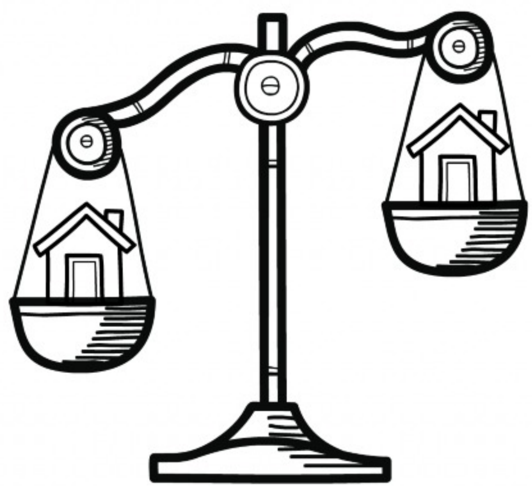
INDUSTRIAL WORKERS ONLY PROGRAM



PRESENTED BY

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INDUSTRIAL WORKERS ONLY PROGRAM

INTRODUCTION

THE INDUSTRIAL WORKERS ONLY program was created with you in mind, to help you navigate through every part of the first time home buying process, from figuring out your finances to hiring a moving company. If you feel less educated about the buying a home when you've completed his course, I will gladly buy you a coffee and we can discuss how I can improve my methods of delivery. Until then, assume I can help as we discover in layman's terms the following...

- ✓ Is buying a home for me?
- ✓ Getting our finances together
- ✓ How to wear your business cap
- ✓ Mortgages made easy
- ✓ Wants, needs and what to look for
- ✓ Realtor Shmealtor- Do I need a one?
- ✓ Negotiations, multiple offers and how to submit offers
- ✓ The Importance of Inspections and Insurance
- ✓ Down payment programs,and gift letters
- ✓ Closing and beyond
- ✓ Real Estate Terms and Definitions

When you are finished with this course of fundamentals, you will be certain of your ability to make an educated decision about buying a home. This will be useful to you even if you decide home ownership isn't for you. Everyone knows someone, who knows someone who is, or will be buying a home. This course will give you the understanding to have competent conversations about every step of the first time home buying process. This will be a helpful service to your friends, family, co-workers and virtually anyone you meet who is considering buying their first home.

I will share more of my story as the course develops but, I created this platform in order to help multiply my personal experience as a first time home buyer. I guarantee this program help you save time, cut costs and prepare you for your future, at bare minimum you will feel smarter and most likely much more knowledgeable than the average first time home buyer.

P.S. Even if you think you already know how everything works, please keep an open mind, relax and remember there is no such thing as a dumb question, at least in my opinion. Don't hesitate to reach out, raise your hand or contact me directly.

1. TO BUY OR NOT TO BUY?

At some point, something will make you wonder whether to buy a home. The decision to go from renter to homeowner is quite a game changer. Therefore it's essential to really take a look at your current situation, and consider your options moving forward. It's worth noting, that only *you* know what is best for *you* and *your family*.

Buying is a smart choice for many people, but it isn't always the best deal for others, depending on the current market where you live and factors such as how long you plan to stay in your home and the size of the home you want to purchase compared to where you're renting. Before you commit to buying, factor in the following points:

ARE YOU BETTER OFF RENTING?

Deciding whether to rent or buy is a big decision that requires serious "Where am I now?" and "Where am I going?" sorts of questions. It might be best to keep renting if you want to maintain flexibility for personal or professional reasons, or if jumping into more debt right now takes you out of your comfort zone. Maybe you're just not ready to face the responsibilities of home ownership: repairs, upgrades, maintenance, yard work and all the rest. Even thinking about the difference between cleaning an 800-square-foot apartment and a 2,400-square-foot house can make you want to take a seat and a deep breath, but all in all with a little contemplation and reviewing your circumstances, you can make an informed decision.

IS A HOME AN INVESTMENT?

Yes, and 65% of Americans have chosen that they would rather put their money toward equity in their property instead of giving it to a landlord. While that math makes sense for many — especially those who plan to stay long enough to pay off their mortgage entirely — nobody can predict whether home prices will rise or fall in a given time frame, so don't count on your home to be a cash cow. On the other hand it can potentially and significantly increase your leverage financially as you continue to grow your assets.

CAN YOU HANDLE THE RESPONSIBILITY?

There's no landlord coming to save the day when things go askew. Are you handy enough to deal with maintenance issues when they arise? Do you have a small reserve set aside for emergencies? These are questions to consider when shifting from renter to owner. If you think you are ready for the adventure, then let's get into what that like financially, and what you need to consider as you prepare to present yourself before lenders.

2. HOW TO PREPARE YOUR LENDER PROFILE

Let's take a moment to think about how your household is currently operating. Have you ever considered looking at your income and spending like it's a business? Think about it, you have monies coming in and monies going out. The main product you offer is your ability to create income (working) and your expenses are what it takes in order to help you do that such as; rent, fuel, utilities, phones, credit cards, student loans, car loans, fun money, vice money, daycare, clothing, insurance, taxes, tools and accessories all needed to perform your services, etc. It all adds up to measurable numbers, and you will definitely see yourself in a different light when you break these numbers down.

This process of self-analyzing is important to do by yourself before potentially being disappointed or embarrassed in front of a complete stranger. Everything about your finances will all come into light when you apply for a mortgage, so it's best to pull out the microscope on yourself first. Most importantly this will simply help you understand where you are investing your money and you can see what makes sense and what doesn't, making it much easier to set goals and have a plan to achieve them.

WHAT MATTERS MOST TO LENDERS

- **Verifiable income before taxes**
- **Total amount of debt paid per month- minimum due amounts**
- **Any commitments against your income- child support etc.**
- **DTI- debt to income ratio**
- **FICO credit rating**
- **On time payment history**
- **Open lines of credit and available amount balances**
- **Down payment plans**
- **Consistent form of predictable income**
- **Assets and valuable personal property**

INCOME

The banks want to see that you can commit to the monthly payments by having verifiable income that has been consistent over the last 18-24 months. They are flexible to a degree but it's safe to say that18 months on the job "hired" in is a standard requirement for financing. Multiple jobs can be a plus when helping to verify sustainable income.

DEBTS

Generally, lenders first look to see what debts you currently have — including car loans, student loans, credit card payments, etc. A lender wants to see that your debts plus a new mortgage payment will consume 43% or less of your income. Put simply, if your pre-tax income were $3,000 per month, the lender would want to see $1,350 or less per month going toward your debts and new mortgage payment. Of course, a lower payment-to-income ratio is ideal for long-term affordability.

DEBT TO INCOME RATIO

This percentage comes into play when factoring your minimum debt payments against your pretax income. For example $2000 a month income with a $300 car payment, $230 in credit cards, $120 in student loans=$650 in total minimum debt payments due. Now you take 650/2000= **33% DTI**

CREDIT SCORE - FICO

The minimum credit score to get a mortgage these days is 580 – specifically for an FHA loan. A higher score results in more, and better, loan offerings. The credit score does dictate what loan program you can apply for, which ultimately might sway a seller in determining which offer they go with. Remember how you look on paper, not only to the mortgage company, but also to the seller and the real estate agents. This is a big factor many home buyers overlook.

If you have time to work on building your credit in advance of applying for a mortgage, that can also be helpful. You can pull your free annual credit reports to look for any errors you need to dispute or issues you need to work on. The three credit bureaus take the middle number of the three, and that is considered your FICO score. For example 676, 592, 637 would result in a 637 FICO score.

ON TIME RENT PAYMENTS

One thing that a mortgage officer is looking for when they review your history is consistency. They want to see that you have been a consistently reliable renter throughout. They want to see that you have made your payments on time every month for however many years you have been renting. While one or two late payments might not be a deal breaker, if you often made late rent payments, it could be.

You need to display that you can be counted with regular mortgage payments. If you have been responsible in the past, they will feel better about giving you thousands of dollars for a mortgage

It's worth noting that there are programs available that will verify and collect the necessary information to get your rent payments counted and submitted to the credit bureaus. (Rentreporter.com etc.)

DOWN PAYMENT PLAN

You must document your down payment! It's important to have a paper trail of where your down payment and closing cost funds are coming from. You can't use any undocumented 'mattress money' for your down payment or money you've deposited from a credit card withdrawal or gambling winnings. If you have any odd deposits you'll need to document them with deposit slips and an explanation to make sure they aren't unauthorized gifts. Your finances are going to be under a microscope and they need to be able to track everything.

Simply put, any sudden change in your finances – for better or worse, but especially better – will need to be explained, and if you cannot document it, it likely won't be counted. If family members have contributed to your pool of cash, be prepared to have them sign "gift letters," which certify that these are not loans and have no required or obligatory repayment. These letters will often need to be notarized, and getting that done and returned to the lender may take some time, slowing down your loan process.

We will get into details a little later regarding assistance programs and how to take advantage of them when making your first purchase for sure, but this applies to second time buyers as well.

MONTHLY INCOME AND EXPENSE SHEET

Take some time to fill out the monthly income and expense sheet and try to be as detailed as possible in order to get the most out of the exercise. The MOST important aspect of getting these numbers together is determining your total amount of debts and monthly commitments against your income.

We will not go too far into how you can make better everyday purchases at this time, but don't be too soft on yourself either when you find out you're spend $300 a month on fast food and cigarettes, it all adds up and you need to know where things are going. Never be afraid of the truth, it will only help and make you smarter.

Monthly Income Worksheet

Figure Your Monthly Income			
Your weekly pay	$ ____________ (take-home pay)	X 52 ÷ 12	$ ____________ (monthly income)
or			
Your twice-a-month pay	$ ____________ (take-home pay)	X 2	$ ____________ (monthly income)
Your Monthly Take-home Pay			$ ____________
Figure Other Household Members' Monthly Income			
Weekly pay	$ ____________ (take-home pay)	X 52 ÷ 12	$ ____________ (monthly income)
or			
Twice-a-month pay	$ ____________ (take-home pay)	X 2	$ ____________ (monthly income)
Other Household Members' Take-home Pay			$ ____________
Other Monthly Income			
Second job			$ ____________
Regular overtime			$ ____________
Public assistance			$ ____________
Child support			$ ____________
Pension			$ ____________
Social Security			$ ____________
Other			$ ____________
Total Other Monthly Income			$ ____________
Total Net Monthly Income			$ ____________

Total Monthly Debt Worksheet

Your Total Monthly Debt Payments

Car Payment $ ____________

Credit Cards

Card:	Monthly Payment
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________

Total monthly debt from credit cards $ ____________

Loan Payments

Lender:	Monthly Payment
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________

Total monthly debt from loans $ ____________

Childcare

$ ____________ x 52 ÷ 12 $ ____________

Weekly cost for all children

Total Monthly Debt **$** ____________

(Add monthly car payment, total monthly debt from credit cards, total monthly debt from loans, and monthly childcare payment)

Monthly Expenses Worksheet

Housing

Rent or mortgage $ ________
Heating *(gas or oil)* $ ________
Electricity $ ________
Water or sewage $ ________
Telephones *(landlines and cell phones)* $ ________
Renters or homeowners insurance *(if not included in mortgage)* $ ________
Trash service $ ________
Home maintenance and furnishings $ ________
Cleaning supplies $ ________
Lawn service $ ________

Transportation

Gas $ ________
Car payment $ ________
Car insurance $ ________
Car inspection $ ________
Car repairs and maintenance $ ________
License plates and registration fees $ ________
Public transportation or taxi $ ________
Parking and tolls $ ________

Food

Groceries $ ________
School lunches $ ________
Work-related *(lunches and snacks)* $ ________

Insurance

Health $ ________
(medical and dental, if not payroll-deducted)
Life $ ________
Disability $ ________

Medical

Doctor $ ________
Dentist $ ________
Prescriptions $ ________

Childcare

Childcare or babysitters $ ________
Child support or alimony $ ________

Clothing

Clothing $ ________
Laundry and dry cleaning $ ________

Donations

Religious or charity $ ________

Total Regular Monthly Expenses $ ________

Education

Tuition $ ________
Books, papers and supplies $ ________
Newspapers and magazines $ ________
Lessons *(sports, dance, music)* $ ________

Gifts

Birthdays $ ________
Major holidays $ ________

Personal

Barber or beauty shop $ ________
Toiletries $ ________
Children's allowances $ ________
Tobacco products $ ________
Beer, wine or liquor $ ________

