



# Home Buyer Mortgage Information Resource Kit



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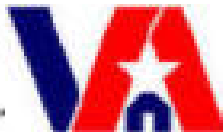
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**INFORMATION ABOUT THE MORTGAGE LOAN PROCESS.** Buying a home is one of the most important decisions you will ever make. It is also one of the most stressful. Once you choose the home you want and apply for a mortgage loan, waiting for the loan approval can create feelings of anxiety. Not knowing what to expect only adds fuel to the fire. To help you understand and complete a successful mortgage application. The Broker Staff of Just Listed Knoxville.com/ Realty Executives Associates has designed this brochure. We'll explain the mortgage loan and the home building process to you, step-by-step. By joining forces we can work together for a quick response on your mortgage application.

**PART 1: PREPARING FOR THE MORTGAGE APPLICATION.** By bringing all the items applicable on the following checklist, you will automatically shorten the time it takes to complete the mortgage application. Additional items may be requested depending upon your specific loan program.

**ITEMS REQUIRED PART 1 MORTGAGE LOAN APPLICATION.** Residence address for at least the past two years, if renting landlord's name, phone and address if buying type of loan, the loan number, and name and address of the mortgage company. Employment information with correct mailing address and to whom the verification should be directed for the last two consecutive years.

Borrower's Full Name	Co-Borrower's Full Name
Soc. Sec. Phone	Soc. Sec. Phone
Present Address	Present Address
City State Dates From To	City State Dates From To
Mortgage Co./Landlord Phone	Mortgage Co./Landlord Phone
Address Acct Number	Address Acct Number
Former Address	Former Address
City State Dates From To	City State Dates From To
Mortgage Co./Landlord Phone	Mortgage Co./Landlord Phone
Address Acct Number	Address Acct Number
<b>Employment</b>	<b>Employment</b>
Employed By Phone	Employed By Phone
Address	Address
City State Dates From To	City State Dates From To
Former Employer Phone	Former Employer Phone
City State Dates From To	City State Dates From To

## ITEMS NEEDED

The most current last 4 pay periods Account numbers, addresses and current balances for checking, saving, credit union. Most current two months bank statements on all accounts.

Driver's licenses and social security card. Credit report fee approximately of \$50.00 and appraisal fee of approximately \$350.00. Which will credited to you at closing. Copies of the last two years' W-2's, 1099's. 2 years Federal Income Tax returns, 3 years for THDA, including all schedules signed and dated by you.

## IF SELF EMPLOYED

◆ Provide a year-to-date profit and loss statement and balance sheet, prepared, signed and dated by your accountant, as well as two years' corporate or partnership tax returns signed and dated by you. Tax returns, including all schedules and k-1's signed and dated by you.

## Other Information

- ◆ Copy of rental/lease agreement on any rental property you own, together with the loan number, address of mortgage holder and your monthly payment amount. Copies of your college diploma or transcript are needed if you have been a full time student within the last two years.
- ◆ If you pay child support, alimony, or separate maintenance, provide an executed copy of your divorce decree and settlement agreement.
- ◆ If you receive child support and wish to include it as income, provide copies of payments, copy of the divorce decree and settlement agreement.

Copy of discharged papers and proof of paid collections for bankruptcies

## STEP 4: OBTAINING YOUR FINAL LOAN DECISION

Typically, by the fourth week following your application, or when all the documentation has been received by the mortgage company the processor will compile the data on the final application form that will be submitted to the mortgage companies underwriting department for the final loan decision within 48 hours. If you are applying for an government loan you will need to go to the mortgage company and sign the final loan application prior to submission for loan approval.

## STEP 5: CLOSING YOUR LOAN

Prior to closing you will need to notify your landlord at least 30 days in advance from the first of the month of your move in most cases.

You will need to notify all applicable utility companies 3 to 7 days in advance of your move to avoid interruption of service.

**The title company agent who will be closing (settlement) needs 3 to 5 days advance notice you also need to provided:**

Homeowners Insurance Policy and amount due at closing at least 3 to 5 days in advance before closing. Have your insurance agent contact the the mortgage company for the Mortgagee clause. The mortgage company closing department will then forward the loan proceeds check and the documents to the title company where the settlement will take place. Acting on the mortgage company's behalf the settlement agent will give you a copy of the documents you sign.

## Mortgage Company

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Phone The Title Company For the Amount of your Settlement Costs. Make out the CASHIERS Check to the Title Company. **Title Co. (Settlement Agent)**

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A LIST OF ALL OUTSTANDING LOAN AND CHARGE ACCOUNTS, SHOWING ACCOUNT NUMBERS, BALANCES, AND CURRENT PAYMENTS ALONG WITH ADDRESS.

