

Homebuyer's Guide

YOUR COMPLETE GUIDE TO THE HOME LOAN PROCESS



The
DOTY
Team

LeaderOne
Home Loans

A Division of LeaderOne Financial Corp. NMLS # 12007



YOUR GUIDE TO THE MORTGAGE LOAN PROCESS

Thank you for the opportunity to assist you in acquiring a mortgage loan. Applying for a home mortgage is one of the biggest and most important financial steps you will take in your lifetime. The mortgage loan process can seem complex to many; LeaderOne wants to ensure you feel fully educated as you move through this process. Let this packet serve as a personal resource that outlines the steps you will be taking with LeaderOne as you work towards your mortgage loan.

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PREPARING FOR THE LOAN PROCESS

PRE-QUALIFICATION

Please be sure to provide the following documents:

- W2s (from the last 2 years)
- 1040 Federal Tax Returns (from the last 2 years)
- 2 most recent pay stubs
- 2 most recent bank statements (all pages)
- Copy of driver's license

INFORMATION SENT TO YOUR REALTOR

I will send an email to your Realtor, explaining the program you are approved for, closing costs needed and any other details they may need to know.

SEARCH FOR YOUR NEW HOME

Purchase Agreement (PA), is written (including all contingencies)

- You may decide to have your agent write the offer contingent upon inspection. Typically, you as the buyer, have 5-7 days to remove any inspection contingencies. You will hire an inspector who works exclusively for you to inspect the overall condition of the property and give you a detailed report of the condition of the home. If you should decide that any inspected items needs to be replaced or repaired, you have the right to ask the seller to fix it, reduce the price or cancel the purchase agreement all together.
- You also have the option to make the offer contingent upon financing. If for any reason, financing falls through, you are able to get your earnest money back.
- If you decide the home is acceptable in it's current condition, you may choose to remove the inspection contingency

Purchase Agreement is accepted or rejected

- If your purchase agreement is accepted, you proceed to the financing step.
- If your purchase agreement is rejected, continue your search for finding a home.

PREPARING FOR THE LOAN PROCESS

STEP 1

Set up a meeting with your Loan Officer to answer all of your questions and complete your loan application

STEP 2

Provide your most updated documentation (pay stubs, bank statements, etc)

STEP 3

I will send your file to be processed

STEP 4

Verifications of employment, rent, assets, tax returns and social security are ordered by the Loan Processor.

STEP 5

Lender orders appraisal and title work (Typically takes 5-7 days to receive the reports)

STEP 6

Contact your insurance agent to obtain your homeowners insurance.

STEP 7

I'll follow up with you to see if any additional items are needed.

STEP 8

Files are submitted to Underwriting (takes about two days to be conditionally approved).

STEP 9

Answer any underwriter questions and collect any further documentation needed for final approval.

STEP 10

Final approval is given.

STEP 11

Loan documents prepared and sent to the title company. You'll receive a copy of the closing disclosure.

STEP 12

Attend your closing. Bring a cashier's check or wire the money, and bring your driver's license.

STEP 13 Last & final step: Get the keys and move into your new home!

BORROWER EXPECTATIONS

ESTIMATED OUT- OF POCKET EXPENSES

Out-of-pocket expenses are amounts that are required to be paid for upfront, typically right after you submit the purchase agreement. Individual expenses vary depending on the type of loan and the amount borrowed. See some examples for out-of-pocket expenses below.

- Earnest money (About 1% of purchase price–consult with buyer’s agent for amount)
- Property inspection (Typically \$300-\$400)
- Appraisal payment (varies depending on state/loan program)

RECOMMENDATIONS FOR SEAMLESS PROCESS

Do not suddenly or drastically alter the way you manage your credit while going through the mortgage loan process because it could affect your financing.

- Do not increase current credit card balances.
- Do not open new credit cards OR close any existing credit.
- Avoid depositing money into accounts that are not payroll related.
- Try your best to return all requested documentation within 24 hours.
- Hire an insurance agent and complete insurance application within 5 days of receiving your signed purchase agreement.



HOME OWNER'S INSURANCE

MORTGAGEE CLAUSE

Please follow the standard below as a reference to how our name should appear on any insurance documents.

LeaderOne Financial Corporate
ISAOA
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OBTAINING HOME OWNER'S INSURANCE

- Your insurance agent will need to know if you are going to establish an escrow account for your annual premium.
- You will need to complete and sign an application with your insurance agent and we will need a binder to finish the loan
- A binder offers temporary insurance coverage for a stated period of time to complete underwriting and issue the policy.
- The first day of coverage will be the day of closing.
- A binder is like a receipt; it details how much coverage you've obtained and what your yearly premium will be.



FINANCIAL INFORMATION

BANK STATEMENTS

Full account number, banking institution name and account holder(s) name(s) must be printed on the statement.

Bank statements must cover 2 months and transaction history must be shown.
Provide ALL pages of the bank statements (even if some pages are blank).

If you do not use online banking, your local branch can provide you with statements and transaction history. Make sure to have the banker sign and datestamp all documentation provided to you in person.