Entertainment

Movies, sporting events, concerts, etc. $ ________
Video rentals $ ________
Internet service $ ________
Cable/satellite TV $ ________
Restaurants and take-out meals $ ________
Gambling and lottery tickets $ ________
Fitness or social clubs $ ________
Vacations/trips $ ________
Hobbies or crafts $ ________

Miscellaneous

Checking account and money order fees $ ________
Pet care and supplies $ ________
Postage $ ________
Pictures and photo processing $ ________
"Mad" money $ ________

Debts

Student loan $ ________
Credit card *(monthly minimum)* $ ________
Credit card *(monthly minimum)* $ ________
Credit card *(monthly minimum)* $ ________
Medical bills $ ________
Personal loan $ ________

Other

Other $ ________
Other $ ________
Other $ ________

DEBT TO INCOME CHEAT SHEET

INCOME	$1,500.00	$1,600.00	$1,700.00	$1,800.00	$1,900.00	$2,000.00	$2,100.00	$2,200.00	$2,300.00	$2,400.00	$2,500.00	$3,000.00	$3,500.00	$4,000.00	$4,500.00	$5,000.00
DEBT MIN																
$100.00	6.67%	6.25%	5.88%	5.56%	5.26%	5.00%	4.76%	4.55%	4.35%	4.17%	4.00%	3.33%	2.86%	2.50%	2.22%	2.00%
$150.00	10.00%	9.38%	8.82%	8.33%	7.89%	7.50%	7.14%	6.82%	6.52%	6.25%	6.00%	5.00%	4.29%	3.75%	3.33%	3.00%
$200.00	13.33%	12.50%	11.76%	11.11%	10.53%	10.00%	9.52%	9.09%	8.70%	8.33%	8.00%	6.67%	5.71%	5.00%	4.44%	4.00%
$250.00	16.67%	15.63%	14.71%	13.89%	13.16%	12.50%	11.90%	11.36%	10.87%	10.42%	10.00%	8.33%	7.14%	6.25%	5.56%	5.00%
$300.00	20.00%	18.75%	17.65%	16.67%	15.79%	15.00%	14.29%	13.64%	13.04%	12.50%	12.00%	10.00%	8.57%	7.50%	6.67%	6.00%
$350.00	23.33%	21.88%	20.59%	19.44%	18.42%	17.50%	16.67%	15.91%	15.22%	14.58%	14.00%	11.67%	10.00%	8.75%	7.78%	7.00%
$400.00	26.67%	25.00%	23.53%	22.22%	21.05%	20.00%	19.05%	18.18%	17.39%	16.67%	16.00%	13.33%	11.43%	10.00%	8.89%	8.00%
$450.00	30.00%	28.13%	26.47%	25.00%	23.68%	22.50%	21.43%	20.45%	19.57%	18.75%	18.00%	15.00%	12.86%	11.25%	10.00%	9.00%
$500.00	33.33%	31.25%	29.41%	27.78%	26.32%	25.00%	23.81%	22.73%	21.74%	20.83%	20.00%	16.67%	14.29%	12.50%	11.11%	10.00%
$550.00	36.67%	34.38%	32.35%	30.56%	28.95%	27.50%	26.19%	25.00%	23.91%	22.92%	22.00%	18.33%	15.71%	13.75%	12.22%	11.00%
$600.00	40.00%	37.50%	35.29%	33.33%	31.58%	30.00%	28.57%	27.27%	26.09%	25.00%	24.00%	20.00%	17.14%	15.00%	13.33%	12.00%
$650.00	43.33%	40.63%	38.24%	36.11%	34.21%	32.50%	30.95%	29.55%	28.26%	27.08%	26.00%	21.67%	18.57%	16.25%	14.44%	13.00%
$700.00	46.67%	43.75%	41.18%	38.89%	36.84%	35.00%	33.33%	31.82%	30.43%	29.17%	28.00%	23.33%	20.00%	17.50%	15.56%	14.00%
$750.00	50.00%	46.88%	44.12%	41.67%	39.47%	37.50%	35.71%	34.09%	32.61%	31.25%	30.00%	25.00%	21.43%	18.75%	16.67%	15.00%
$800.00	53.33%	50.00%	47.06%	44.44%	42.11%	40.00%	38.10%	36.36%	34.78%	33.33%	32.00%	26.67%	22.86%	20.00%	17.78%	16.00%
$850.00	56.67%	53.13%	50.00%	47.22%	44.74%	42.50%	40.48%	38.64%	36.96%	35.42%	34.00%	28.33%	24.29%	21.25%	18.89%	17.00%
$900.00	60.00%	56.25%	52.94%	50.00%	47.37%	45.00%	42.86%	40.91%	39.13%	37.50%	36.00%	30.00%	25.71%	22.50%	20.00%	18.00%
$950.00	63.33%	59.38%	55.88%	52.78%	50.00%	47.50%	45.24%	43.18%	41.30%	39.58%	38.00%	31.67%	27.14%	23.75%	21.11%	19.00%
$1,000.00	66.67%	62.50%	58.82%	55.56%	52.63%	50.00%	47.62%	45.45%	43.48%	41.67%	40.00%	33.33%	28.57%	25.00%	22.22%	20.00%
$1,050.00	70.00%	65.63%	61.76%	58.33%	55.26%	52.50%	50.00%	47.73%	45.65%	43.75%	42.00%	35.00%	30.00%	26.25%	23.33%	21.00%
$1,100.00	73.33%	68.75%	64.71%	61.11%	57.89%	55.00%	52.38%	50.00%	47.83%	45.83%	44.00%	36.67%	31.43%	27.50%	24.44%	22.00%
$1,150.00	76.67%	71.88%	67.65%	63.89%	60.53%	57.50%	54.76%	52.27%	50.00%	47.92%	46.00%	38.33%	32.86%	28.75%	25.56%	23.00%
$1,200.00	80.00%	75.00%	70.59%	66.67%	63.16%	60.00%	57.14%	54.55%	52.17%	50.00%	48.00%	40.00%	34.29%	30.00%	26.67%	24.00%
$1,250.00	83.33%	78.13%	73.53%	69.44%	65.79%	62.50%	59.52%	56.82%	54.35%	52.08%	50.00%	41.67%	35.71%	31.25%	27.78%	25.00%
$1,300.00	86.67%	81.25%	76.47%	72.22%	68.42%	65.00%	61.90%	59.09%	56.52%	54.17%	52.00%	43.33%	37.14%	32.50%	28.89%	26.00%
$1,350.00	90.00%	84.38%	79.41%	75.00%	71.05%	67.50%	64.29%	61.36%	58.70%	56.25%	54.00%	45.00%	38.57%	33.75%	30.00%	27.00%
$1,400.00	93.33%	87.50%	82.35%	77.78%	73.68%	70.00%	66.67%	63.64%	60.87%	58.33%	56.00%	46.67%	40.00%	35.00%	31.11%	28.00%
$1,450.00	96.67%	90.63%	85.29%	80.56%	76.32%	72.50%	69.05%	65.91%	63.04%	60.42%	58.00%	48.33%	41.43%	36.25%	32.22%	29.00%
$1,500.00	100.00%	93.75%	88.24%	83.33%	78.95%	75.00%	71.43%	68.18%	65.22%	62.50%	60.00%	50.00%	42.86%	37.50%	33.33%	30.00%
$1,600.00	106.67%	100.00%	94.12%	88.89%	84.21%	80.00%	76.19%	72.73%	69.57%	66.67%	64.00%	53.33%	45.71%	40.00%	35.56%	32.00%
$1,700.00	113.33%	106.25%	100.00%	94.44%	89.47%	85.00%	80.95%	77.27%	73.91%	70.83%	68.00%	56.67%	48.57%	42.50%	37.78%	34.00%
$1,800.00	120.00%	112.50%	105.88%	100.00%	94.74%	90.00%	85.71%	81.82%	78.26%	75.00%	72.00%	60.00%	51.43%	45.00%	40.00%	36.00%
$1,900.00	126.67%	118.75%	111.76%	105.56%	100.00%	95.00%	90.48%	86.36%	82.61%	79.17%	76.00%	63.33%	54.29%	47.50%	42.22%	38.00%
$2,000.00	133.33%	125.00%	117.65%	111.11%	105.26%	100.00%	95.24%	90.91%	86.96%	83.33%	80.00%	66.67%	57.14%	50.00%	44.44%	40.00%

Prequalifying Worksheet

Your Gross Monthly Income

Your weekly pay *(before deductions)*	$ ______________	X 52 ÷ 12	$ ______________
or			
Your twice-a-month pay *(before deductions)*	$ ______________	X 2	$ ______________
Your spouse's weekly pay *(before deductions)*	$ ______________	X 52 ÷ 12	$ ______________
or			
Your spouse's twice-a-month pay *(before deductions)*	$ ______________	X 2	$ ______________
Your Monthly Gross Pay *(Your pay + your spouse's pay)*			$ ______________
Other Gross Monthly Income			$ ______________

Total Gross Monthly Income
(Monthly Gross Pay + Other Gross Monthly Income) $ ______________

Ratios and Debt

Total Gross Monthly Income X____ % *(housing ratio)*	$ ______________(2)
Total Gross Monthly Income X____ % *(debt-to-income ratio)*	$ ______________(3)
Total Monthly Debt Payment *(any installment debts with 10+ months remaining)*	$ ______________(4)
Subtract Line (4) from Line (3)	$ ______________(5)

Maximum Mortgage Loan Payment Allowed

Enter whichever is less, Line (2) or Line (5)	$ ______________(6)
Multiply Line (6) by 20% *(estimated taxes and insurance)*	$ ______________(7)
Subtract Line (7) from Line (6) *(maximum principal and interest payment allowed)*	$ ______________(8)
Divide Line (8) by factor from sample factor table	$ ______________(9)

Maximum Mortgage Loan Amount
Multiply Line (9) by $1,000 $______________

*% may be greater if mortgage insurance and/or homeowner association dues are required.

Monthly Mortgage Loan Principal and Interest Payments (numbers rounded off)

Loan Amount	4%	4.5%	5%	5.5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%
$50,000	$238	$253	$268	$284	$300	$325	$333	$350	$367	$384	$402	$420
$60,000	$286	$304	$322	$341	$360	$380	$400	$420	$440	$461	$483	$505
$70,000	$334	$355	$376	$398	$420	$443	$466	$490	$514	$538	$563	$589
$80,000	$382	$406	$430	$454	$480	$506	$533	$560	$587	$615	$644	$673
$90,000	$429	$456	$483	$511	$540	$570	$599	$630	$661	$599	$724	$757
$100,000	$477	$507	$537	$568	$600	$633	$666	$700	$734	$769	$805	$341
$110,000	$525	$558	$591	$625	$660	$696	$733	$770	$807	$846	$885	$925
$120,000	$572	$608	$644	$682	$720	$760	$799	$840	$881	$923	$966	$1009
$130,000	$620	$659	$698	$738	$780	$823	$866	$910	$954	$1000	$1046	$1093
$140,000	$668	$710	$752	$795	$840	$886	$932	$980	$1028	$1077	$1127	$1177
$150,000	$715	$760	$805	$852	$900	$949	$999	$1050	$1101	$1192	$1207	$1261
$160,000	$763	$811	$859	$909	$960	$1013	$1066	$1120	$1174	$1230	$1288	$1346
$170,000	$811	$862	$913	$966	$1020	$1076	$1132	$1190	$1248	$1307	$1368	$1430
$180,000	$859	$913	$967	$1022	$1080	$1139	$1199	$1260	$1321	$1446	$1449	$1514
$190,000	$906	$963	$1020	$1079	$1140	$1203	$1265	$1330	$1395	$1461	$1529	$1598
$200,000	$954	$1014	$1074	$1136	$1200	$1266	$1332	$1400	$1468	$1538	$1610	$1682
$225,000	$1073	$1141	$1208	$1278	$1350	$1424	$1498	$1575	$1651	$1730	$1811	$1892
$250,000	$1192	$1267	$1342	$1420	$1500	$1582	$1665	$1750	$1835	$1922	$2012	$2102

