

Important Information Regarding Financial Documents Requested!

Prepared for: <Salutation 2>
Please Read all Checked Items Below

One of the reasons you were confidently referred to us what that we are very proficient in helping you avoid inconveniences and delays that often plague large transactions like this one. Without exception, the top reason for delays in obtaining loan approval and for delayed closings is incomplete or insufficient financial documentation received from clients, most notably missing pages of financial statements (i.e. page 1 of 3 or 1,3,5, and 7 of 9). This supplement was created to help you avoid these difficulties. If you have questions regarding any of the items that we have requested please do not hesitate to call <MY:b-Office Ph>, or <MY:b-Email>

ONLY checked items below need your attention:

- ❑ **Pay Stubs** should reflect 30 days of year-to-date earnings. If more than one pay stub is requested please provide consecutive stubs. When 'most recent stubs' are requested this implies the most recent stubs available. Do not worry about giving us stubs from your current pay period. As long as the stubs you provide us reflect earnings within 30 days of your application date they are acceptable. If you do not keep your pay stubs or if they do not meet the standard stated above, please call my office and we will assist you with an alternative source of income verification.
- ❑ **Statements (Bank, Investment, 401K, IRA, Stock Option, Keogh, SEP)- ALL PAGES** of Statements are required even if the first page is an advertisement and the last page is blank. Statements usually indicate either the total number of pages (I.e. 1 of 5) or that additional pages are to follow (I.e. continued on next page). If 4 of 5 pages are submitted, the statement is considered incomplete and an underwriter will suspend or condition the loan. This is the number one reason for delays in final underwriting decisions. The most common cause for incomplete statements is failing to copy the front and back of two sided statements.
 - **Large deposits** reflected on asset statements require an explanation and 'source of funds documentation', which is another way of saying " We need to know where it came from and we need to see documentation that supports the explanation". This can seem like an excessive request, so I will explain: During the late 1980's and early 1990's lenders discovered that personal loans, credit card advances, and undocumented gifts were frequently obtained just before closing. Since these debts were too new to be reflected on the borrowers credit report they were not included in debt ratios used to qualify the borrower for the mortgage loan. FNMA and FHLMC established a rule at that time that all large deposits reflected on asset statements used to qualify, must be explained and documented. Fair lending requires that rule to be applied equally to all borrowers. (Sorry for the inconvenience!)
 - **Internet Asset Statements-** FNMA and FHLMC will accept internet statements but the statements must identify the institution, your name and your account number. Unfortunately most financial institutions do not include this information on their online statements so it is best to provide actual hard copy asset statements when possible.
 - **Moving Funds or Opening New Accounts After Application-** can cause additional documentation to be required if it is done after application and prior to closing. If actual balances vary too much from the amounts stated on the application this can cause a red flag for underwriters who might require an explanation and documentation to verify the disparity. We realize that moving money around is sometimes necessary but please call us first so we can help you avoid unnecessary inconvenience.
- ❑ **Homeowner's Insurance-** A homeowner's insurance policy should be in place no less than 10 days prior to closing to allow for closing documents to be prepared. You should contact your insurance agent as soon as you have an accepted earnest money contract in order to obtain a quote. We like to be proactive and establish contact with your agent as soon as possible so please forward their name and phone number to us as soon as possible so we can forward our mortgagee's clause and advise them of replacement cost.
- ❑ **Application Fee-** This money is deposited but is fully refundable if an appraisal is not ordered. The actual appraisal cost may vary slightly but for conforming size purchases of existing homes the cost is usually \$375 or less. If you do not have a property yet, you can waive remittance of this fee until you have an accepted contract.
- ❑ **2 Year Residence History-** FNMA and FHLMC require lenders to verify residence history for each borrower on the application for the past 24 months. Information required includes property addresses, and Landlord's name and phone number for each residence during the last two years. If corporate housing was used please list the property address and indicate employer as landlord.
- ❑ **Tax Returns-** Please include all pages, schedules, and addenda with federal tax returns when requested. State tax returns are not required. Be sure to include all corresponding W-2's, 1099's, and K-1's as they are not always attached to the tax return

Important Information Regarding Financial Documents Requested!