**STEP 2: MAKING THE APPLICATION**

YOUR FIRST INTERVIEW WILL BE WITH AN EXPERIENCED MORTGAGE REPRESENTATIVE. DURING THIS INTERVIEW, THE REPRESENTATIVE WILL:

DISCUSS AND ANSWER QUESTIONS ABOUT YOUR LOAN. COMPLETE THE APPLICATION BASED ON THE INFORMATION YOU PROVIDE IN STEP 1. SECURE YOUR SIGNATURE ON THE APPLICATION AND OTHER FORMS. DISCUSS THE TERMS AND OPTIONS OF YOUR MORTGAGE (I.E., INTEREST RATE, POINTS, TERMS AND FIXED RATES VERSUS VARIABLE RATE MORTGAGES) PREPARE A WRITTEN ESTIMATE OF YOUR TOTAL CASH TO CLOSE AND ESTIMATED MONTHLY PAYMENT. PROVIDE YOU WITH A LIST OF ITEMS THAT YOU NEED TO SEND IN TO THE MORTGAGE CO.

Liabilities	Monthly Payt &	Unpaid
	Mos, Left to Pay	Balance
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Alimony/Child Support/Maintance	\$	
Payments Owed To:		
Job Related Expenses	\$	

Liabilities Continued	Monthly Payt &	Unpaid
	Mos, Left to Pay	Balance
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$
Account No.		
Name & Address of Company	\$Payt./Mo.	\$

**STEP 3: PROCESSING YOUR MORTGAGE LOAN**

After your interview, the Mortgage Representative will give your loan application to a loan processor. Immediately after the loan processor receives your application, he or she will:

1. Provide you with a Financing Agreement which details the terms of the mortgage.
2. Provide you with a Federal Truth in Lending Disclosure Statement which shows the annual percentage rate (APR.) of the proposed mortgage.
3. Initiate the appraisal of the house you are mortgaging.
4. Order a credit report. The mortgage co. will request that the credit bureau forward a copy of the report to you if they find any discrepancies.
5. Verify all the information on your mortgage loan application.
6. Mail you a reminder requesting the documents asked for during your first interview. Please forward to the mortgage company all documents requested as soon as possible. The Loan Processor or Mortgage Representative may contact you to help clarify issues or possibly to request additional documents.

**IMPORTANT:** Do not make any adverse changes to your financial "picture" during this delicate time between approval and when funds are dispersed. Believing the "approval" is the final stage or that the lender won't find out about the change in debt or income or other factors can lead to real headaches. Innocent mistakes range from applying for a new department store credit card to purchasing a refrigerator for the new house, to buying two new Mercedes Benz sedans, to quitting a job to go full time into a new business. These changes will at least force an explanation to be given and at worst may cause your loan not to fund and the approval to be withdrawn. Often a lender obtains another credit report and calls your employer one last time before funding the loan.

Gross Monthly Income	Borrower	Co-Borrower	Total	Present Housing Expenses	
Base Empl. Income*	\$	\$	\$	Rent	
Overtime				First Mortgage	
Bonuses				Hazard Insurance	
Dividends/Interest				Real Estate Taxes	
Net Rental Income				Mortgage Insurance	
Other Income				Other	
Total	\$	\$	\$	Total	\$

Assets		Cash Or Market Value
Description		
<b>Cash deposits toward purchase held by:</b>		
Account No.		\$

*List checking and saving accounts below*

<b>Name and address of Bank, S&amp;L or Credit Union</b>

Account No.	\$
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<b>Name and address of Bank, S&amp;L or Credit Union</b>

Account No.	\$
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<b>Stock and Bonds</b>

Account No.	\$
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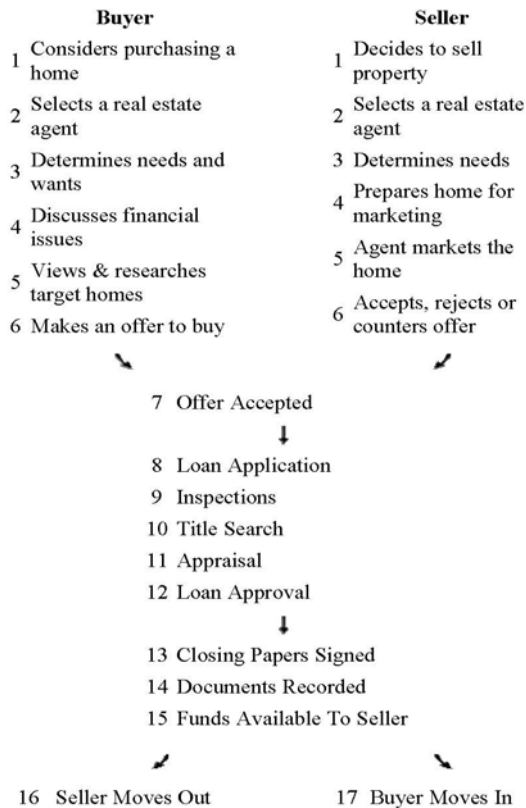
<b>Life Insurance net cash value</b>	\$
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<b>Face Amount</b>	\$
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<b>Vested interest in retirement fund</b>	\$
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<b>Automobiles owned (Make and Year)</b>	\$