Mortgage Type	Term in Years	Min/Max Loan Amount	60 Day Rate Lock[5]	Mortgage Accelerator Program (MAP)	Unit Size	Purchase LTV
Conventional Fixed Rate	10, 15, 20, 25, 30[1]	**Min:** $20,000 **Max:** Based on # Units – $417,000 for single family	Yes	Yes	1-4 Family	1 Unit: 95% 2-4 Units: 80%[7]
FHA	15, 30	**Min:** $20,000 **Max:** Based on county, call for info.	Yes	Yes	1-4 Family	1-4 Units: 96.5%
VA	15, 30	**Min:** $20,000 **Max:** $417,000	Yes	Yes	1-4 Family	100%
SONYMA	30, 40	**Min:** $20,000 **Max:** Based on county, call for info.	100 Day Rate Lock	No	1-4 family	1-2 Units: 97% 3-4 Units: 90%
Jumbo Fixed Rate	10, 15, 20, 25, 30[2]	**Min:** Based on # Units – $417,000 for single family **Max:** Based on LTV, call for information	Yes	Yes	1-4 Family	Call for Information
Reduced Closing Costs Fixed Rate	10, 15, 20, 25, 30	**Min:** $100,000 **Max:** Based on product selected	Yes	Yes	1-4 Family	1 Unit: 95% 2-4 Units: 80%
Adjustable Rate Mortgages (ARMs)	10, 15, 20, 25, 30 on 1 Year ARM & 30 on all other ARMs[3]	**Min:** $20,000 **Max:** Based on # Units – $417,000 for single family	Yes	No	1-4 Family	1 Unit: 95% 2-4 Units: 80%[7]
Jumbo ARMs	10, 15, 20, 25, 30 on 1 Year ARM & 30 on all other ARMs	**Min:** $417,000 **Max:** Based on LTV, call for information	Yes	No	1-4 Family	Call for information
Land Loan	Up to 10[4]	**Min:** $5,000 **Max:** $175,000	Yes	No	NA	75%
Construction Loan	Up to 12 months	Based on permanent mortgage product selected	Yes[6]	No	1-4 Family	Up to 90% on purchase LTV

Understanding Credit Self-Test Answer Key

QUESTIONS AND ANSWERS

1. *What are two reasons why good credit is important?*
   To rent or buy things you want and need, save money by borrowing at a lower interest rate, get a job, lease rental property, open a checking account, establish utility services in your name and obtain insurance at a lower rate

2. *Before trying to buy a house, what is the first step you should take to make sure that your credit is in order?*
   Order credit reports from all three of the major credit reporting agencies

3. *How many major credit reporting agencies are there?*
   Three: TransUnion, Equifax and Experian

4. *How long does most negative information remain on a credit report?*
   Seven years

5. *What are two examples of nontraditional credit?*
   Rent payments; gas, electric and other utility payments; childcare or child support payments; and any other large, recurring expense

6. *What are three early warning signs of money or credit problems?*
   Monthly creditor debt exceeds 20% of take-home pay, arguments with family members over bills, payment for bills made for small purchases over a year ago, frequently overdrawn checking account, no additions to savings, feeling "out of control" when faced with buying decisions, using savings to pay bills, frequent late payments, borrowing money to pay monthly bills, making only minimum payments on revolving accounts, credit balances that are higher each month, etc.

7. *What are two ways to reduce your risk of identity theft?*
   Only give out Social Security number when needed, be cautious with personal information, shred items that contain personal information and account numbers, keep mail safe, store personal information in a safe place, don't carry unnecessary credit cards and paperwork, create unique passwords, pay attention to billing cycles, order a credit report at least once a year and opt out to limit amount of personal information that can be shared with others

3. PRE QUALIFIED VS. PRE APPROVED

Essentially we sort of pre-qualified our readiness in the previous segment, but just to be clear I think it's worth noting the differences between the two. Getting pre-qualified is the initial step in the mortgage process, and it's generally fairly simple. You supply a bank or lender with your overall financial picture, including your debt, income and assets.

After evaluating this information, a lender can give you an ***idea*** of the mortgage amount for which you qualify. Pre-qualification can be done over the phone or on the Internet, and there should be ***no*** cost involved. Loan pre-qualification does ***not*** include an analysis of your credit report or an in-depth look at your ability to purchase a home. The initial pre-qualification step allows you to discuss any goals or needs you may have regarding your mortgage with your lender. At this point, a lender can explain your various mortgage options and recommend the type that might be best suited to your situation.

The document requirements for mortgage pre-approval vary by lender and your individual circumstances, but typically, you'll need to provide documents which show your income, your assets and any regular commitments against your income. These will include, but may not be limited to:

- Thirty days of pay stubs
- Two years of federal tax returns
- Sixty days or a quarterly statement of all checking, savings and any investment accounts
- Two years of W2s
- Copy of I.D. and S.S. Cards

In addition to paperwork, your pre-approval session with your lender should include a discussion about your down payment and loan options. There are options and various ways to finance a home. Do not be shy or afraid to ask them any questions. They are there to help, and have a duty to assist you and help you understand your situation better.

WHERE TO GO FROM HERE

The truth is, to successfully buy a home these days, you'll need patience, resilience to rejection and good financial planning. You don't need to earn an insane amount of money to successfully purchase a home. You do, however, need to have enough income left over after your proposed mortgage payment and other financial obligations. You need to be able to show consistent income coming in, and enough of it, that your mortgage payment and other liabilities are manageable in relationship to your monthly income (before taxes).

The lender you choose to work with should have as much MSHDA experience as possible. It is completely acceptable to ask your potential lender how many MSHDA loans they have executed in the last 6 months. You want to make sure you are getting the right people on your team.

Experienced Loan Officers - MARCH 2016

An Experienced Loan Officer has completed at least One (1) MSHDA Loan in the last 6 months.

Please report changes to **Sarah** at **bohnes@michigan.gov**

COUNTY	LAST NAME	FIRST NAME	LENDER NAME	PHONE #	2nd PHONE #	EMAIL ADDRESS
Missaukee	Waisanen	Debbi	FIRSTMERIT BANK	(800) 562-6694		debbi.waisanen@firstmerit.com
Monroe	McLaughlin	Mike	ACADEMY MORTGAGE	(989) 698-3280		Mike.McLaughlin@AcademyMortgage.com
Monroe	Voran	Paul	AMERIFIRST FINANCIAL	(734) 231-4454		pvoran@amerifirst.com
Monroe	Ciotti	Tom	HURON VALLEY FINANCIAL	(734) 748-6081		TCiotti@huronvalleyfinancial.com
Monroe	Pipoly	Martin	MAIN STREET BANK	(248) 645-8888		mpipoly@msbmi.com
Monroe	Fry	Kim	MB FINANCIAL BANK	(734) 530-2004		kfry@mbmortgage.com
Monroe	Voran	Dan	MB FINANCIAL BANK	(313) 363-3622		Dvoran@mbmortgage.com
Monroe	McAllister	Matthew	PRIME LENDING	(248) 504-5341		mmcallister@primelending.com
Monroe	Boose	Susan	UNION HOME MORTGAGE	(734) 607-1011		sboose@unionhomemortgage.com
Monroe	Howland	Rikki	UNION HOME MORTGAGE	(734) 607-1446		rhowland@unionhomemortgage.com
Montcalm	Fernette	Maria	ACADEMY MORTGAGE	(989) 698-3280		maria.fernette@academymortgage.com
Montcalm	Sitts	Heidi	CHEMICAL BANK	(989) 681-4643		heidi.sitts@chemicalbankmi.com
Montcalm	Slating	Chris	MORTGAGE 1 Inc.	(616) 575-9819		cslating@mortgageone.biz
Montcalm	Stellin	Dave	TALMER BANK	(616) 724-3911		dstellin@talmerbank.com
Montmorency	Burns	Tom	CHEMICAL BANK	(989) 705-2968		Tom.Burns@chemicalbankmi.com
Montmorency	Fry	Kim	MB FINANCIAL BANK	(734) 530-2004		kfry@mbmortgage.com
Muskegon	Cartwright	Stephen	AMERIFIRST FINANCIAL	(269) 324-4240		stevecartwright@amerifirst.com
Muskegon	Lehner	David	ASPIRE LENDING	(231) 799-2606		dlehner@aspirelending.com
Muskegon	Yates	Helen	CHOICEONE BANK	(616) 678-5911		hyates@choiceone.com
Muskegon	Cisneros	Jarrell	EVOLVE BANK & TRUST	(616) 604-1928		jcisneros@getevolved.com
Muskegon	Millis	Laurie	HUNTINGTON	(231) 725-0357		laurie.millis@huntington.com
Muskegon	Linstrom	Marisol	INDEPENDENT	(616) 292-8272		MLinstrom@ibcp.com
Muskegon	Silk	JoAnne	INDEPENDENT	(231) 799-4024		jsilk@ibcp.com
Muskegon	Brinks	Holly	LAKE MICHIGAN CREDIT UNION	(616) 502-1732		holly.brinks@lmcu.org
Muskegon	German	Lisa	LAKE MICHIGAN CREDIT UNION	(616) 242-9790		lisa.german@lmcu.org
Muskegon	Rose	Emily	LAKE MICHIGAN CREDIT UNION	(231) 728-7912		emily.rose@lmcu.org
Muskegon	Wingeier	Chris	LAKE MICHIGAN CREDIT UNION	(616) 234-6554		Chris.Wingeier@lmcu.org
Muskegon	Johnson	Tabitha	NORTHPOINTE BANK	(231) 578-1598		tabitha.johnson@northpointe.com
Muskegon	Flores	Mario	VAN DYK MORTGAGE	(231) 332-6500		mflores131@vandykmortgage.com
Muskegon	May	Bruce	VAN DYK MORTGAGE	(231) 332-6502		bmay@vandykmortgage.com
Newaygo	Brazier	Jeffrey	CHOICEONE BANK	(616) 887-7366		jbrazier@choiceone.com
Newaygo	Brinks	Holly	LAKE MICHIGAN CREDIT UNION	(616) 502-1732		holly.brinks@lmcu.org
Newaygo	Slating	Chris	MORTGAGE 1 Inc.	(616) 575-9819		cslating@mortgageone.biz
Newaygo	Timlowski	Don	NORTHPOINTE BANK	(888) 672-5626		don.timlowski@northpointe.com
Newaygo	Merriman	Pam	ROSS MORTGAGE	(616) 822-7698	(616) 884-5394	pmerriman@rossmortgage.com
Newaygo	Lewis	Nick	CHOICEONE BANK	(616) 901-8364		nlewis@choiceone.com
Newaygo	Powell	Annette	CHOICEONE BANK	(616) 785-5656		apowell@choiceone.com
Newaygo	Maynard	Sonja	INDEPENDENT	(231) 796-0705		smaynard@ibcp.com
Newaygo	VanderArk	Kimberly	INDEPENDENT	(616) 636-8881		kvanderark@ibcp.com
Oakland	Johnny	Samuel	BANK OF ENGLAND	(248) 519-2117		sjohnny@englending.com
Oakland	Maier	Amy	CONCORD MORTGAGE (NOIC)	(734) 864-4815	(734) 476-6734	Amy.Maier@concordmortgagegroup.com
Oakland	Hall	Pamela	CROSSCOUNTRY MORTGAGE	(734) 386-0477	(734) 259-4674	phall@myccmortgage.com
Oakland	Johnson	Craig	CROSSCOUNTRY MORTGAGE	(586) 868-2535		CJohnson@myccmortgage.com
Oakland	LaForest	Denise	CROSSCOUNTRY MORTGAGE	(248) 688-6622		Dlaforest@myccmortgage.com
Oakland	Tumey	Dave	CROSSCOUNTRY MORTGAGE	(586) 484-0800		dtumey@myccmortgage.com
Oakland	Zuniga	Heidi	DORT FEDERAL CU	(810) 244-6685		hzuniga@dortfcu.org

MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Equal Opportunity Lender

Are you ready to take the first steps toward your goal of homeownership?

To become *Mortgage Ready,* your MSHDA certified housing educator will **assess** where you are in the process and help you identify **action steps** to achieve your **housing goal**. No matter where you are in the process, pre-purchase education ensures you will have a good understanding of your mortgage loan, the closing process, budgeting and saving as a homeowner, recapture tax and avoiding predatory lending or foreclosure.

Use this checklist ☑ to chart your progress towards your housing goals.

