



In Your Best Interest. Always.

The Home Loan Process

7 Steps:

- 1. Organize Your Documents**
- 2. Get Qualified**
- 3. Shop for Home Loan Programs & Rates**
- 4. Apply for Your Home Loan**
- 5. Obtain Loan Approval**
- 6. Search for Your Home and Make an Offer**
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Organize Your Documents

Buying or Refinancing

- If you are *salaried*, provide two years(2) W-2 and one(1) month of check stubs. If you are *self-employed*, provide two years tax returns and a YTD profit and loss statement.
- If you own rental property, please provide all rental agreements and two years tax returns.
- If you want to expedite the approval process, please also provide three (3) 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 submit a letter of explanation detailing what you plan to do with the capital obtained from the refinance.
- If applicable, please provide a copy of your divorce decree.
- If you are *not* a United States citizen, please submit a copy of your green card – both sides. If you are *not* a permanent resident, provide us with your H-1 or L-1 visa.



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Applying for a home equity loan (HELOC)

- If you are *salaried*, provide two years W-2 and one month of pay stubs. If you are *self-employed*, provide two years tax returns and a Year-to-Date (YTD) profit and loss statement.
- If you own rental property, please provide all rental agreements and two years tax returns.
- Please provide a copy of the note on your first mortgage; you can typically find it in your closing loan documents.
- Please provide a signed letter explaining how you plan utilize the proceeds.
- If applicable, please provide a copy of the divorce decree.
- If you are *not* a United States citizen, provide us with a copy of your green card (both sides). If you are *not* a permanent resident, provide us with your H-1 or L-1 visa.

Note: Most borrowers go directly to their bank to obtain a HELOC, as opposed to using a mortgage broker.

Get Qualified

Getting *qualified* prior to applying for a home loan can help you learn how much you can borrow.

When purchasing a home, you may get pre-qualified or pre-approved. Usually, you can get pre-qualified via the phone or on the Internet in a matter of minutes (10-20 mins). Being pre-qualified is not as valuable as a pre-approval; when you are pre-approved you have to go through a more thorough process, which includes verification of your credit, income/employment, assets & liabilities, etc. We highly recommended that you get pre-approved before you commence looking for your home. The benefits will be as follows:

- Discover the maximum house you can purchase. This way, you will not spend precious time looking for homes that you definitely cannot afford.
- Places you in a stronger negotiating position with the seller(s), because the seller(s) knows(s) that your home loan has already been approved.
- Helps you close fast because your loan has been approved.



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Shop for Loan Programs and Rates

To shop for a loan you will need to:

- **Know how long you plan to live in the home.**

If you plan to sell the house in a few years (say 3-7 years), you may want to consider an adjustable rate mortgage or balloon loan. On the other hand, if you plan to reside in the home much longer, you may want to consider a 30-year fixed rate home loan. However, depending on market conditions, you may get better pricing on a 30-year fixed rate loan and vice versa. Your home loan consultant will help you decide whether a fixed rate or adjustable rate mortgage is best for your particular situation.

- **Understand the relationship between rates and points.**

Points are considered to be prepaid interest and are tax deductible. Each point is equivalent to one percent (1%) of the loan amount. For example, 1 point on a \$100,000 loan is \$1,000. The more points you pay upfront, the lower the rate you will receive, and in turn, the lower the monthly mortgage payment you will have to make.

- **Compare different home loan programs.**

Shopping for a loan can be complicated due to the myriad of programs to choose from, all of which have different rates, points and fees. At the end, it can get very difficult trying to determine which program is best suited for your unique situation. This is the time when an experienced loan consultant can be of great value, because he/she can assist you in making an informed decision.

Apply For Your Home Loan

- This entails completing a 1003 mortgage application, which consists of approximately 5 pages, whereby you submit your personal, employer, bank, asset, and credit information.
- Your loan consultant normally gathers all this information from you and completes the application which you then review and approve.



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Obtain Loan Approval

Upon submitting your loan application, the loan approval process starts immediately. This entails verifying your:

- Credit history
- Employment history
- Assets -- bank accounts, stocks, mutual funds and retirement accounts
- Property value

Based on your specific scenario/situation, additional documents or verifications may be required. To increase the chances of getting your loan approved:

- Complete the loan application in its entirety.
- Act quickly to any requests for more documents and information. This is especially imperative if your interest rate is locked or if you plan to close by a certain date.
- Please do not make any major purchases. Please do not buy a car, furniture, major appliances or apply for another home until your loan is closed. Anything that makes your total debts increase, might have a negative impact on your current home loan process.
- Please do not transfer or deposit money into your bank account(s) unless it can be traced. If you are receiving money from friends, co-workers, family, or other relatives, please contact us as soon as possible before depositing it into your account.
- Please do not go on vacation around the closing date/close of escrow. If this is out of your control and you have to be away when your loan is expected to close, you are permitted to sign a power of attorney authorizing another person to sign on your behalf.

Search for your Home and Make an Offer

- With the help of your Realtor, now is the time to search for your dream home. Make sure that you hire a Realtor that you feel comfortable with and trust, someone who is knowledgeable and who will not pressure you to make fast buying decisions.
- Once you have found your dream home, have your Realtor submit an offer to the seller. Please be patient, as finding the right home and getting an offer accepted may take longer than expected due to other families putting offers on the same property and, therefore, your offer not being accepted. With persistence and patience, though, you will soon find the home that was meant to be yours.



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Close Your Loan

Upon approval of your home loan, you will be required to sign/approve the final home loan documents/paperwork. This usually occurs in the presence of a notary public. Please be prepared with the following:

- Have a cashiers check for your down payment and closing costs, if required. Personal checks are normally *not* an acceptable payment method.
- Be ready to review the final loan documents in detail, especially the HUD statement. Ensure that the interest rate, loan program and loan terms agree with what you asked for and were promised. Further, verify that your name and address on the loan documents are correct; mistakes can and do occur.
- If everything is correct, sign the loan documents.

Normally, your loan will close within one to three (1-3) business days after you have signed the loan documents, depending on whether you are purchasing a home, refinance your current home loan, or obtaining a home equity loan.

Rescission Period

On refinance and home equity loan transactions, federal law requires that you have three (3) days to review the documents before your loan transaction may close/record.

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