

WHAT TO BRING FOR AN APPLICATION

Income

- Paycheck stubs: past 30 days and W-2 forms from last two years
- Names and addresses of employers: last two years
- Tax returns: last two years (if self-employed)
- Divorce decree (if you will use alimony, child support or maintenance payments to qualify)

Assets: Downpayment, Closing Costs and Reserves

- Bank statements for all checking, savings, money market and Certificate of Deposit accounts from the last three months
- Gift Affidavit (if a gift is being used as part of the downpayment or closing costs)
- IRA or 401(k) statements: last three months



Debts and Obligations

- Account numbers, balances and monthly payments for all revolving credit cards, car loans, student loans, lines of credit
- Names and addresses of all landlords and monthly rent payments: last two years
- Divorce Decree (if you are making alimony, child support or maintenance payments)

Property

- Signed sales contract (including all riders)
- Names, addresses and phone numbers of all realtors and attorneys
- Listing sheet and legal description of the property

THE APPLICATION

Your Mortgage Specialist will meet with you to take your application at a time and place convenient for you.

Information about your income, employment history, debts, credit history, savings, investments and the property you intend to purchase will be gathered and evaluated. This information will be used to determine if you qualify for the amount of money you want to borrow.

MY INCOME

Income: How much money do I earn?

Use this worksheet to calculate your income—**gross monthly income before taxes** and/or income from any non-employment source.

	<i>Borrower</i>	<i>Co-Borrower</i>
Wages	\$ _____	\$ _____
Overtime	_____	_____
Bonus	_____	_____
Commission	_____	_____
Social Security	_____	_____
Pension	_____	_____
Disability	_____	_____
Alimony	_____	_____
Child Support	_____	_____
Dividends/Interest	_____	_____
Other	_____	_____
Total	\$ 	\$

Housing Expense Ratio

This is a comparison of monthly housing expenses (principal, interest, taxes and insurance) to your monthly gross income.

A good rule-of-thumb is that your housing expense payment should not exceed 28% of your monthly gross income.

However, this percentage amount can change depending upon the type of mortgage you choose.

MY DEBTS AND OBLIGATIONS

How much money do I owe?

Use this worksheet to calculate your monthly recurring payments for debts and obligations.

	<i>Borrower</i>	<i>Co-Borrower</i>
Revolving Credit Card	\$ _____	\$ _____
Revolving Credit Card	_____	_____
Revolving Credit Card	_____	_____
Revolving Credit Card	_____	_____
Car Loan	_____	_____
Student Loan	_____	_____
Line of Credit	_____	_____
Alimony	_____	_____
Child Support	_____	_____
Other	_____	_____
Other	_____	_____
Total	\$ 	\$

Debt-to-Income Ratio

This is a comparison of the monthly housing expense payment—principal, interest, taxes and insurance **plus all other monthly ongoing payments**—to monthly gross income.

When estimating the amount of mortgage that you can afford, your total monthly payments should not exceed 36% of your monthly gross income.

However, this percentage amount can change depending upon the type of mortgage you choose.

NOTES: _____

CREDIT CHECK

How have I paid my bills over time?

Your credit report is a summary of transactions where credit was used to purchase goods and services. This summary is compiled by three national credit repositories and provided to lenders upon request when you apply for a mortgage.

These credit repositories are:

- **Equifax:** (800-685-1111) www.equifax.com
- **Experian:** (888-397-3742) www.experian.com
- **TransUnion:** (800-888-4213) www.transunion.com

Your credit report includes:

- A list of all debts and a history of repayment
- Any unpaid bills referred to a collection agency
- Public record information such as judgments, bankruptcies and tax liens
- Recent inquiries made by other lenders and creditors about your credit worthiness
- Your credit score

Your credit score is calculated by evaluating the following information on your credit report:

- Your payment history
 - The amount of outstanding debt you have
 - The length of time you have used credit to purchase goods and services
 - How often you apply for credit and borrow money
 - The types of credit accounts you have
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The Fair and Accurate Credit Transaction Act (FACT Act), which was signed into law in December 2003, allows consumers to receive one free comprehensive disclosure of all the information in their credit file from each of the three national repositories once every 12 months. You can obtain your free copy by calling **877-FACT-ACT** (877-322-8228) or via the Internet at www.annualcreditreport.com.



TIP: A CREDIT SCORE IS A NUMBER THAT HELPS LENDERS AND OTHER CREDITORS ASSESS HOW LIKELY YOU ARE TO REPAY YOUR DEBTS. THE MAJORITY OF CREDIT SCORES TYPICALLY RANGE FROM 600 TO 800. LENDERS TYPICALLY VIEW A HIGHER SCORE MORE FAVORABLY.

CREDIT CHECK (CONTINUED)

You can improve your credit score in the following ways:

- Pay your bills on time
- Make at least the minimum payment
- Pay off as many accounts as you can
- Don't use the maximum amount available (e.g., your limit on credit cards)
- Only apply for credit when you need it

If you have experienced credit difficulties in the past, you may need to seek assistance from a credit counseling agency before considering homeownership. Your Mortgage Specialist can provide you with information about credit counseling agencies in your area.

Credit information that is reported on a credit report is referred to as "traditional" credit. If you have not established traditional credit, you may be able to provide alternative information to document your credit history.



Examples of "non-traditional" credit include:

- Current and previous rent history
- Verification of utility payments (telephone, electric, gas, cable, etc.)
- Insurance premium payments (medical, life, auto, renter's)
- Payments to local department, furniture, appliance or specialty stores
- Child care payments
- Documented loans to individuals

ASSET REVIEW

How much money do I have available for the downpayment, closing costs and reserves?

The downpayment is the amount of money paid from your own funds toward the purchase of a home.

Closing costs are the expenses incurred to obtain your mortgage loan (over and above the price of the property) such as appraisal fee, credit report fee, title insurance premium, discount points, recording fees, etc. Closing costs also include items that must be prepaid or escrowed, such as mortgage interest, real estate taxes and private mortgage insurance.

Some affordable products and programs may provide downpayment and/or closing cost assistance in the form of grants or affordable second mortgages from approved government or local housing agencies.

Reserves are the funds you have available after paying the downpayment and all closing costs. Some affordable products and programs require that you have funds in the amount of one or two mortgage payments in reserves after closing.

Use this worksheet to determine how much money you have available for the downpayment, closing costs and reserves.

	<i>Borrower</i>	<i>Co-Borrower</i>
Checking	\$ _____	\$ _____
Savings	_____	_____
Money Market	_____	_____
Certificates of Deposit	_____	_____
Stocks/Bonds	_____	_____
Gift Funds	_____	_____
Grant Funds	_____	_____
Affordable Second Mortgage	_____	_____
IRAs	_____	_____
401(k)	_____	_____
Total	\$ 	\$