I am Mortgage **ready now** and have:

- ☐ FICO score within typical mortgage lending guidelines
- ☐ Qualifying Debt to Income Ratios for MSHDA loan products
- ☐ 3% saved toward down payment
- ☐ 2 years of stable employment history, verifiable income, income tax and W-2 Forms
- ☐ Verifiable rent history
- ☐ Maintained 12 months of no late debt payments (i.e. car, credit cards, utilities)
- ☐ Homebuyer Education Certificate
- ☐ Pre-qualification letter with purchase and sales contract

I am **near ready** (within 90 days) and have:

- ☐ FICO score within typical mortgage lending guidelines
- ☐ Documented pattern of savings with between 2-3% towards down payment
- ☐ Almost 2 years of stable employment history, verifiable income, income tax and W-2 Forms
- ☐ Almost 2 years of verifiable rent history
- ☐ Maintained an effective monthly household spending plan
- ☐ Paid down/off debt reflected on credit report
- ☐ Maintained 12 months of no late debt payments (i.e. car, credit cards, utilities)

I am **short-term ready** (between 90-180 days) and have:

- ☐ FICO score is below typical mortgage lending guidelines
- ☐ Qualifying Debt to Income Ratios for MSHDA loan products
- ☐ Opened a checking and savings account
- ☐ Some savings towards down payment
- ☐ Managed a household spending plan for 2 consecutive months outlining paying down/off debt reflected on credit report
- ☐ One and a half years of verifiable employment
- ☐ Monthly payment are being paid on time (i.e. car, credit cards, utilities)

I am **long-term ready** (more than 180 days but less than 12 months) and have:

- ☐ FICO score is below typical mortgage lending guidelines
- ☐ Qualifying Debt to Income Ratios for MSHDA loan products
- ☐ Not established a household spending plan
- ☐ No checking and zero savings
- ☐ Multiple accounts in collections, repossessions, etc.
- ☐ Employment and rent history is currently not stable
- ☐ Payments were not paid on-time during the past few months (i.e. car, credit cards, utilities)
- ☐ Look into enrolling in an Individual Development Account program

4. TYPES OF FINANCING

Understanding the differences between conventional, FHA, USDA and VA loans can help you decide which loan program will best meet your needs. All three types of loans are issued by banks and other approved lenders, but FHA and VA loans are backed by the government, while conventional loans are not. Each type of loan has other distinct characteristics. Let's take a look.

RD/ USDA LOANS- DTI 29/41- NO MIN FICO- NO MONEY DOWN

For eligible suburban and rural home buyers, it's a 100%, no-money down mortgage loan backed by the U.S. Department of Agriculture (USDA). The Rural Development loan's full name is the USDA **Rural Development** Guaranteed Housing Loan. However, the program is more commonly known as a USDA loan.

VA LOANS- DTI 41/41- NO MIN FICO- NO MONEY DOWN

(Veterans Administration) loans are guaranteed by the government and are only offered to qualifying veterans and surviving spouses. A VA loan offers several advantages to borrowers who qualify. The borrower may roll the closing costs into the loan. Cash-out refinance options are available on VA loans for borrowers who live at the property and have sufficient equity.

Income restrictions do not apply, and VA loans do not require a down payment or private mortgage insurance (PMI). Loan fees are typically rolled into the loan.

VA loans are great for borrowers of limited income, with no cash reserves and with average or lower credit scores.

FHA LOANS- DTI 31/43- 500 MIN FICO- 3.5% DOWN PAYMENT

FHA (Federal Housing Administration) loans are available to all borrowers and are guaranteed by the government. The mortgage itself is issued by traditional lenders, but the government insures the loan against default. For this reason, lending requirements are less stringent and down payments can be much lower (as low as 3.5% of the purchase price). The market's lowest interest rates are not available for FHA loans.

FHA loans require PMI, but to a lesser extent than conventional loans. Fees for FHA loans are typically rolled into the loan, and sellers can contribute up to 6% toward closing costs. FHA loans sometimes allow a higher debt-to-income ratio than conventional mortgages, but the actual number will depend on the lender you're working with.

FHA 203K LOANS- DTI 31/43- 500 MIN FICO- 3.5% DOWN PAYMENT

An FHA 203k loan is a loan backed by the federal government and given to buyers who want to buy a damaged or older home and do repairs on it. Here's how it works: Let's say you want to buy a home that needs a brand-new bathroom and kitchen. An FHA 203k lender would then give you the money to buy (or refinance) the house plus the money to do the necessary renovations to the kitchen and bathroom.

Often the loan will also include: 1) an up to 20 percent "contingency reserve" so that you will have the funds to complete the remodel in the event it ends up costing more than the estimates suggested and/or 2) a provision that gives you up to about six months of mortgage payments so you can live elsewhere while you're remodeling, but still pay the mortgage payments on the new home.

DOWN PAYMENT ASSISTANCE PROGRAMS ARE AVAILABLE

There are options available to those who qualify for the Down Payment Assistance programs in your area. These programs make it possible for pretty much *anyone* with a steady job and basic budgeting skills. It can be done, and it only makes sense to use any and all programs and information to your advantage. Even if you have money for a down payment, take advantage of these programs.

This is a must do when are speaking with your potential lender. Let them know that you want to use any and all MSHDA opportunities that may apply to their situation. Even if you have the Down Payment money saved and in your bank. This is essentially FREE money that our government is giving away in order to help people go from renters to home owners.

Own Mi Home from MSHDA

Investing in People. Investing in Places. MSHDA MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

EQUAL HOUSING OPPORTUNITY

Your Door to FHA HOMEOWNERSHIP

MSHDA LIST OF TARGETED AREAS

Exempt Counties: No Restriction on Prior Home Ownership in the Entire County

County

Alcona	Cass	Grand Traverse	Kalkaska	Mecosta	Otsego
Alger	Charlevoix	Gratiot	Keweenaw	Menominee	Presque Isle
Allegan	Cheboygan	Hillsdale	Lake	Missaukee	Roscommon
Alpena	Chippewa	Houghton	Lapeer	Montcalm	St. Clair
Antrim	Clare	Huron	Leelanau	Montmorency	St. Joseph
Arenac	Crawford	Ingham	Lenawee	Newaygo	Sanilac
Baraga	Delta	Ionia	Luce	Oceana	Schoolcraft
Barry	Dickinson	Iosco	Mackinac	Ogemaw	Tuscola
Benzie	Emmet	Iron	Manistee	Ontonagon	Van Buren
Berrien	Gladwin	Isabella	Marquette	Osceola	Washtenaw
Branch	Gogebic	Kalamazoo	Mason	Oscoda	Wexford

No Restriction on Prior Home Ownership in these Exempt Cities and Townships in Non-exempt Counties

Township exemption includes only unincorporated areas within the township.

Parent County	Cities and Townships
Bay	Bay City Gibson Twp. Mt. Forest Twp. Pinconning Twp.
Calhoun	Albion Battle Creek Burlington Lee Twp.
Clinton	East Lansing Maple Rapids Lebanon Twp. Ovid Twp.
Eaton	Charlotte Olivet Vermontville Brookfield Twp. Roxand Twp.
Genesee	Genesee Twp. Flint Mount Morris Twp.
Jackson	Jackson Pulaski Twp.
Kent	Grand Rapids Kent City Kentwood Spencer Twp. Wyoming
Livingston	Howell Cohoctah Twp Conway Twp. Iosco Twp.
Macomb	Harrison Twp. Mt. Clemens

Parent County	Cities and Townships
Midland	Coleman Geneva Twp. Greendale Twp. Jasper Twp. Lee Twp. Midland Mills Twp. Mt. Haley Twp.
Monroe	Luna Pier Frenchtown Twp.
Muskegon	Muskegon Muskegon Heights
Oakland	Pontiac Royal Oak Twp. Southfield
Ottawa	Holland Chester Twp. Allendale
Saginaw	Merrill Saginaw Brady Twp. Brant Twp. Bridgeport Twp. Chapin Twp. Marion Twp.
Shiawassee	Laingsburg Owosso Fairfield Twp. Hazelton Twp. Middlebury Twp.
Wayne	Dearborn Detroit Ecorse Hamtramck Highland Park Inkster Lincoln Park River Rouge Taylor Wayne

NOTE: If a home is located in an area that is not named on one of the above lists, that means the property is located in a Non-targeted Area. In Non-targeted Areas, a person is not eligible for the Single Family or MCC program if they have owned a home as their principal residence within the last three years.

Michigan State Housing Development Authority
Income and Sales Price Limits 4/25/2016

County Location	City/Township (Determined by Legal Description of Property)	Targeted Area	Non Targeted Area	Income Limit 1-2 Persons	Income Limit 3 or more	2016 Sales Price Limit
Lenawee	Entire County	Yes	No	$75,000	$87,500	$224,500
Livingston	Cohoctah Twp, Conway Twp, Howell, Iosco Twp	Yes	No	$101,760	$118,720	$224,500
Livingston	Rest of County	No	Yes	$84,800	$97,520	$224,500
Luce	Entire County	Yes	No	$75,000	$87,500	$224,500
Mackinac	Entire County	Yes	No	$75,000	$87,500	$224,500
Macomb	Harrison Twp., Mt. Clemens	Yes	No	$80,280	$93,660	$224,500
Macomb	Rest of County	No	Yes	$66,900	$76,935	$224,500
Manistee	Entire County	Yes	No	$75,000	$87,500	$224,500
Marquette	Entire County	Yes	No	$75,000	$87,500	$224,500
Mason	Entire County	Yes	No	$75,000	$87,500	$224,500
Mecosta	Entire County	Yes	No	$75,000	$87,500	$224,500
Menominee	Entire County	Yes	No	$75,000	$87,500	$224,500
Midland	Coleman, Geneva Twp, Greensdale Twp, Jasper Twp, Lee Twp, Midland, Mills Twp, Mt. Haley Twp.	Yes	No	$81,960	$95,620	$224,500
Midland	Rest of County	No	Yes	$68,300	$78,545	$224,500
Missaukee	Entire County	Yes	No	$75,000	$87,500	$224,500
Monroe	Frenchtown Twp., Luna Pier	Yes	No	$83,040	$96,880	$224,500
Monroe	Rest of County	No	Yes	$69,200	$79,580	$224,500
Montcalm	Entire County	Yes	No	$75,000	$87,500	$224,500
Montmorency	Entire County	Yes	No	$75,000	$87,500	$224,500
Muskegon	Muskegon, Muskegon Heights	Yes	No	$75,000	$87,500	$224,500
Muskegon	Rest of County	No	Yes	$62,500	$71,875	$224,500
Newaygo	Entire County	Yes	No	$75,000	$87,500	$224,500
Oakland	Pontiac, Royal Oak Twp., Southfield	Yes	No	$80,280	$93,660	$224,500
Oakland	Rest of County	No	Yes	$66,900	$76,935	$224,500
Oceana	Entire County	Yes	No	$75,000	$87,500	$224,500
Ogemaw	Entire County	Yes	No	$75,000	$87,500	$224,500
Ontonagon	Entire County	Yes	No	$75,000	$87,500	$224,500
Osceola	Entire County	Yes	No	$75,000	$87,500	$224,500
Oscoda	Entire County	Yes	No	$75,000	$87,500	$224,500
Otsego	Entire County	Yes	No	$75,000	$87,500	$224,500
Ottawa	Allendale, Chester Twp., Holland	Yes	No	$83,160	$97,020	$224,500
Ottawa	Rest of County	No	Yes	$69,300	$79,695	$224,500
Presque Isle	Entire County	Yes	No	$75,000	$87,500	$224,500
Roscommon	Entire County	Yes	No	$75,000	$87,500	$224,500
Saginaw	Brady Twp., Brant Twp., Bridgeport Twp., Chapin Twp., Marion Twp., Merrill, Saginaw	Yes	No	$75,000	$87,500	$224,500
Saginaw	Rest of County	No	Yes	$62,500	$71,875	$224,500
Sanilac	Entire County	Yes	No	$75,000	$87,500	$224,500
Schoolcraft	Entire County	Yes	No	$75,000	$87,500	$224,500
Shiawassee	Fairfield Twp., Hazelton Twp., Laingsburg, Middlebury Twp., Owosso	Yes	No	$75,000	$87,500	$224,500
Shiawassee	Rest of County	No	Yes	$62,500	$71,875	$224,500
St. Clair	Entire County	Yes	No	$80,280	$93,660	$224,500
St. Joseph	Entire County	Yes	No	$75,000	$87,500	$224,500
Tuscola	Entire County	Yes	No	$75,000	$87,500	$224,500
Van Buren	Entire County	Yes	No	$75,720	$88,340	$224,500
Washtenaw	Entire County	Yes	No	$109,920	$128,240	$224,500
Wayne	Dearborn, Detroit, Ecorse, Hamtramck, Highland Park, Inkster, Lincoln Park, River Rouge, Taylor, Wayne	Yes	No	$80,280	$93,660	$224,500
Wayne	Rest of County	No	Yes	$66,900	$76,935	$224,500
Wexford	Entire County	Yes	No	$75,000	$87,500	$224,500

City of Muskegon Community & Neighborhood Services Homebuyer's Assistance Program's Policy and Procedures

<u>The City of Muskegon, Community & Neighborhood Services financial assistance works by:</u>

- Home must be in the City of Muskegon
- Potential homebuyer(s) income cannot exceed 80 percent of the area median income based on family size
- Amount loaned can be no less than $1,000 and no more than $5,000 in a zero-interest, second mortgage loan with no monthly payments
- Assists with points, down payment, closing costs, inspections and prepaid expenses
- It's a non-diminishing 5 year lien. Homebuyer(s) must occupy the home as their primary residence for a minimum of five years. After five years, the loan is forgiven. If the home is sold or occupied by renters within five years, the whole assistance amount given, is immediately due
- It may be used with almost every type of mortgage loan, including FHA, VA, Conventional or other loan programs. Land contracts are not eligible

<u>Conditions for consideration</u>

The Application along with the following documentation needs to be received by the CNS Finance Clerk:

- Good Faith Estimate (GFE)
- Buyer(s) last 3 months of check stubs
- Buyer(s) signed Income Tax Return from previous year

<u>Timeline for eligibility decision</u>: Application and supporting documentation is received by the CNS finance Clerk who reviews documentation and within 2 working days makes a written decision (eligible or non-eligible) to the CNS Director, lender and/or realtor.

