

LOAN DOCUMENTS CHECKLIST

The items on this checklist are required to process your loan once you have a contract on a home. Additional items may be added to this checklist depending upon your situation and stage in the loan process.

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1. INTRODUCTION-PLEASE READ FIRST

This public version of the Loan Documents Checklist is a general list of documents and information you will need to process your home loan. You can keep this checklist for your own records and you can check off items on this list but you can't upload your documents and share information with us with the

public version of this checklist. Also, you should check off items which are not applicable to you. Once you [submit a full loan application](#) through us then we will provide you with a complete customized private checklist geared toward your unique financial situation. Furthermore, you will be able to upload documents and we will be able to communicate through the checklist app.

Today, there is a lot more information and documentation required to process a home loan. Once you have a purchase contract on your home then you must provide your loan officer with all your documents as soon as possible so you don't delay the loan process and the closing on your new home. Don't hold up sending your documents to your lender because you are missing one or two items that you are waiting on. Additional checklist items may be added after the processor reviews your loan file and an underwriter approves your loan with conditions.

Ideally, you should start this checklist 3 to 6 months prior to buying your first home so you have sufficient time to gather documents and information and address and correct any issues which could slow down the loan process or prevent you from qualifying for a loan program.

If you have any questions you can contact FirstHomeBuyers.net at 847-516-5743 or email us at dream@firsthomebuyers.net. Please check back for more updated versions of the Loan Documents Checklist.

2. LAST 30 DAYS PAY STUBS

- 1 Provide 30 consecutive days of pay stubs with no gaps.
- 2 If you are receiving a pay raise, then we need one pay stub to show the raise and we can use new hourly pay or salary to qualify you for the program.
- 3 Please indicate in comments section if there is a child support/alimony deduction on your pay stub.
- 4 Please provide letter of explanation if pay on each pay stub is different and address the letter to "Whom It May Concern" and sign and date.
- 5 Provide breakout of commissions, bonuses, and overtime for the last 2 years. You can contact your employer for these figures. Inaccurate figures may impact your debt ratios and your ability to qualify for the program.

3. LAST 2 YEARS TAX RETURNS WITH W2 FORMS

Please provide last 2 year's complete tax returns with all W2 and 1099 forms. If you are missing a W2 or 1099 form then you can request copy from your employer or go to [IRS website](#) to request wage transcripts which usually arrives in 5 to 10 calendar days.

If you have worked less than 2 years and you were in college or attended vocational/trade school then we will need copy of diploma or transcripts.

If there are any gaps in employment then you will need to provide letter explaining gaps in employment and indicating dates of those gaps.

If you are self-employed or 1099 employee then we will average "net" income from the last 2 years and the income should be stable or showing upward trend. If your income is declining then there may be an issue using this income to qualify you for a loan.

4. LAST 60 DAYS BANK STATEMENTS

You must provide legible copies of 60 days of bank statements with all pages even if they are blank. Also, you can use online statements if they show the bank name, your name, and account number on the statements. Furthermore, you must evidence and explain in a letter all large deposits on your statement other than payroll, Social Security Income, or IRS refunds. Many programs don't allow cash on hand to be deposited into your bank account. [Check out video](#) and you will get the idea.

One issue which comes up frequently is depositing gift funds from fiance or family member without proper documentation. You need to consult one of our team members before dumping cash into your bank account. You must evidence a gift with a copy of a cashier's or certified check and deposit slip. Also, the donor will need to complete a gift letter provided by the lender.

Another big issue are overdrafts. You can't be overdrafting your bank account when you want to buy a home. Underwriting can view this as a negative factor when reviewing your loan and some loan programs will not use funds from bank account to qualify for a loan which had an overdraft in the last 60 days.

Here are some other requirements:

- 1 If you use printout from the bank then each page must be signed and stamped by a personal banker.
- 2 If there is somebody else on your bank account who is not on the loan then that person must provide a letter which states that you have 100% access to the funds in that account.

- 3 You only need to provide bank statements which contain funds being used for the loan but if there are any transfer of funds from other bank or investment accounts then you will need to provide statements for those accounts too.

Tip: The best bet is to have all your funds in your account several months prior to submitting a loan application and you shouldn't have overdrafts and money flying in and out of your account.

5. LAST QUARTER RETIREMENT STATEMENTS

Provide the last quarterly retirement or 401k statements. Also, if you intend to take withdraw funds from these accounts or take out a 401k loan then you need to provide documentation such as 401k loan paperwork, hardship withdrawal terms, updated statement showing withdrawal of funds from retirement account, copy of check, and bank deposit slip or wire transfer statement. The good news is that most lenders will not count a 401k loan payment in your qualifying debt ratios if you chose to take out a 401k loan.

6. SOCIAL SECURITY CARD AND DRIVER'S LICENSE

Lenders are required to verify your identity and you must provide a legible copy of the front and back of your Social Security card and driver's license or state ID. You may need to enlarge your driver's license or state ID and use color scanner so we can see it clearly. One issue which comes up frequently is the address on your driver's license or state ID doesn't match your current address because you didn't update your driver's license when you moved to a new residence or there may be another reason which must be explained in a letter. The best thing to do is update your driver's license or state ID before you submit a loan application. Also, you may have misplaced or lost your Social Security card and you can request a replacement at the [Social Security Administration website](#) or visit one of their local offices.

