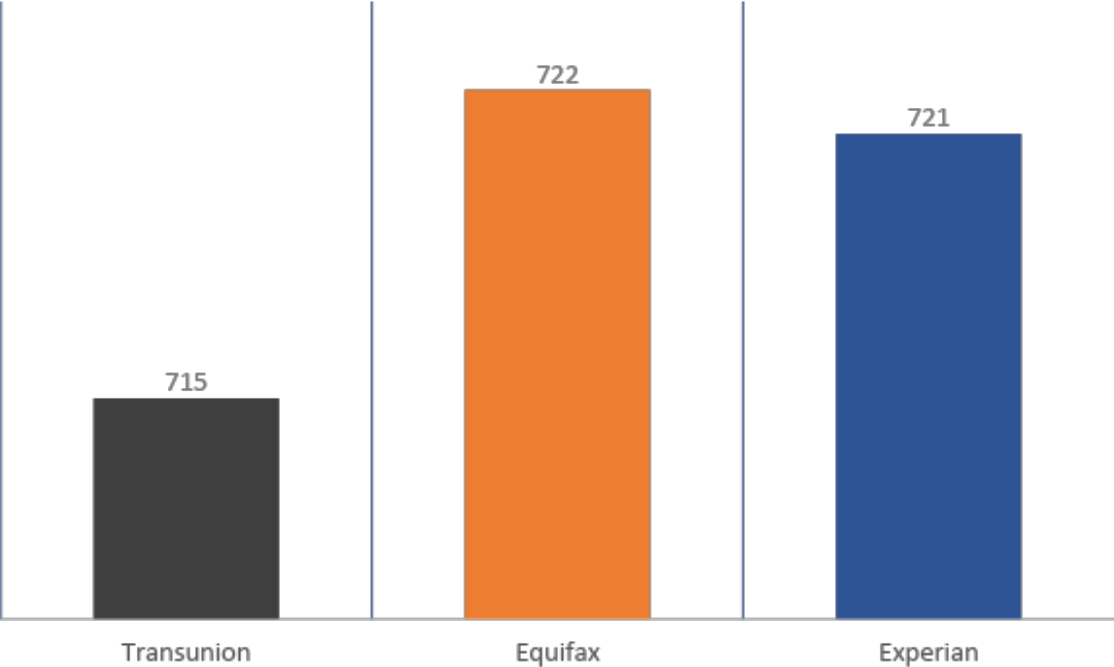
Each one of these bureaus use a different credit scoring algorithm, which is why you see a variation between the 3 scores.