<u>Satisfactory Conditions for Eligible Homebuyer(s) for closing:</u>

- A Termite and Home Inspection is required and the home must pass local inspections standards
- An Appraisal is required
- The buyer(s) must attend a Homebuyer's class and the homebuyer(s) receive a Homebuyer's Certificate
- A Lead Inspection will be processed on homes built before 1978 and the report will be provided to the new buyer

<u>Time line for processing funds for closing:</u> 5 business days from time of receiving above documents and will be wired transferred to the title company upon day of closing.

For more information about the homebuyer assistance fund contact City of Muskegon, Community & Neighborhood Services at (231)724-6717.

City of Muskegon
Community & Neighborhood Services
Homebuyer's Assistance Program

The Homebuyer's Assistance Program is a down payment and closing cost assistance for any homebuyer wanting to purchase a house located in the City of Muskegon.

Targeted Beneficiaries: Families at or below the 80% of Area Median Income (AMI).

Targeted Area: The City of Muskegon.

Assistance Limit: Assistance is no less than $1,000 and no more than $5,000 and may assist with points, down payment, closing costs, inspections and prepaid expenses.

Home Standards: Termite, Home and Lead Inspections are required and the home must pass local inspections standards.

<u>Minimum Application Requirements:</u>

1. Applicant must be able to obtain a mortgage from a lending institution.

2. Applicant's total household income must be eligible according to the current income limits provided by HUD, according to the adjusted gross income calculation.

3. Applicant must complete homeownership class prior to purchase.

4. Cash sales and land contracts are not eligible

For further detailed information, go to: www.shorelinecity.com , Community and Neighborhood Services Department, Home Buyer Assistance Program

Or contact the Community and Neighborhood Services office at 231-724-6717

CITY OF MUSKEGON
COMMUNITY AND NEIGHBORHOOD SERVICES
HOMEBUYER ASSISTANCE
ELIGIBILITY APPLICATION

List the address you are interested in*: ______________________________

*** Home Inspection Required**

HOME BUYER(S) INFORMATION

Check Status:

☐ Married ☐ Single ☐ Divorced ☐ Widowed ☐ Separated

Home Buyer's Last Name	First Name		M. I.
Street Address	City	State	Zip Code

Home Phone No.	Work Phone No. & Ext.	Cell Phone No.	Alternate Phone No.
( )	( )	( )	( )

INCOME INFORMATION

Submit copies of last year's W-2, Tax Returns, and most recent check stub.

Home Buyer's Monthly Income and Source(s); Good Faith Estimate; Home Inspection Report;

Appraisal and Homebuyer Education Class Certificate To Be Submitted with Application

FAMILY MEMBERS (Living with Home Buyer(s))

Submit copies of the most recent check stubs for all persons working/receiving income and Income Tax Returns from previous year.

Name (First & Last)	Relationship to Applicant	Age	Monthly Income/Source
			$ /
			$ /
			$ /
			$ /
			$ /
			$ /

CERTIFICATION/RELEASE OF INFORMATION FOR HOME BUYER(S)

I certify that the information provided is true and accurate. I authorize the City of Muskegon to request additional information needed for verification. Failure to give complete and accurate information may disqualify my application and may result in legal action.

Signature of Home Buyer(s)	Date

EQUAL HOUSING OPPORTUNITY

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
...esting in People. Investing in Places.

Mortgage Product Comparison

Description	MI First Home (*MSHDA Bond Program*)	MI Next Home (*MBS Program*)
Eligible Borrower (Targeted/Non-Targeted Areas)	First Time Homebuyer / Statewide Previous Homeowner / Targeted Area	Previous Homeowner - Statewide
Eligible Property	Single Family Unit/Condo approved by insurer, FHA, VA, RD	Single Family Unit/Condo approved by insurer, FHA, VA, RD
Primary Residence	Yes	Yes
Sales Price Limits	$224,500	$224,500
Income Limits	$60,400 - $122,360 (household income – use Targeted/Non-Targeted area chart)	$60,400-$122,360-based on applicant only use Targeted/Non-Targeted area chart
Underwriting Guidelines	Follow standard guidelines as appropriate for MSHDA, FHA, VA, and RD	Follow standard guidelines as appropriate for FHA, VA, and RD
Credit Scores	Minimum of 640 or 660 for a Manufactured home – (True 'no-credit score' may use alternate credit with manual underwrite)	Minimum of 640 or 660 for a Manufactured home - (True 'no-credit score' may use alternate credit with manual underwrite)
Collections & Judgments	No open collections or judgments allowed	Follow AUS findings
Down Payment Assistance	Available up to $7,500 Asset restriction of $7,500 1% minimum borrower contribution	Available up to 4% of sales price of the home or a maximum of $7,500 Asset restriction of $7,500 1% minimum borrower contribution
Homebuyer Education	Required with Down Payment Assistance	Required with Down Payment Assistance
Assumable	Yes, Permitted per product guideline FHA, VA, or RD	Yes, Permitted per product guideline FHA, VA, or RD
Escrow Waivers	NO	NO
Co-Signers/Borrowers	Not permitted	Not permitted
Manufactured Home Requirements	All borrowers must have a representative score of 660 or above. Manufactured homes must meet minimum loan type and MSHDA guidelines.	All borrowers must have a representative score of 660 or above. Manufactured homes must meet minimum requirements for loan to be eligible for sale to US Bank
Maximum Acreage	2.0 acres - 1 buildable lot (exceptions up to 5 acres may apply)	No MSHDA restrictions – Follow loan type guidelines
Required Applicants	All adults who intend to occupy the household must apply and credit qualify	No restrictions
Debt To Income	45% Maximum	45% Maximum
Recapture Tax	Yes	Not Applicable
Document Delivery & Purchase	MSHDA – No changes: Submit complete closing package within 15 days of closing	US Bank – Entire original credit package along with closing documents within 45 days of reservation. MSHDA – Copy package
Rate Lock	No changes Rate lock is good for 90 days	Rate lock/Reservation is good for 70 days. Closed, delivered and purchased by US Bank within 70 days of reservation. Extension fee is $375 for a maximum of 30 days.

5. WANTS, NEEDS AND WHAT TO LOOK FOR

LOCATION, VOCATION, RECREATION

Think about work, schools, family, and recreation. The miles put on your vehicle can make a significant financial impact on your monthly budget as well, so make sure you factor that into your equation. On the other hand it seems a little ridiculous to buy your home around your place of employment solely. It takes some considerate thought to narrow in on a specific area.

Once you've decided where you want your new home to be located, it's time to decide what kind of home you want. The two major choices are condos, and single family homes. Both have their benefits and drawbacks, and entails a significantly different lifestyle and set of responsibilities.

CONDO

If you don't like living in an apartment, condo life is probably not for you. You'll still have shared walls, a shared parking garage and shared common areas. You won't have complete control over your property, because you'll be subject to homeowners' association rules that may control minute details of your life, such as what kind of Christmas lights you can put up or what kind of doormat you can lay out.

Also, buying a condo may not be as good of an investment as a house. Because a large number of condos can be quickly built on a small piece of land, it is easy for the number of condos on the market to increase dramatically in a way that doesn't happen with houses (unless you live somewhere that still has plenty of open land to develop). And, when it's time to sell, it can be harder to differentiate your unit from others in your building than it would be to differentiate a house from others in the neighborhood.

If you get along well with others, don't mind apartment life and don't mind paying homeowners' association fees every month for as long as you live in the condo, a condo might be the right choice for you. The main advantages of living in a condo over a house are that you don't have to worry about maintaining a yard or the exterior structure. In addition, you may feel an increased sense of security if you live alone. Condos also tend to be more affordable than purchasing a house.

The averages to my knowledge for Condo Associates fees range anywhere from $100-$400 monthly. This is a great investment annually since you won't have to mow the lawn and keep up with external appearances. It's a cost to consider when deciding between a Condo and a House.

HOUSE

A house can be the most expensive option in terms of both total purchase price and ongoing maintenance, but it also gives you the most independence and privacy. You won't have any shared walls, floors or ceilings, and you'll even have a yard and perhaps a fence to act as a further buffer between you and your neighbors. A yard is also great for children, pets, barbecues, private pools, hot tubs and relaxing in the fresh air. Houses are also generally larger than condos, so you'll probably have more space.

However, whatever goes wrong with the structure (and things will go wrong from time to time), you'll have to pay to fix it and you'll also be responsible for maintaining the yard (or paying someone to maintain it). Houses typically have the best investment value and because a house is all yours, if you outgrow it, you will have the option of adding on, whereas if you have a condo or townhouse, the only way to get a bigger living space is to move.
Also, while your monthly mortgage payment might be higher, you won't be giving a couple hundred dollars to the homeowners' association every month, so a house's price might be more comparable to a condo than it appears at first glance - although expenses for a house will undoubtedly be higher. However, there are some houses that belong to homeowners' associations, so be aware of that when you're shopping.

SIZE MATTERS

Regardless of which type of housing you prefer (and can afford), you'll also have to decide on size. How many bedrooms and bathrooms do you and/or your family need to live comfortably? Is the amount of space you need now the same amount of space you'll need in the future (e.g., are you planning to have kids, take in an elderly parent or start a home business that will require an office)? Do you want an extra space to rent out to help pay your mortgage? Do you want to use the property as an investment property one day, and if so, what size would be best for that purpose? Can you afford the size of property you want, and if not, can you make do with less or should you keep renting until you can afford something bigger?

Be aware that the bigger the property, the higher the purchase price, the higher the ongoing maintenance costs, utility bills and insurance, and the more you may need to spend for things like furniture and upgrades when you move in.
Another consideration is that in some locations, one home size or type predominates. If you need a certain size or type of home, you might actually need to decide on that before you decide on your location rather than the other way around. For example, you may want a two-bedroom, one-bathroom house, but there may not be any houses that small in your chosen neighborhood - your smallest option may be a three-bedroom, two-bathroom house

6. WHY USE A REALTOR?

If you want to buy a home, especially on your first purchase, be sure to use a Realtor. They have a code of ethics they must follow, and most importantly they know what's really going on and how to negotiate appropriately on your behalf.

The most basic reason to get an agent is that you won't be able to preview homes without one. Only agents have access to lock box codes to let you into vacant homes. You could get in by calling the listing agent, whose number will be on the "for sale" sign, but this isn't in your best interest. That's because the seller's agent, as the name implies, works for the seller. His or her job is to get the highest price for the seller. This is in direct conflict with your goal, which is to get the property for the lowest possible price. An agent can legally act as both the seller's agent and the buyer's agent, but this obviously creates a conflict of interest.

AGENT OR REALTOR?

When choosing someone to represent you, you have several choices. First, you can choose a regular real estate agent or you can choose a Realtor. Most people don't realize that these two terms do not mean the same thing. Here's a little flashback to high school geometry: all Realtors are real estate agents, but all real estate agents are not Realtors.

A Realtor is a member of the National Association of Realtors, which has a strict code of ethics defining the agent's duties to clients and customers, the public and other Realtors. If you don't have any agent recommendations from friends or relatives, you may want to look for a Realtor because you may be more likely to find a higher-quality agent this way.

You'll also need to consider whether you want to try to find an agent who offers a commission rebate or charitable donation program. Your agent may then elect to give some of that money to a charity as an incentive for you to work with him or her.

Regardless of what type of professional you choose to represent you, there are certain qualities you should look for and questions you should ask when choosing one:

- Are you an agent full-time or part-time?
- What days and times are you available to show me homes and answer my questions?
- What kind of contract do you ask your buyers to sign?
- Who pays your fee?