7. PURCHASE CONTRACT WITH ALL ADDENDUMS

You should have a Realtor or attorney draw up the purchase contract and you must provide the lender with a complete copy of purchase contract will all addendums and signatures. Only buyers who will be on the mortgage should be on the purchase contract. The property address should be correct and verifiable at the [USPS website](#). All terms such as purchase price, closing date, and seller paid closing costs should be spelled out on contract. If seller agrees to pay closing costs then a dollar figure should be stated on the contract. There

may be required inspections such as termite and septic and water tests if home resides on septic or well. If there are any required repairs on the appraisal then the contract should spell out who will pay for those repairs which must be completed prior to closing. The closing date should be at least 45 to 60 days from contract date to allow plenty of time to process your loan file. Also, you should provide accurate property taxes and tax bill due dates to your lender. Finally, you should provide lender with MLS number for the property so they can review the listing to determine if there are any issues with home and type of loan program you will use to finance the home.

8. CANCELLED EARNEST MONEY CHECK

Typically, you have to give the seller a "good faith deposit" or earnest money when you purchase a home. Please don't use cash and you will need to provide proof funds cleared your bank account with a cancelled check or statement showing that the check has cleared your account.

9. PRELIMINARY HOME INSURANCE QUOTE

You must get a preliminary quote from a home insurance agent and provide the lender with their name, phone number, and email address. You may need to get flood, hurricane, tornado, earthquake, or some other additional hazard insurance depending upon the area you intend to purchase home in. Home insurance is getting more expensive and you should get at least 2 to 3 quotes to get the lowest premium. Inaccurate home insurance quotes can affect your debt ratios and ability to qualify for a loan.

10. CONTACT INFORMATION FOR REALTORS, ATTORNEYS, AND TITLE COMPANY

We need good contact information for Realtors, attorneys, and title/abstract company. Please provide their names, phone numbers, and email addresses. Also, if you are purchasing a home without a Realtor such as a home that is for sale by owner then we will need the seller's information. Communication is very important to expedite the processing of your loan so you need to provide correct contact information for everybody involved in the transaction. Finally, I would like to point out we utilize an excellent client website portal for regular updates on the status of your loan.

11. LANDLORD INFORMATION

Please provide the names, phone numbers, and email addresses of your landlords for the last 2 years. Good rent history can be a factor in getting you approved for a home loan so please tell us if you have been over 30 days late on your rent in the last 2 years.

12. LETTER OF EXPLANATION-CREDIT INQUIRIES AND LATE PAYS

You must provide a letter of explanation if there are any credit inquiries on your credit report as well as late pays including collections, judgements, and tax liens. We will provide you with a copy of your credit report and hi-lite the derogatory items on the report and your letter should make reference to the accounts and dates of the derogatories. You must take these letters seriously regarding late pays and there should be good reasons or extenuating circumstances why you were late. Reasons like "I forgot to pay" will not fly with an underwriter. Usually, medical reasons, loss of job or income, and death in the family are valid reasons for being late on your bills. Ultimately, an underwriter will make the final decision on credit issues so you want to address any concerns that an underwriter may have in regards to your credit profile.

Some collections and judgements may need to be paid off prior to closing on your home but DO NOT PAY OFF these items on your own until you speak with a lender. Normally, your credit scores go down after you pay off a collection or judgement and you should wait until an underwriter determines which accounts need to be paid off. Credit bureaus can take 30 days or more to update your credit report and scores after paying off a collection on judgement so you want to wait until the very end of the process to pay off these types of debts so they don't impact your scores before you close on your new home.

For example, you just met the minimum score requirement for a program and you are closing in the next 30 days but you paid off your collections 60 days ago and you need to run a new credit report because it has expired. The new scores may be much lower and you may no longer qualify for the program which wouldn't have been the case if you would have waited to pay off these debts within 30 days of closing so your scores would not have been impacted yet.

In regards to inquiries, we will provide you with a form which you indicate whether a new account was opened from an inquiry and what the reason was for the inquiry such as shopping for auto loan. If you opened an account recently and it doesn't show up on the credit report yet, then you will need to provide the lender with a statement for the new account. Furthermore, you

should not generate any other new inquiries or open any new accounts during the loan process because it can affect your debt ratios and your ability to qualify for a loan.

13. CREDIT CARD AND INSTALL DEBT INFORMATION

You need to provide credit card or loan statements if the monthly payment or balance on the credit report is different than the actual payment or balance. Furthermore, if you have an account with zero balance which is not reflected on the credit report then you need to provide statement showing zero balance and we will get credit supplement for your loan file showing the correct balance.

14. STUDENT LOAN STATEMENTS

Many first time home buyers have a considerable amount of student loan debt and it is important to consolidate these loans into the lowest payment possible to keep your debt ratios in line with the program guidelines. We will need a statement showing balances and payments on all student loans. If you don't provide a statement, then we will use 1% to 2% of the balance as a payment depending upon the program. For example, if you apply for an FHA loan and you have \$50,000 outstanding balance on student loans then we would use 2% or \$1,000 per month without a statement in the file. Usually, the actual loan payment is less than the 2% calculation so it may be in your best interest to provide a statement. Also, the rules have changed on student loans in forbearance and we will need to count payments on these loans now with the exception of the VA loan program.

15. DIVORCE DECREE/CHILD SUPPORT

If you are divorced, then you will need to provide a complete copy of the divorce decree. Furthermore, we will need a copy of the child support agreement if applicable. We count child support payment in your debt ratio which can affect your maximum loan amount you can qualify for. If you are receiving child support, you need to show 6 months of bank statements showing child support deposits. You can't use child support income if you are receiving cash or you can't document the receipt of these funds.

16. BANKRUPTCY PAPERWORK

You will need complete copy of bankruptcy paperwork if you declared a bankruptcy. The discharge date must be 2 years for most loan programs and 3

years if you are applying for a USDA loan. Also, you will need to provide a letter of explanation for the bankruptcy.