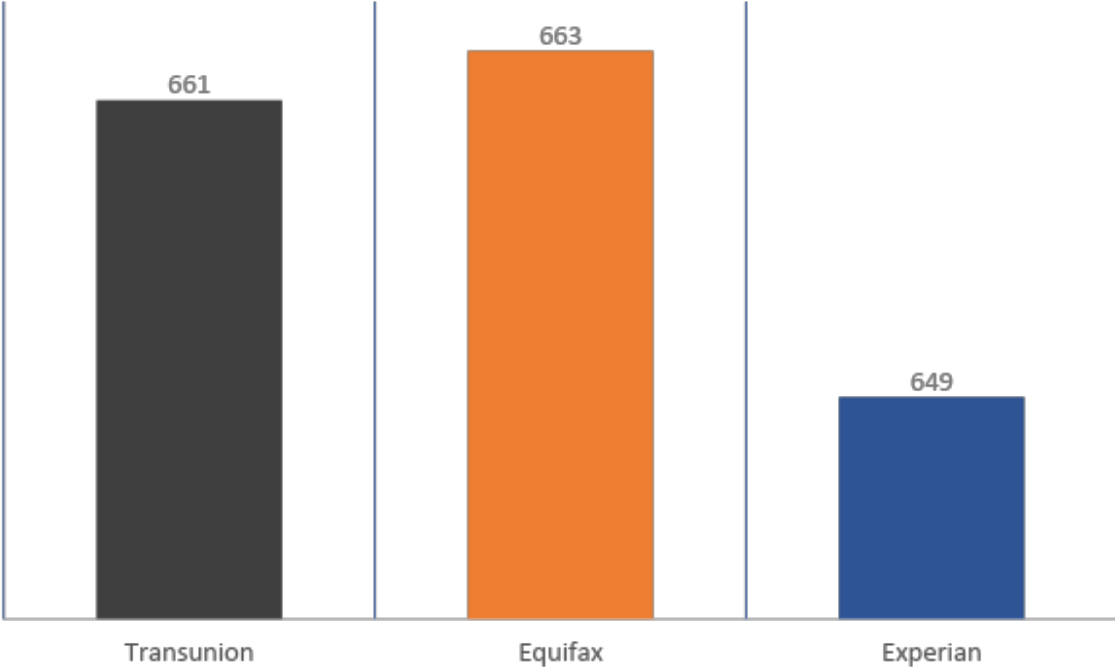
# CREDIT SCORE

Qualifying Credit Score: (lowest mid-score): 661

Borrower One credit Scores: Michael



Borrower Two credit Scores: Christine





# MORTGAGE INQUIRIES

A mortgage credit inquiry will cost you anywhere between 0-5 points against your credit depending on how many credit inquiries and new lines of credit have been opened up over the past 6 months. Mortgage credit inquiries within a 30 day shopping window will count as one inquiry.

## 5 MAJOR CATEGORIES

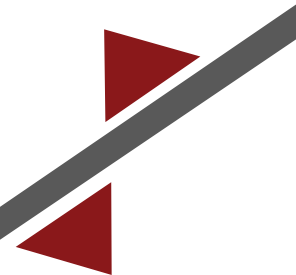
**Payment History: 35%**

**Available Credit: 30%**

**Length of Credit History: 15%**

**Types of Credit Used: 10%**

**New Credit: 10%**



# CLOSING COSTS

## Title Fees

## Escrow Fees

## Recording Fees

## Notary Fees

## Lender Fees

- Underwriting Fee
- Origination/ Broker Fee
- Processing Fee
- Any points if you choose to buy down your rate

## Pre-Paid Items:

- 1st year Homeowner's Insurance
- Taxes & Insurance
  - 2 months Reserves required by law to be collected
- Impound Account Set-up
- Prepaid Interest

# ACCEPTABLE SOURCES OF FUNDS

## Down Payment:

- Your Own Funds
  - Bank Account
  - 401k/Retirement Account
  - Cash not Allowed. If you cash a check it becomes cash. If you pull cash out and deposit later it becomes cash. Make sure it's an automatic transfer if you want to move funds around.
- Gift from Immediate Relative
- Down Payment Assistance

## Closing Costs:

- Your Own Funds
- Gift From Immediate Relative
- Lender Credit
- Seller Credit negotiated in Purchase Contract

## Appraisal:

- Funds can come from anywhere and are not sourced

# GIFT FUNDS

Gifted funds must come from an immediate relative, i.e. Parents, Grandparents, Spouses, Siblings, Aunts & Uncles are allowed. Cousins and Friends are not allowed.

## Documentation Required:

- Signed Gift Letter from all parties (provided by your Loan Officer and/or Escrow Company)
- Most Recent 2 Months of Bank Statements from Gift Donor (all pages) – Showing Availability of Funds

## Transferring of Funds:

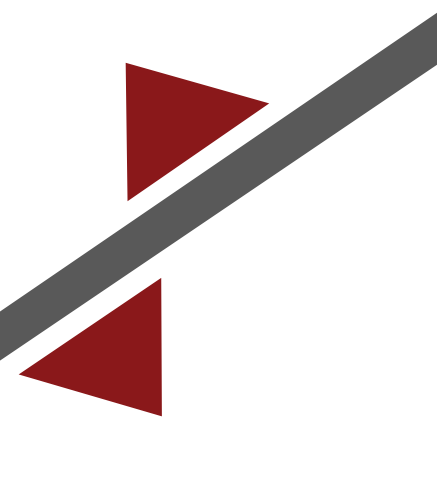
- It is easiest to have funds wired directly to the Escrow Company from the donor account towards end of escrow. Your Loan Officer or Processor will provide you & your gift donor with Wiring Instructions.
- If funds are given to you, the following documentation is required:
  - 30 day Activity Summary from your bank showing funds received and updated available balance.
  - Copy of Bank Image of the check received from the Donor that was deposited into your account if a check was made.
  - A 30 day bank activity log from your donor showing the gift has cleared their account.
  - Gift Funds must be in a form of a Check from donors Account or Automatic Transfer of Funds. DO NOT pull cash out and deposit into your account.

# USING 401K FUNDS

If you will be using funds from your 401k account, you will want to request those funds as soon as you go into contract. Typically this will be a loan issued against your 401k balance. It can take several weeks for you to receive the funds and have them available to you. You want to request those funds as soon as possible to ensure there are no delays in closing your transaction.