You should work with an agent who is familiar with your area. Ideally, your agent both lives in the area, so he or she can direct you to the best neighborhoods and advise you about quality of life issues, and works in the area, so he or she is familiar with trends in home values and sales.

In theory, an agent who works full time and who has plenty of experience will do a better job for you, but a new agent who is eager to prove him- or herself and who has a good mentor in the field may do just as good of a job as a more seasoned professional.

An agent should also be available at the days and times you want him or her to be available. If you work 9am to 5pm, you'll need someone who can work with you in the evening and on weekends.

Many agents will ask you to sign an exclusive contract with them for a period ranging from 30 to 90 days, because after going to the trouble of showing you houses and answering your questions, it wouldn't be fair to them if you suddenly switched agents on a whim and someone else got the commission. To protect yourself, sign the shortest contract possible, if you sign one at all, in case you aren't satisfied with the agent's performance.

Also, in the majority of cases, you should not have to pay the agent a fee - the seller will pay it. Last but not least, work with someone you find pleasant to be around, but don't work with a wimp. Choose someone who you think will be a tough negotiator on your behalf. A "nice" agent may not get you the best deal.

SHOPPING THE MARKET

Once you have your pre approval and have found a Realtor that you can connect with, the journey of previewing homes begins. This is an exciting time and a lot of research is required to find just the right place. Since not every home you love is going to work for your specific financing situation, it's important to have a realtor who can help guide you through the process and work on your behalf.

In a seller's market, the inventory is low and there are many buyers, and in a buyer's market the opposite is true. Depending on the current market conditions and your specific wants and needs, it can take some time to find the right place to call home.

When it's a seller's market, it's common to have multiple offers in on a single house. This is where the listing Realtor works with the seller to choose the best offer for his/her client. Here's an example: Let's say your credit score is in the 620 range, and you're going with an FHA loan. In the real estate agent community, FHA loans still carry a stigma that they are harder to obtain and that the FHA is still picky on property conditions etc, which ultimately means a more problematic escrow. Real estate agents influence all the parties, including the buyer and seller alike. In other words, if you have an FHA pre-approval and you're buying a home, there is a possibility the seller might choose to pass on your offer in favor of other similar-priced offers that will be financed with conventional loans or paid in cash.

These situations happen all the time in real estate and it's important to keep focus on the end result of moving into your new home. Many times it can be of tremendous value to be a little creative when looking for homes. It's true most people tend to want a move-in ready perfect home where no upgrades are needed, but this type of expectation floods the market and can make it more difficult to compete with other buyers.

There are however rehabilitation loans such as the **FHA 203K** loan that can be a great asset for the fixer upper type who isn't afraid of a little challenge. This type of house hunting creates many more opportunities when looking for the perfect home. Be sure to mention this if you're interested to your Realtor.

HELPFUL TIP

It is best for all parties involved for you as the buyer to do your research, such as before going to preview the inside of a home, make sure to drive by and walk around homes before scheduling appointments. If you don't like the street, driveway, closeness of neighbor and layout etc. Then you have wasted everyone's time and it could be used better elsewhere.

Make sure to understand your wants and needs since many times you may have to give up one for the other, depending on the circumstances. Although, if you're realistic and your Realtor has educated you properly on the current market conditions, you have a high probability of finding the perfect home.

NEGOTIATIONS AND OFFERS

There is an art to presenting and negotiating offers. Figuratively it's the same as negotiating with anything else and takes knowing a lot of necessary information to perform with skill. Remember, it's the seller agent's job to get the most money possible for their client, which is why once again, it's never wise to call listing agent when buying. They do not represent you, they represent the seller. This is where you need to trust your Realtors knowledge, and yes they will submit ridiculous low ball offers for you if you insist, but they will likely be rejected and not responded to from sellers agent.

ONCE YOU'VE FOUND YOUR HOME AND YOUR OFFER IS RECEIVED

From the day your offer is accepted there is a window of opportunity that begins to narrow regarding filling out your actual mortgage application (7 days) and getting your inspections performed (10 days). The purchase agreement drafted by your Realtor should be written in a way that creates "outs" and opportunities for further negotiating or rescinding the deal.

It's imperative to use your time wisely once your offer is accepted in order to shop around and obtain the best mortgage rates available to you and to have the home inspected so that you know exactly what you're buying and what you're getting yourself into. Any problems with the property will become your problem when you become owner, so be thorough and stay in clear communication with your Realtor during this time.

THE LENDER SHIFT

This is the point where we hand over the **majority of control** to your lender. From this point on they become the most important person to please. It's **imperative** to communicate and supply them with any documentation and information that they may require you to provide. The longer you take, the more things can fall apart risking the deal and causing the seller to back out and accepting a backup offer.

How to Look at Houses

Water where it shouldn't be. Look for:

- Stains on basement walls
- Stains on ceilings
- Moss, mildew or stains on lower siding
- Stains or mildew on underside of roof
- Soggy areas in yard
- Eroded areas in walkway or driveway

Building lines that are not straight or true. Look for:

- Roof that sags in middle
- Walls that curve
- Windows or doors that look crooked
- Porches that lean or sag

Structural problems. Look for:

- Diagonal cracks above doors and windows
- Slipping or shifted foundation
- Floors that feel spongy or uneven
- Inside doors or windows that don't fit
- Houses that are built on wood posts or sill beams on ground

Utility systems' problems. Look for:

- Very high heating or air-conditioning bills (ask to see the bills)
- Leaking plumbing, especially the main water line (turn on the water and look at the pipes)
- Main electrical service that is too small (turn many lights and appliances on at the same time to see if they blow a fuse or circuit breaker)
- Odd smells, such as sewer gas
- Single-pane windows that offer little insulation
- Lack of insulation in attic (there should be thick insulation)

Serious finish problems. Look for:

- Signs of termites or ants
- Old, flaky paint on sills or trim or exterior
- Floor covering that is worn in large areas
- Siding that is wavy or spongy
- Underneath roof cover that is seriously worn or has many layers

7. GETTING COMMITTED BY YOUR LENDER

Once you have supplied lender with necessary information to submit your mortgage application. The result is a "**loan commitment**," which is only issued by a bank when it has approved you, the borrower, and the house in question. This means the home should be appraised at or above the sales price. The bank may also require more information if the appraiser brings up anything he or she feels should be investigated (i.e. structural problems, accessibility issues, outstanding liens or litigation in progress). Your income and credit profile will be checked once again to ensure nothing has changed since the initial approval.

A loan commitment letter is issued only when the bank is certain it will lend, so the commitment date on your purchase contract should be closer to closing than to the date of your offer. (The seller can ask to see that letter as soon as the date has passed, so beware of anyone who tries to put an early commitment date into your contract).

The Lender will order the appraisal and coordinate with the title company in order to expedite the transaction. During this time your Realtor and Lender will be doing their parts in making sure everything goes as planned in order to have the closing occur on or before the date specified on purchase agreement.

If things need to be extended to a later date etc., you're Realtor will need to make sure they are communicating with the cooperating Realtor on the seller's side to make sure the purchase agreement remains valid. This is accomplished with **amendments** to the original agreement in order to accommodate any necessary changes. The entire purchase agreement can be voided if any of the conditions or timelines are not met.

At the end of the day no one cares who you got your home loan from. Don't let the clever marketing tactics and prestige of banks convince you that their products are better. The only things that should matter to you are:

- **Getting the lowest interest rate possible**
- **Saving thousands on closing costs**
- **A pain free experience**

Never forget that a mortgage loan officer is a **salesman.** They're paid a commission, so it's in their best interest to charge you more, no matter how nice or sincere they may be.

Make sure your lender aligns with your world view. This may seem silly, but you will be spending upwards of several hundreds of thousands of dollars over the lifetime of your mortgage with the lender of your choosing. Shouldn't there be more to the transaction than just money?

Find a lender that donates to charities, and plays an active role in supporting financial literacy, and not predatory lending. You'll feel a lot better about cutting those checks.

Loan Documentation Checklist

General Documents

- ☐ Social Security card and driver's license or other picture ID

Documents to Support Income

- ☐ The name, address, phone number and fax number of every employer you have had in the last two years
- ☐ Most recent two months' pay stubs
- ☐ Income tax returns for the last two years

Evidence of All Other Income, including:

- ☐ Child support payments
- ☐ Pension payments
- ☐ Seasonal employment income
- ☐ Government assistance
- ☐ Social Security benefits
- ☐ Statements of stock dividends

Documents to Support History of Consistently Paying Housing Expenses

- ☐ Letters from landlords stating where you lived for the last two years, dates you lived there, rent per month and how many times you were late with your rent payment. If you cannot get a letter from the landlord, you should provide the name, address and telephone number of each landlord for the past two years, the amount of your monthly rent payments, and 12 months of rent receipts or canceled checks for each landlord for the past two years.

Documents to Support Savings and Recent Bank Activity

- ☐ Most recent savings account statement(s)
- ☐ Most recent checking account statement(s)
- ☐ Most recent brokerage statements showing stock and bond balances and recent transactions

Documents to Support Current Debts

- ☐ For each creditor (bank, credit card or person) with whom you have an outstanding debt: name, address, account number, balance, monthly payment

Documents to Explain Irregularities

- ☐ Letter of explanation for any negative credit items
- ☐ Letter of explanation for any gap in employment
- ☐ Chapter 7 or Chapter 13 bankruptcy discharge papers and list of creditors

Other

- ☐ Veteran's certificate of eligibility
- ☐ Certified copies of divorce decree and separation agreement
- ☐ Name, address and phone number of the person to whom you pay childcare

8. IMPORTANCE OF INSPECTIONS AND INSURANCE

INSPECTIONS

Every home has its secrets and a thorough home inspection will not only reveal these secrets, but provide the home buyer with a degree of confidence in the purchase. In addition to the home appraisal, required by most mortgage lenders, the home inspection will help justify the selling price of the home and, in fact, can be a large factor in negotiations. In my honest opinion, it's some of the best few hundred dollars you can possibly spend, since it can leverage negotiations dramatically.

Unlike a home appraisal, which only provides a cursory market value for the property, a home inspection offers a **detailed analysis of the home's condition**. These inspections, when performed by professional contractors, should include an analysis of the home's major mechanical systems such as furnace and air conditioning systems, plumbing and electrical components, as well as an overall analysis of the roof.

A home inspection will alert the buyer to any safety concerns or potential threats with the property such as the potential for **mold, lead-based paint and asbestos**. A qualified home inspector will be able to suggest actions for **remediation** in these instances. In addition to these environmental concerns, a home inspection will single out any code violations that may be present. This type of problem is quite common in older homes which were "grandfathered" in prior to changes in the local building code. It is important for the home buyer to be aware of these deficiencies and possible hazards.

A home inspection is a great tool for future planning, especially when purchasing an older home in need of upgrades. A detailed home inspection will provide the buyer with a "life expectancy" for certain items such as roofs, furnaces and appliances. A local home inspector will be able to inform the buyer of any local codes as they pertain to fencing laws, the addition of decks, etc. so that the home buyer may plan accordingly for future home improvements.

There are several avenues to finding a reputable home inspection company. Your real estate agent as well as your mortgage lender will undoubtedly be able to recommend one for you. Although you can typically trust a Realtor to provide you with a reputable contractor, you will also want to be aware of the source. The home inspector should be a **licensed contractor** in the state in which you are purchasing your home. They should be able to provide you with references, other than real estate agents.

Remember, a real estate agent does not want to lose a deal. Therefore, they may not be inclined to suggest a home inspector who is overly "thorough" in their evaluation of the property. Other good sources for home inspectors include local Builder Associations, trade unions, the Chamber of Commerce- even your local hardware store may have a contractor advertising section.

Home inspections will range in price according to the size and value of the home. Typically the average price for a home inspection is around $300-400. The emphasis should be on "professional" when looking for a home inspector. Though family members have good intentions, trusting a relative who "knows a lot about houses" is not a wise decision when dealing with your investment.

A home inspection is quite common in the real estate industry today. The majority of home purchase contracts will call out a home inspection as a contingency on the sale. Buyer beware, however, you must request this contingency as it is not an automatic clause.

When purchasing a home it is a wise decision to invest a few hundred extra dollars in a home inspection. This small investment will help provide peace of mind when investing your life savings in a home.