If you hold a joint account and the other account holder is not on the loan, provide a letter from the other account holder "granting 100% access to the account".

Be sure to reference the full account number on the letter and make sure to have it signed by the other account holder.

EARNEST MONEY DOCUMENTATION

In order to receive credit for your earnest money, you will need to provide us with documentation that supports the withdrawal from your account as well as a copy of the earnest money check.

If the withdrawal doesn't appear on your most recent statement, provide additional transaction history from the end-date of your most recent bank statement through the current history.

DOCUMENTING LARGE DEPOSITS

Even if the deposited funds will not be used to close your loan, we still need to verify all accounts opened within 90 days of your loan applications and account balances that are considerably greater than the average balance reflected on your account statement.

All deposits over 15-25% of gross monthly income must be verified by one of the following:

- If the deposit was a check, please provide a copy of the cancelled check.
- If the deposit was cash, provide a copy of the deposit slip.
- If the deposit was a combination of cash/check or you deposited a check and received cash back, provide both the cancelled check and deposit slip copies.

FINANCIAL INFORMATION

GIFT FUNDS

Gift funds (from an acceptable donor) can be used for down payment and closing costs. If you are to use a gift, we are required to document the gift with a gift letter. We will provide the gift letter, which will be signed by the donor and borrower stating the donor/borrower relationship and that no repayment is required.

If you have already deposited a gift fund into your account:

- The donor must complete and sign the provided gift letter as well as provide a bank statement that documents the gift of funds.
- Recipient of the gift must provide a bank statement or transaction history showing the deposit.
- No gaps are allowed in transaction history. If you are providing a printed statement, it must continue from the most recent date of transaction history provided.
- Remember that you must sign the gift letter as the receiver of the gift fund.

If your funds have not been deposited yet:

- Instruct the donor to wire the funds to the title company and obtain a statement showing the wire is completed.
- Have the banker complete the bottom portion of the gift letter (additional documentation may be required depending on the loan type).
- We will obtain proof that the wire has arrived at the title company. The account number must match the account number on the gift letter.

DISABILITY

Provide most recent awards letter, detailing monthly income.

SOCIAL SECURITY

Provide your most recent awards letter detailing monthly income. If you don't have this on file, call the Social Security Administration to request a copy via mail.

FINANCIAL INFORMATION

INCOME

Do not change or quit your job during the loan process; the processor will verify your employment at the company listed on your application before closing.

Do not change the way your income is received. For example, if you were paid as a W-2 employee and you switch to being paid as a 1099 employee, different forms of income will be calculated differently. Altering the way you are paid could reduce the amount of income we document.

W2 INCOME

Pay stubs must reference:

- Full name
- Employer's name
- Pay period
- Year-to-date earnings

SELF-EMPLOYMENT

You are required to provide your 2 years' most recent business tax returns (all pages and schedules) and the following if applicable:

- 2 years' most recent personal returns if filed separately
- All K-1s
- Year-to-date profit and loss statement

We may request a signed acknowledgment letter from your CPA confirming that you have filed as self-employed for the past "X" amount of years on your tax return.



FINANCIAL INFORMATION

CREDIT

It is very important that you do not take out any new debt or apply for any new credit during the home loan process.

- The underwriter will check your credit before granting final approval on your loan; You will need to explain any new changes to your credit. This could jeopardize your closing date, as underwriting will want the loan to be re-submitted with an explanation letter (1-2 day process).
- Opening any new credit is discouraged, as it could affect your credit score in negative ways and could cause your loan to be denied.
- It is ok if your home owner's insurance agent needs to pull your credit.

A letter of explanation is required for any derogatory credit: late payments, collections, bankruptcy, foreclosure, credit inquiries, etc.

Student loans cannot be in forbearance status.

Accounts cannot be in a disputed status.

WHAT DOES YOUR CREDIT REPORT SAY ABOUT YOU?

Shockingly, many people have never seen their Credit Report! Not knowing what your credit report says about your finances may cost you more when trying to obtain a mortgage. Even those who pay everything on time might have an unaddressed credit issue that is hurting your credit! It is very common for incorrect information to be reported on your Credit Report and it is important to identify any issues and correct them before you apply for a mortgage. The top three credit reporting agencies, Equifax, Experian, and TransUnion are required by law to provide you with a free annual credit report, once a year.


YOUR GUIDE TO THE MORTGAGE LOAN PROCESS

THANK YOU!

Thank you for reviewing our guide to the mortgage loan process. I hope this packet served as a valuable resource to you and that it assisted in answering many of your questions about the mortgage process. We want you to feel fully educated and to experience a smooth loan process. Please contact me with any additional questions, as I expect you may have more!

Thank you for choosing LeaderOne for your home financing needs. Please don't hesitate to contact me if you need any further assistance.

The
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Team

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Mortgage with EASE


Engage. Accomplish. Simplify. Empower.TM



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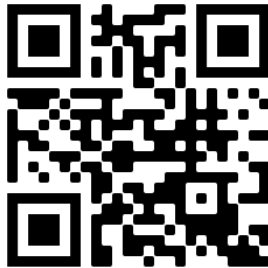
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