## How we document these funds:

- Most recent 2 months 401k statements / or quarterly statement
- Terms of 401k withdraw/loan
- Once funds have been deposited into your bank account, and are available (cannot be a pending transaction)
  - You will need to provide a 30 day bank Transaction Summary from your Bank Account showing the 401K Funds have been deposited. Must include the URL that starts with https at the bottom and/or top of all pages.
  - You will also need to provide a Transaction Summary from your 401K account showing the funds coming out of your account. Must include the URL that starts with https at the bottom and/or top of all pages.



## 30 DAY BANK ACTIVITY/TRANSACTION SUMMARY

During the course of getting your mortgage you will be required to provide a Bank Activity/Transaction Summary. This shows the activity from your Bank Account. It must be dated from present date to the last 30 days overlapping with your most recent Bank Statement. You will need to show the Deposit you placed at the Escrow Company at the beginning of the transaction has cleared your account. You may be required to provide one if you are liquidating funds from your 401K or are receiving Gift Funds that have been deposited into your account. Please filter out transactions that are more than 60 days old.



## Requirements of the Activity/Transaction report:

- If you download this report from online:
  - MUST SHOW:
    - Last 4 of acct#
    - Have the https web address across the bottom of the page and/or top of page.
- If you go into the bank and have the teller print this for you:
  - MUST SHOW:
    - The last 4 of acct#
    - Every page of report needs to be stamped by teller with bank stamp on it.



# The Loan Process

## GET PRE-APPROVED

- Here you complete a full application, submit your supporting documents, and run your credit. If you meet all requirements for the loan, we will issue you a pre-approval letter with the amount you're pre-approved for.



## START SHOPPING FOR A HOME AND SUBMIT OFFERS

- Here you will look at potential homes that you're interested in buying with your Real Estate Agent. Your Realtor will help you submit offers on the ones you'd like to buy.



## GET YOUR OFFER ACCEPTED AND OPEN ESCROW

- Once a seller accepts your offer, the Listing Agent or your Real Estate Agent will open escrow.
- The Escrow Company is a third-party company who is responsible for transferring titles, funds and liens, etc.
- Once escrow is opened, you will make your initial deposit on your home. Typically this is 1% of the sales price of the home or whatever amount you agreed to in the purchase contract. This deposit gets applied towards your total cash to close which is your down payment and closing costs combined.



# The Loan Process

## **SUBMIT YOUR FILE TO SET-UP/PROCESSING**

- Now that we have an accepted offer, your file will get submitted to Set Up/Processing. Here we will set up your file for Initial Disclosures and prepare the file for Underwriting Submission.



## **ELECTRONICALLY SIGN YOUR INITIAL DISCLOSURES.**

- After your file has been disclosed you will receive your Initial Disclosures pertaining to your loan and home purchase.
- You will also receive an Initial Loan Estimate with the estimated costs associated with your loan.
- Once you e-sign your Initial Disclosures, the loan will be placed in line for Underwriting review.



## **ORDER YOUR APPRAISAL**

- The Mortgage Lender will want to make sure that whatever home you are purchasing, is valued at the price you are buying it for or valued at a higher amount than what you're paying for it.
- We will contact you to collect your credit card or debit card information to place the order for your Appraisal.
- Once the order is placed, it will be assigned to an Appraiser. The Appraisal Management Company will let us know how soon the Appraiser can inspect the property and when the Appraisal Report will be delivered to us.

# The Loan Process

## RECEIVE UNDERWRITER'S CONDITIONAL APPROVAL

- After a few days or so (depending on current turn times) the Underwriter reviews your file and will issue an updated list of documents needed for the Final Approval.
- Once we have the list of items needed for Final Approval from the Underwriter, you will have to provide us with any additional/updated documents the Underwriter is requesting.



## RECEIVE A COPY OF YOUR APPRAISAL REPORT

- Home must appraise at the value you are buying it for or higher. If the home appraised higher than what you're buying it for, it does not mean you have to pay more for the home. It means you're paying less than what the home is valued at.
- If the home appraises under the value you're buying it for, you'll have to go into renegotiations with the seller. Your Realtor will help you with this.
- We will check for any repairs that the Appraiser requested. If the Appraiser called for any repairs, we will need to order a Re-Inspection. This is an additional upfront cost to the buyer. If the Appraiser did not call for any repairs, a Re-Inspection will not be required or charged.

# The Loan Process

## RE-SUBMIT YOUR FILE TO UNDERWRITING FOR FINAL APPROVAL

- We will submit the documents requested by Underwriting, along with your Appraisal to Underwriting. After a few days or so (depending on turn times) the Underwriter will review your documents and Appraisal. If everything is satisfactory, the Underwriter will issue a Final Approval also known as Cleared to Close.
- If the documents do not satisfy the Underwriter Conditions, we will need additional documentation and re-submit your file until we get the Final Approval from Underwriting.



