

Things You Should Know When Applying For a Mortgage

Here are some documents you will need to apply for almost any loan. Having them handy will speed up the process and make it easier - and less frustrating - for both you and your loan officer.

If you are buying or refinancing a home

If you are salaried: provide two years W-2 and one month of paystubs OR if you are self-employed: provide two years tax returns and a YTD profit and loss statement.

If you own rental property, please provide rental agreements and two years tax returns.

If you wish to speed up the approval process, please also provide three months bank statements for each bank, stock and mutual fund account.

Provide recent copies of any stock brokerage or IRA/401K accounts that you may have.

If you are requesting a cash out refinance please provide a letter explaining what you plan to do with the proceeds. Provide a copy of divorce decree if applicable.

If you are NOT a US citizen, provide us with a copy of your green card (front & back) or, if you are NOT a permanent resident provide us with your H-1 or L-1 Visa.

If you are applying for a home equity loan

If you are salaried: provide two years W-2 and one month of paystubs OR if you are self-employed: provide two years tax returns and a YTD profit and loss statement.

If you own rental property, please provide rental agreements and two years tax returns.

Please provide a copy of the note on your first mortgage. This will normally be found in your closing loan documents.

Please provide a signed letter explaining what you plan to do with the proceeds.

Provide a copy of divorce decree if applicable.

If you are NOT a US citizen, provide us with a copy of your green card (front & back) or, if you are NOT a permanent resident provide us with your H-1 or L-1 Visa.

Get Qualified

Getting qualified before you apply for a loan can help you understand how much you can borrow.

When buying a house, you may get *pre-qualified* or *pre-approved*. You can typically get pre-qualified over the phone or on the Internet in a few minutes. A pre-qualification is not as beneficial as a pre-approval where you have to go through a more rigorous process which includes verification of your credit, income, assets and liabilities. It is highly recommended that you get pre-approved before you start looking for a house. This will help you:

Find out the maximum house you can buy, so you don't waste time looking for properties you cannot afford.

Puts you in a stronger position when you are negotiating with the seller because the seller knows that your loan is already approved.

Helps you close quickly, since your loan is already approved.

Shop loan programs and rates

To shop for a loan you will need to:

Think about how long you plan to keep the loan. If you plan to sell the house in a few years you may want to consider an adjustable or balloon loan. On the other hand, if you plan to keep the house for a longer time, you may want to look at fixed loans.

Understand the relationship between rates and points. Points are considered to be prepaid interest and are tax deductible. Each point is equal to one percent of the loan. So for example 1 point on a \$150,000 loan is \$1,500. The more points you pay, the lower the rate you will get.

Compare different programs. Shopping for a loan can be difficult. With so many programs to choose from, each of which has different rates, points and fees, it's hard to figure out which program is best for you. That's where an experienced loan officer can help you make a decision that's best for you.

Obtain Loan Approval

Once your loan application has been received we will start the loan approval process immediately. This involves verifying your:

Credit history

Employment history

Assets including your bank accounts, stocks, mutual fund and retirement accounts

Property value

Based on your specific situation, additional documents or verifications may be required. To improve your chances of getting a loan approval:

Fill out the loan application completely.

Respond promptly to any requests for additional documents. This is especially critical if your rate is locked or if you plan to close by a certain date.

Do not make any major purchases. Do not buy a car, furniture or another house until your loan is closed. Anything that causes your debts to increase might have an adverse affect on your current application.

Do not move money into your bank accounts unless it can be traced. If you are receiving money from friends, family or other relatives, please contact us.

Do not go out of town around the closing date. If you do plan to be out of town when your loan is expected to close, you may sign a power of attorney to authorize another individual to sign on your behalf.

Close the Loan

After your loan is approved, you will be required to sign the final loan documents. This will normally take place in front of a notary public. Be prepared to:

Bring a cashiers check for your down payment and closing costs if required. Personal checks are normally not accepted.

Review the final loan documents. Make sure that the interest rate and loan terms are what you were promised. Also, verify that the name and address on the loan documents are accurate.

Sign the loan documents.

Your loan will normally close shortly after you have signed the loan documents. On refinance and home equity loan transactions federal law requires that you have 3 days to review the documents before your loan transaction can close.

We hope this will help you through the loan application process. If you have questions, contact Linn Wyllie at LinnWyllie@carib-gulf.com, or Bill Hughes at BillHughes@carib-gulf.com.



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