<b>Other Assets (itemize)</b>	\$



**UNDERSTANDING THE TERMINOLOGY** Everywhere you turn, specialization has produced special terminology, or "buzz words" and residential lending is certainly specialized. Here are a few of the key "buzz words" you will probably hear when dealing with home financing.

**ADJUSTMENTS:** Money that both buyer and seller credit to each other at closing, including taxes and down payment.

**AMORTIZATION:** Length of time required to completely repay a loan whereby the borrower makes regular payments to the lender.

**APPRAISAL:** Unbiased, professional opinion of a property's value based on its style and appearance, construction quality, usefulness, and the value of comparable properties.

**BONA FIDE PURCHASER:** A purchaser in good faith, for valuable consideration, without notice or knowledge of adverse claims of others.

**BUYERS MARKET:** A market condition favoring the buyer. In real estate, when more homes are for sale than there are interested buyers.

**CLOSING COSTS (Settlement Costs)** -- All the charges associated with getting your mortgage, including the origination fee, discount points, appraisal fee, title search and insurance, survey, taxes, deed recording fee, charges for credit reports and other costs.

**CREDIT REPORT:** A report on the past ability of a loan applicant to pay installment payments.

**DEPOSIT or EARNEST MONEY:** Money given by the buyer with an offer to purchase. Shows good faith. Also called earned money.

**DISCOUNT POINTS:** A one time charge paid at closing used to adjust the yield on the loan to what market conditions demand.

**DOWN PAYMENT:** A specified percentage of a home's cost paid at closing. as the down payment increases, the monthly payment decreases since less money is being borrowed.

**GOOD FAITH ESTIMATE:** Given at loan application or before showing the estimated cash to close a purchase and the estimated total payment on a home purchase.

**MARKET RATE:** The predominant interest rate being charged by lenders.

**MORTGAGE:** The instrument by which real estate is hypothecated as security for repayment of a loan. An instrument that pledges real estate as collateral for a loan.

**MORTGAGE INSURANCE:** Many lenders require that borrowers furnish insurance to protect lender against default. On FHA loans it is called MIP, and PMI on conventional loans.

**OFFER TO PURCHASE, PURCHASE OFFER, EARNEST MONEY AGREEMENT PURCHASE AGREEMENT, DEPOSIT RECEIPT:** A document that lists the price, conditions, and terms under which the buyer is willing to purchase a property.

**ORIGINATION FEE:** The origination fee is what the lender charges for establishing the loan, and lender's administrative costs.

**PITI (Principal-Interest-Taxes-Insurance)** -- Shorthand for the separate parts of a typical monthly mortgage payment

**PREPAID ITEMS:** such as accrued interest, mortgage insurance, hazard insurance, real estate taxes are your funds that the lender holds in an account to assure future payment for recurring items such as taxes and insurance.

**PRIVATE MORTGAGE INSURANCE (PMI/MIP)** -- An insurance policy the borrower buys to protect the lender from non-payment of the loan. PMI policies are usually required if you make a down payment that is below 20% of the appraised value of the home.

**PRE-APPROVED:** A formal determination by a mortgage company of how large a mortgage a buyer can afford.

**PRE-QUALIFY:** Informal determination by a mortgage company of how large a mortgage a buyer can afford.

**QUALIFYING RATIOS:** A buyer usually must QUALIFY for a loan. Usually the monthly payment cannot be more than a certain percent of the buyer's gross monthly income and all the buyer's monthly debts total cannot be more than a certain percent of the buyer's income.

**RESERVES:** A setting aside of funds by the lender for future payment of taxes and insurance.

**TITLE:** A recognized right of property ownership. Title is evidence by a written deed. A loan will not close until the title company has assured the lender there are no hidden problems with a title to a piece of property. Title companies trace all claims, lawsuits, easements and liens which may encumber or cloud the title to a property.

Notes:

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