## E-SIGN YOUR CLOSING DISCLOSURE

- By law we have to disclose the estimated fees associated with your loan 3 Business Days before you can sign final paperwork for the home.
- Once you e-sign the Closing Disclosure the mandatory 3 Business Day waiting period starts.



## ORDER & SIGN YOUR FINAL DOCUMENTS

- Once you acknowledge receipt of your Closing Disclosure, we will order your Final Loan Docs that need to be notarized with an approved Notary.
- Once your Final Loan Documents are printed and ready to be signed, the Title and Escrow Company will schedule a Notary appointment so that you are able to sign your Final Documents.

# The Loan Process

## WIRE YOUR FUNDS TO ESCROW

- After your signing, your Notary will provide you with Wiring Instructions and you will wire the remaining funds to the Escrow Company.



## PROCESS YOUR FINAL PAPERWORK & SEND LENDER WIRE.

- Your Notary will have to turn in your Final Documents to the Title and Escrow Company.
- Your Final Loan Documents will then be processed by the Title and Escrow Company as well as our Lender's Closing Department and make sure that there are no missing signatures or documents.
- If something is needed they will request it and we cannot Fund or Record you as the new owner until the items are met.
- If the Lender has everything they need, they will proceed with wiring the funds for the loan and give Recording Authorization to the Title and Escrow Company.

# The Loan Process

## **RECORD YOU AS THE NEW OWNER OF THE HOME.**


- Once the Title and Escrow Company receive the Lender's Wire and Recording Authorization they will record you as the new owner of the home in the County you are buying in.
- The County will give us confirmation that you are officially the recorded owner of the home.



## **RECEIVE YOUR KEYS!**

- Now that you are officially the new owner of the home, you will receive your keys from your Real Estate Agent. Congratulations! You are now a Homeowner!

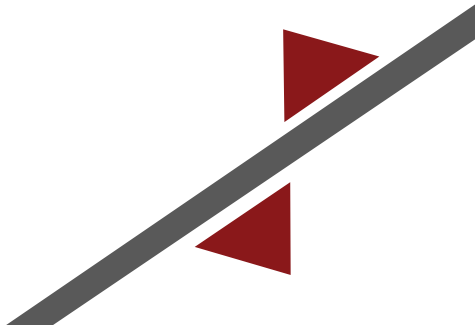
# THE TEN COMMANDMENTS OF BUYING A HOME

- 1 Thou shalt not change jobs, become self-employed or quit your job.
  - 2 Thou shalt not buy a car, truck or van or you may be living in it!!!
  - 3 Thou shalt not use credit cards excessively or let current accounts fall behind.
  - 4 Thou shalt not spend any money you have set aside for closing.
  - 5 Thou shalt not omit debts or liabilities from your loan application.
  - 6 Thou shalt not buy furniture.
  - 7 Thou shalt not originate any new inquiries on your credit.
  - 8 Thou shalt not make any large deposits without checking with your loan officer first.
  - 9 Thou shalt not change bank accounts.
  - 10 Thou shalt not co-sign on a loan for anyone.
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# SHOPPING MORTGAGES:

## Hiring Your Loan Officer

- Make sure you are comfortable and confident in your lender's ability and most importantly someone you can trust.
  - Consider your schedule. If you work 9-5 and your lender is only available 9-5 it may not be a good match. Be sure and ask if they are available to talk and meet when your schedule allows.
  - In order to truly shop each lender, you will need to fill-out multiple applications. Be sure you keep all your mortgage related credit pulls in a 30 days window.
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## Lender Fees to

- Origination Charge
- Underwriting Fee
- Processing Fee
- Any points being charged on the rate quoted

## When Shopping Interest rate...

- Interest rates are in constant flux, so keep that in mind. If you receive a quote from a lender and another quote from a different lender, keep in mind that any difference may be due to market factors and not the fact that a different lender is offering better rates.



**Remember above all else, you want to be comfortable and have confidence in the lender you choose. They will play a huge role in how smooth your home buying experience goes.**





## Western Pioneer Financial Commitment

Western Pioneer Financial is a full spectrum lender. Our commitment and focus is to provide genuine one-stop shopping services to our clients and customers.

We are committed to providing our clients with superior personal service. We have a well-earned reputation for honesty, integrity, and competence as specialists in mortgage loan services. Personalized service combined with our unique Lowest Payment Guarantee gives you peace of mind that you are doing business with a company that cares and with people you can trust.