INSURANCE

Homeowner's insurance is another one of those things that requires credit qualification, just like getting a mortgage or starting a cell phone contract. Just because you can get a mortgage doesn't automatically mean every insurance company is going to go out of their way to offer you homeowner's coverage, though. The credit algorithms for homeowner's coverage are proprietary and vary widely from company to company, so even if you're sitting pretty on your mortgage, you may be denied a homeowner's policy.

When the insurance agent calls and tells you that you've been denied insurance in the weeks before closing, don't panic. Unless you've personally had a lot of homeowner's insurance claims or your house-to-be looks like it has been hit by a tornado (or actually has been hit by a tornado), you'll be able to get coverage elsewhere. Always apply with more than one insurance company, that way you have a backup plan if necessary. A few phone calls to other agents with get your insurance bill and binder in time for closing.

Now technically everybody's house is in a FEMA Flood Zone, but when your banker, closer or Realtor calls to tell you that your home couldn't be flood certified because it's in a FEMA Flood Zone, they're talking about a Special Flood Hazard Area (SFHA), also known as a 100-year flood zone. This isn't a problem in and of itself, but there are a few programs, like USDA, that won't loan on a property located in an SFHA.

You may be asking why no one caught this problem before you started trying to get all your loan paperwork hammered out — surely your agent or your banker should have known that you were headed for disaster. Unless either of those folks are in the habit of not getting paid (after all, their income is in part or wholly based on commissions), they believed your future home was clear of problems based on the information they had available.

Here's where trouble starts. Every once in a while, the flood maps that Realtors and bankers have access to don't line up with the current version of the maps FEMA is using to produce flood certificates. Usually, these properties have just a tiny, tiny bit of their lot inside the SFHA — but it's enough that you're considered to be "inside" a flood zone.

When this happens, don't panic. Most loan programs will just require you buy flood insurance, which should cost about $500 per year. If you're trying to borrow with a program that won't loan on a property in a flood zone, your Realtor and banker can mount an ap

9. BEFORE CLOSING AND BEYOND

Make sure to have final walk-through. You're closing soon, so arrange with your Realtor to go through your future home once the seller has removed all of their stuff. On this visit, you're evaluating the condition of the property compared to how it looked the last time you saw it: whether the heating system works, if the water is running and heating up as it should, if the appliances and other items that were agreed upon in the purchase agreement are indeed present, and whether the repairs agreed to have been made.

MAKE SURE TO REVIEW THE CLOSING DISCLOSURE BEFORE YOU CLOSE

By law this **must** be presented to you before you sign the closing documents. This may be referred to as the HUD-1 settlement statement. This way you can make sure that your Lender has not made any mistakes and that all paperwork is congruent with what you were quoted in your initial application previously.

Many times you'll close at the office of your Realtor, Title Company or even at the Registry of Deeds. Wherever you meet, have your signing arm in good shape, because there's a small mountain of paper for you to sign. As the buyer, you have a lot more paperwork than does the seller, so don't be alarmed if the seller, or their attorney, doesn't show up until you're almost done with your stack of documents. They may even close at an entirely different location.

Once you've signed yourself into a happy stupor, the closing officer will make sure your transaction gets recorded at the Registry of Deeds. Technically, the property isn't really yours until those papers are recorded. When the key is placed into your hand at the end of the closing, however, you can pretty much call yourself a homeowner and head over to your new place.

All timelines and sequences may vary depending on who you choose to work with, but the process described will generally be executed in similar fashion. As human beings are involved in every sale, there are myriad combinations of pieces that make up the puzzle.

HELPFUL TIP

Make sure you make it known to your lender that you would like your taxes and insurance to be included into your mortgage payments. This will eliminate needing to write unnecessary checks for winter and summer taxes etc.

If it makes sense for you to not have this included in your mortgage, than make sure you know why that is, and have your budgeting factored in for paying for your taxes and insurances at different points in the year.

TOP MISTAKES TO AVOID AT CLOSING

Rushing. Closing on your home and mortgage is one of the most important financial commitments you'll ever make. Take all the time you need.

Trying to make someone else happy. You are going to be the one who has to pay the mortgage every month. The only person you need to make happy is you.

Feeling like you "should" know the answer to something, and not asking questions. Mortgages are complicated, and there's a lot of unfamiliar paperwork. When in doubt, ask!

Silencing that little voice inside of you that says something is wrong. Trust your gut and speak up. Now is your chance to prevent future problems.

CLOSING CHECKLIST

Book the movers

Once you have that closing date in hand, line up your moving company or team of helpers ASAP. If you're changing addresses during a busy moving month (e.g., June or September), the choice companies tend to book up quickly; if you're planning on doing the transport yourself, you still need to book a rental truck or get yer' buddies truck scheduled and any additional equipment.

Switch the utilities over

This one is easy to forget about, but gas, electric, and cable all need to be switched over (and phone if you're still among the land line living). Make the calls at least two weeks ahead of time to play it safe.

Book the contractor

Planning on ripping out that avocado-green kitchen as soon as you sign the closing docs? Start interviewing general contractors. Good GCs are the unicorns of the home-repair world; don't spend months after move-in trying to find that single reliable contractor. Get references from friends, make your calls, look up previous work online, and if possible, try to get general time and money estimates based on the photos and dimensions of your future home.

Book the floor and paint companies

Maybe you're not doing any major work on the place, but it's still likely you're repairing walls and buffing a few floors. Book those workers several weeks in advance, ideally for a time after you close but before you move, so that you're not in permanent purgatory in your new place. It's a lot easier to paint the walls and redo the floors when there's no furniture in there to begin with.

Hire a babysitter/pet sitter

Find a friend or relative who can watch the pets for a few days so they're not frazzled by the chaos of the transition.

Couple more tips

Remain relaxed and positive; choose your team carefully; don't forget that purchasing a home is a business transaction and one in which emotions can run high. If you keep your eyes on the big picture–the many years of happiness you will have in your new place–your buying process will be successful, not stress-full!

TERMS AND DEFINITIONS

Acceleration- The right of the mortgagee (lender) to demand the immediate repayment of the mortgage loan balance upon the default of the mortgagor (borrower), or by using the right vested in the Due-on-Sale Clause. This latter is, of course, the opposite of the Santa Claus.

Additional principal payment- A payment made by a borrower of more than the scheduled principal amount due. You might do this if you want to more quickly reduce the remaining balance owed.

Adjustable rate mortgage (ARM)- A mortgage in which the interest rate is adjusted periodically based on a preselected index. Also sometimes known as the renegotiable rate mortgage, the variable rate mortgage or the Canadian rollover mortgage.

Adjusted basis-The original cost of a property, plus the value of any capital expenditures for improvements, minus any depreciation.

Adjustment date-The date on which the interest rate changes for an adjustable-rate mortgage (ARM).

Adjustment interval- On an adjustable rate mortgage, the time between changes in the interest rate and/or monthly payment -- typically one, three or five years, depending on the index.

Affordability analysis- A detailed analysis of your ability to buy a home. This includes your income, holdings, and debts. It may also include the type of mortgage you plan to use, the location of the home, and your closing costs.

Amenity- A nice feature of the house, but something which isn't crucial to the house's very existence. A roof, for instance, is not an amenity; it's a necessity. An amenity might be a lovely view of the sunset over the ocean, or a swimming pool or tennis court.

Amortization- The period of time during which you will owe interest and principal to your lender.

Amortization Means- Regular loan payments calculated to pay off the debt at the end of a fixed period, including accrued interest on the outstanding balance.

Amortization Schedule- A schedule that provides a breakdown of the principal and interest payments, and the amount outstanding at any given point during the amortization period.

Amortize- To repay a mortgage with regular payments, both the principal due and the interest.

Annual membership or participation fee- An amount that is charged annually for having the line of credit available. It is charged regardless of whether or not you use the line.

Annual percentage rate (A.P.R.)- An interest rate reflecting the cost of a mortgage as a yearly rate.

This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan.

Application- A form used to apply for a loan, on which you'll put relevant information about yourself. Also refers to the whole process of applying for a loan. Or, for that matter, of applying to college (but that's a different story entirely).

Appraisal- An estimate of the value of the property, made by a qualified professional called an "appraiser". An appraisal is required by your bank to determine how much money it will lend you.

Appraised value- An opinion of a property's fair market value, given by an appraiser, whose job it is to evaluate such things.

Appreciation- An increase in the value of a property due to changes in market conditions, or for other reasons. The opposite of depreciation.

Assessment- A local tax levied against a property for a specific purpose, such as a sewer or street lights.

Assessor- A public official who establishes the value of a property for purposes of taxation.

Asset- Anything with a dollar value that you own. Your assets are tallied up when the bank is trying to figure out what it can afford to lend you.

Assignment- The transfer of a mortgage from one individual to another. This isn't always allowed.

Assumable mortgage- A mortgage (on a home) that can be taken over by the buyer of the home.

Assumption- The agreement between buyer and seller in which the buyer takes over the payments on an existing mortgage from the seller.

Assuming a loan can usually save the buyer money, since this is an existing mortgage debt, unlike a new mortgage where closing costs as well as new, possibly higher, market-rate interest charges may apply.

Assumption fee- Fee usually paid by the buyer to a lender if the buyer assumes, or takes on, an existing mortgage.

Back-end ratio, or debt ratio- The amount you pay in monthly debt (credit cards, student loans, etc.) divided by your gross monthly income.

Balloon (payment) mortgage- Usually a short-term fixed-rate loan which involves small payments for a certain period of time, and one large payment for the remaining amount of the principal at a time specified in the contract.

Betterment- An improvement that increases property value, as distinct from repairs that simply maintain value. It's an upgrade, not just upkeep.

Bill of sale- A written document that transfers title to the property.

Binder- A preliminary agreement, secured by an earnest money deposit, through which the buyer offers to purchase the home.

Biweekly payment mortgage- A mortgage that requires payments to be made every two weeks (instead of monthly).

Blanket Mortgage- A mortgage covering at least two pieces of real estate as security for the same mortgage.

Blockbusting- The attempt to induce someone to sell their home because someone from a protected class is rumored to be moving into the neighborhood. The classic example of this would be a real estate agent passing out her card to neighbors while telling them that a minority family is moving in down the block and they should sell now before the neighborhood gets any worse. This is illegal.

Borrower (Mortgagor)- One who applies for and receives a loan in the form of a mortgage, with the intention of repaying the loan in full.

If you don't have the intention to repay the loan, then there are other terms that you might not want to see applied to you: crook, deadbeat, scam artist, fugitive from justice, etc.

Breach- A violation of any legal obligation.

Broker- 1) An individual in the business of helping to arrange funding or negotiating contracts for a client, but who does not loan the money himself. This is a mortgage broker; mortgage brokers usually charge a fee or receive a commission for their services.

2) Someone who helps you find a house and charges a fee for their services as well. This is a real estate broker; the term is usually synonymous with real estate agent, although there are, technically, differences.

Building code- Local regulations having to do with design and construction of a building. This means, of course, that it's not OK to build a house made of oatmeal, no matter what that builder may tell you.

Buy-down- The lender and/or the home builder subsidize the mortgage by lowering the interest rate during the first few years of the loan. While the payments are initially low, they will increase when the subsidy expires.

Capital improvement- Any structure which is a permanent improvement to the property.

Caps (interest)- Consumer safeguards which limit the amount that the interest rate on an adjustable rate mortgage may change per year and/or during the life of the loan.

Caps (payment)- Consumer safeguards which limit the amount that monthly payments on an adjustable rate mortgage may change.

Cash Flow- The amount of cash derived over a certain period of time from an income-producing property. The cash flow should be large enough to pay the expenses of the income-producing property (including mortgage payment, maintenance, utilities, etc.)

Certificate of Eligibility- The document given to qualified veterans which entitles them to VA guaranteed loans for homes, business, and mobile homes.

Certificates of eligibility may be obtained by sending DD-214 (Separation Paper) to the local VA office with VA form 1880 (request for Certificate of Eligibility.

Certificate of Reasonable Value (CRV)- An appraisal issued by the Veterans Administration showing the property's current market value.

Certificate of title- A statement which confirms that the title to the house is legally held by the current owner. This is important, because you don't want to buy something from someone who doesn't really own it, now do you?

Certificate of Veteran Status- The document given to veterans or reservists who have served 90 days of continuous active duty (including training time).

It may be obtained by sending DD-214 to the local VA office with form 26-8261a (request for certificate of veteran status). This document enables veterans to obtain lower down payments on certain FHA-insured loans.

Chain of title- The history of all of the documents that transfer title to a a piece of real estate. Think of it as being a genealogy for the home since it was built.

Chattel- Another name for personal property.

Clear title- A title that is free of liens. You've probably heard of 'you own it free and clear.' Meet 'clear.' See also cloud on title.

Closing- The meeting between the buyer, seller and lender or their agents at which the property and funds legally change hands. Also called settlement See also Closing Costs.

Closing costs- Expenses incurred by buyers and sellers in transferring ownership of a property. These may include an origination fee, taxes, the costs of obtaining title insurance, transfer fees, etc. They can often total several, or many, thousands of dollars.

Cloud on title- Anything found by the title search which indicates that the property is not owned free and clear by the purported owner.

Collateral- An asset (such as a car or a home) that can be used to guarantee the repayment of a loan. You, the borrower, risk losing that asset if the loan is not repaid in a timely fashion.

Collection- The process of forcing a borrower to pay what he owes on a loan and, if it comes to that, to proceed with foreclosure.

Commitment- A promise by a lender to make a loan, on specific terms or conditions, to a borrower or builder. It can also be a promise by an investor to purchase mortgages from a lender with specific terms or conditions.

Comps- No, these aren't free tickets to your favorite team's game. The word is short for "comparable properties" -- properties which have recently sold that are about the same size, in the same area, with similar amenities. These help both you and the appraiser figure out what your home ought to be worth.

Condominium- A building or group of buildings in which each unit owner has title to a specific unit. They may also have the exclusive use of certain common areas.

Construction loan (or interim loan) - A loan to provide the funds necessary to pay for the construction of buildings or homes. The lender advances funds to the builder at periodic intervals as the work progresses.

Contingency- A specified condition that must be met before a contract is legally binding. The two most common contingencies in home purchasing are that 1) the house must pass the home inspection, and 2) the borrower must get the loan.

Contract sale or deed- A contract between a buyer and a seller which conveys title after certain conditions have been met. It is a form of installment sale.

Conventional loan- A mortgage not insured by the FHA or guaranteed by the VA.

Convertibility clause- A clause in certain adjustable-rate mortgages (ARMs) which permit the borrower to switch to a fixed-rate mortgage at specified time. Not to be confused with Mustang Convertible.

Cooperative (co-op)- The residents of this type of housing complex own shares in the cooperative corporation that owns the property, and each has the right to occupy a specific dwelling. They don't actually own the dwelling; they own shares in the corporation.

Credit limit- The maximum amount that you can borrow.

Credit Report- A report documenting the credit history and current status of a borrower's credit standing.

If there are debts you owe which you never paid, or times in which you've been delinquent in paying, these items will presumably show up on your credit report and can hurt your chances of getting approved for a loan.

Debt-to-Income Ratio- The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her net effective income (FHA/VA loans) or gross monthly income (conventional loans). See housing expenses-to-income ratio.

Deed of trust- In many states, this document is used in place of a mortgage to secure the payment of a note.

Default- Failure to meet legal obligations in a contract; specifically, failure to make the monthly payments on a mortgage. If this happens, you can end up losing the house.

Deferred interest- When a mortgage is written with a monthly payment that is less than required to satisfy the note rate, the unpaid interest is deferred by adding it to the loan balance. See also negative amortization.

Delinquency- Failure to make payments on time. This can lead to foreclosure.

Department of Veterans Affairs (VA)- An independent agency of the federal government which guarantees long-term, low-or no-down payment mortgages to eligible veterans.

Depreciation- A decline in the value of property over time.

Discrimination in Advertising- Any printed or published material that uses words, no matter how subtle, that are of a discriminatory nature aren't allowed by HUD. Some of the examples that HUD gives are "adult building, Jewish home, restricted, private, integrated, or traditional."

Down payment- Money paid to make up the difference between the purchase price and the mortgage amount. Down payments usually are 10 percent to 20 percent of the sales price on conventional loans.

Due-On-Interest- A clause inserted in a mortgage that allows the lender, at its option, to call the loan due and payable upon the transfer of the property.

Due-on-Sale-Clause- A provision in a mortgage or deed of trust that allows the lender to demand immediate payment of the balance of the mortgage if the mortgage holder sells the home.

Earnest Money- Money given by a buyer to a seller as part of the purchase price, in order to bind a transaction or to assure payment.

Easement- A right of way giving people other than the owner access to a property. If there is one of these on the house you're considering, make sure you understand what it is, or you may have troops of 1953 alien-landing devotees plodding through your back yard on the way to that sacred corn field just next door.

Encroachment- An improvement that intrudes illegally on someone else's property.

Encumbrance- Anything which limits the title to a property, such as leases, mortgages, easements, or other restrictions.

Entitlement- The VA home loan benefit is known as entitlement. It is also known as eligibility.

Equal Credit Opportunity Act (ECOA)- A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

Equity- The value an owner has in real estate over and above the obligation against the property. In other words, that portion of the property which the owner actually owns, having already paid for it. (It's also referred to as the owner's interest.)

If a homeowner owns a house valued at $200,000.00 and has a mortgage of $50,000.00, the homeowner's equity is $150,000.00 (the value less the mortgage). As the value of the house increases or decreases, the homeowner's equity increases or decreases accordingly. The lender's equity is always equal to the value of the outstanding loan.

Escrow- Funds that are set aside and held in trust, usually for payment of taxes and insurance on real property.

Fannie Mae- (See Federal National Mortgage Association)

Farmers Home Administration (FMHA)- Organization which provides financing to farmers and other qualified borrowers who are unable to obtain loans elsewhere.

Federal Home Loan Bank Board (FHLBB)- A regulatory and supervisory agency for federally chartered savings institutions.

Federal Home Loan Mortgage Corporation (FHLMC), or "Freddie Mac"- A quasi-governmental agency that purchases conventional mortgage from insured depository institutions and HUD-approved mortgage bankers.

Federal Housing Administration (FHA)- A division of the Department of Housing and Urban Development. Its main activity is the insuring of residential mortgage loans made by private lenders. FHA also sets standards for underwriting mortgages.

Federal National Mortgage Association (FNMA), or "Fannie Mae"- A tax-paying corporation created by Congress that purchases and sells conventional residential mortgages as well as those insured by FHA or guaranteed by VA. This institution, which provides funds for one in seven mortgages, makes mortgage money more available and more affordable.

FHA loan- A loan insured by the Federal Housing Administration, open to all qualified home purchasers. While there are limits to the size of FHA loans, they are generous enough to handle moderately priced homes almost anywhere in the country.

FHA mortgage insurance- A way of insuring an FHA loan, this insurance requires a small fee (up to 3.8 percent of the loan amount) paid at closing, or a portion of this fee added to each monthly payment of an FHA loan.

FHLMC- The Federal Home Loan Mortgage Corporation provides a secondary market for savings and loans by purchasing their conventional loans. Also known as "Freddie Mac."

Firm commitment- The agreement by a lender to make a loan to a specific borrower for a specific property.

Firm Commitment- A promise by FHA to insure a mortgage loan for a specified property and borrower. A promise from a lender to make a mortgage loan.

First mortgage- The mortgage which is the primary lien against a property.

Fixed-Rate Mortgage- A mortgage on which the interest rate is set for the term of the loan, regardless of future interest rate fluctuations. This makes payments precisely predictable, but it is not always the cheapest alternative.

Foreclosure- A legal process by which the lender or the seller forces a sale of a mortgaged property because the borrower has not met the terms of the mortgage. Also known as a repossession of property.

Freddie Mac- See FHMLC, or Federal Home Loan Mortgage Corporation.

Front-end ratio- Your prospective monthly mortgage payments divided by your gross monthly income. This comes out to a percentage, and a lender uses this percentage to get an idea of how much of your income will be going to pay your loan. If they like the number (say, below 29%) then they will be more inclined to sell you the loan.

Government mortgage- A mortgage insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) or the Rural Housing Service (RHS).

Guarantee mortgage- A mortgage that is guaranteed by a third party.

Guaranteed loan- Another term for 'government mortgage.

Guaranty- A promise by one party to pay a debt or perform an obligation contracted by another if the original party fails to pay or perform according to a contract.

Hazard Insurance- A form of insurance in which the insurance company protects the insured from specified losses, such as fire, windstorm and the like.

Home equity line of credit- A loan against the amount of equity you may have in a property.

Home inspection- A complete and thorough inspection of the physical condition of a property, including all major systems and structural elements. It's conducted by someone who knows what to look for, and who will inform you of what he finds. If he turns up something you don't like and which the seller refuses to repair, you don't proceed with the purchase of the home.

Homeowner's insurance- An insurance policy, required when you take ownership, that combines personal liability insurance and hazard insurance for the home as well as its contents.

Homeowner's warranty- A warranty which will cover repairs to specified parts of a house for a specific period of time. It is provided by the seller (or, if the place is new, the builder) as a condition of the sale.

Hot Market- A market in which houses are selling fast. Otherwise known as a 'seller's market' -- the seller is going to sell their house at very close to the asking price, since there's a lot of demand.

Housing Expenses-to-Income Ratio- The ratio, expressed as a percentage, which results when a borrower's housing expenses are divided by his/her net effective income (FHA/VA loans) or gross monthly income (conventional loans). See debt-to-income ratio.

HUD-1 statement- A document which sets forth an itemized listing of whatever costs must be paid at closing, such as real estate commissions, loan fees, points, and initial escrow amounts. It's also known as the "closing statement" or "settlement sheet."

Impound- That portion of a borrower's monthly payments held by the lender or servicer to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due. Also known as reserves.

Index- A published interest rate against which lenders measure the difference between the current interest rate on an adjustable rate mortgage and that earned by other investments.

These other investments may include one-, three-, and five-year U.S. Treasury security yields, the monthly average interest rate on loans closed by savings and loan institutions, and the monthly average costs-of-funds incurred by savings and loans. This information is then used to adjust the interest rate on an adjustable mortgage up or down.

Initial interest rate- The interest rate of the mortgage at the time of closing. This rate will change for an adjustable-rate mortgage (ARM). Also known as the "start rate" or "teaser."

Interest- The amount of money, expressed as a percentage of the principal, charged for the use of the money borrowed.

Interest Adjustment- If the closing (the date on which the buyer takes possession of the property) occurs at a time of the month other than the date on which the mortgage payment is due, the borrower will pay an amount to cover interest from the "interest adjustment date."

Interest rate ceiling- For an adjustable-rate mortgage (ARM), the maximum rate to which your loan can climb.

Interest rate floor- For an adjustable-rate mortgage (ARM), the minimum interest rate to which your loan can sink.

Interim Financing- A construction loan made during completion of a building or a project. A permanent loan usually replaces this loan after completion of the project.

Investor- A money source for a lender.

Late charge- The penalty that must be paid by the borrower when a payment is late. This must be spelled out; make sure you know when you would incur such a charge.

Lease-purchase mortgage loan- A financing option for low- and moderate-income home buyers, by which they can lease a home, with an option to buy, from a nonprofit organization. Each month's rent payment consists of principal, interest, taxes and insurance, plus an extra amount that is sent to a savings account in order to accumulate money for a down payment.

Lien- A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

Listing Price- The price at which the house is listed; the asking price.

Loan-to-Value Ratio- The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

Lock-in- A written agreement from the lender to offer a specified interest rate if the mortgage goes to closing within a set period of time.

Margin- The amount a lender adds to the index on an adjustable rate mortgage to establish the adjusted interest rate.

Market Value- The highest price that a buyer would pay and the lowest price a seller would accept on a property. Market value may be different from the price a property could actually be sold for at a given time.

Maturity- The date on which the principal balance of a loan is due and payable.

Minimum payment- The minimum amount that you must pay (usually monthly).

Mortgage- A legal contract that is registered against the title to a property in order to guarantee that a loan will be repaid.

Mortgage banker- A company or loan officer at a bank that originates mortgages for resale in the secondary mortgage market.

Mortgage Insurance Premium (MIP)- The one-half percent borrowers pay each month on FHA insured mortgage loans. It is insurance from FHA to the lender against incurring a loss on account of the borrower's default. On September 1, 1983, the MIP was changed to a one-time charge to the borrowers.

Mortgagee- The lender.

Mortgagor- The borrower or homeowner.

Negative Amortization- Something which occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. The home buyer ends up owing more than the original amount of the loan.

Negotiable Rate Mortgage (RBM)- A loan in which the interest rate is adjusted periodically. (See adjustable rate mortgage.)

Net Effective Income- The borrower's gross income minus federal income tax.

Non Assumption Clause- A statement in a mortgage contract forbidding the assumption of the mortgage without the prior approval of the lender.

Note- The signed obligation to pay a debt, as a mortgage note.

Origination Fee- The fee charged by a lender to prepare loan documents, make credit checks,