

2 BLUE CHIP CORNER

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News From 2 Blue Chip Mortgage

Things To Do When Applying For a Mortgage

01. Pre-Qualification Letter

Getting pre-qualified by a broker or lender provides an estimate of how large a mortgage you can afford. Although pre-qualification doesn't obligate the lender to approve your mortgage, it's a good way to make sure that you apply for a loan within your price range. After getting pre-qualified you will have a good idea of the maximum loan amount you can afford and this will narrow your house search, affordable properties.

02. Signed Sales Contract

Many borrowers go to their loan interview with a signed purchase agreement. Usually, your real estate agent has presented your offer to the seller of the property and helped you negotiate the terms. This means both the buyer and the seller have accepted the terms of the final offer. Your contract will state the amount of your down payment, the price of your new home, the type of financing you're looking for, and your proposed closing and occupancy dates.

03. Deposit

This is payment you submitted with the offer to show the seller that you are serious about buying the home. This earnest money is deposited in an escrow account and will be applied to your settlement costs. Your lender may ask you to bring the receipt for your deposit along with your sales contract to the initial loan

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interview.

04. Home Inspection

Getting a satisfactory home inspection should be specified in your purchase agreement. You will want the assurance that comes from having a professional house inspector evaluate the structural and mechanical condition of the property. Home inspections can identify problems before you buy a house.

05. Information Your Lender Needs at Application

Ordinarily, you will complete a standardized mortgage application (Uniform Residential Loan Application) when you meet with your lender or broker. This standard application is a four-page form that asks detailed questions about your income, assets, liabilities, credit and subject property. Sometimes, the lender may ask you to complete your loan application before your first meeting. You will then bring it to your first appointment.

Please see *Things to Do* on page 2

Things to Do from page 1

Things to Do (cont'd)

Decisions You Need to Make

01. Type of Mortgage

The residential loan application asks you to specify the type of loan you want. Based on your particular financial circumstances, your broker or lender will offer you a variety of fixed-rate or adjustable-rate mortgages with various repayment terms.

It's a good idea to learn as much as possible about the various types of loans available to you before you apply for your loan, or even before you start looking for a house. The type of mortgage you choose has a direct effect on how much home you can afford and the amount of your monthly payments.

If you bring a signed sales contract to your application appointment, it may specify the type of financing you prefer. Your contract to buy the house is often contingent upon your ability to secure a commitment for the type of loan you need. If you're going to your interview without a certain type of loan in mind, be sure you've done your homework so you know which type of financing is best suited to your lifestyle and budget.

02. Mortgage Amount

This is the amount of money you want to borrow. Your requested loan amount will be based on the purchase price of your new home and the amount of money you will be using as a down payment. Before actually applying for a loan, many borrowers find out how much they can afford by getting pre-qualified by a broker or lender.

If you have been pre-qualified, keep in mind that your

pre-qualification letter is only an estimate of what you can afford. It doesn't obligate the lender to approve your loan for that full amount. Ultimately, the lender can approve you for the amount requested or nothing at all, depending on other factors such as your credit and the appraised value of the subject property. If a lender determine that you are creditworthy, your pre-qualification amount will probably be close to the actual amount a lender would be willing to loan you.

03. Down Payment

Most lenders expect home buyers to make a down payment of at least 5 percent of the value of the home. If you can afford to put more money toward a down payment, it will reduce the amount of your monthly mortgage payments. The lender will also want to know the source of the down payment.

Sources you may use include savings, stocks and bonds, Individual Retirement Accounts (IRAs), pension funds, mutual funds, and other assets. You may also rely on a gift of money, as long as it does not have to be repaid. If you use a gift for a down payment, you will need to provide a notarized letter of explanation that states the amount of the gift, and signed by the giver.

04. Closing Date

Your sales contract, usually specifies a time frame in which you wish to close on your new home (usually 30, 45, or 60 days from the time you have a signed sales contract). Be sure to tell your loan officer approximately when you would like to close your loan, so that the loan process will coincide with this date.

*Things to Do from Page 2***05. Lock-In Interest Rate**

The interest rates quoted to you on the day of application may stay the same, decrease, or increase by the time you actually close on your home. This is why most mortgage lenders offer borrowers a rate lock-in. This lock-in (or rate lock) guarantees you a specified interest rate, provided the loan is closed by the lock expiration date. If your lock-in period expires before you go to closing, your lender is not obligated to give you the same interest rate you had locked in earlier. Therefore, be sure to lock in for a period that will cover the time until your expected settlement date.

Application Costs

Although costs and terms vary, most lenders and brokers require you to pay an application fee, a credit report fee, and often an appraisal fee at the time of your loan application. Therefore, it might be a good idea to bring your checkbook to the interview.

01. Application Fee

The application fee covers the lender's cost to review the information on your loan application. It usually includes processing fees and underwriting costs.

02. Credit Report Fee

The credit report fee covers the cost of a credit report from one of the major credit reporting agencies (CRAs). Your credit report verifies information that you supply on your loan application and will include credit scores and additional information from the public record. When a credit record is received, your lender will compare it with your application and look for any discrepancies. You may be asked to give reasons for the discrepancies, or provide letters of explanation.

03. Appraisal Fee

An appraiser is a person who is qualified to estimate the value of real and personal property. Appraisers usually charge one fee for a single-family home and slightly higher fees for other properties. Appraisals for government-insured loans (FHA or VA) need to be done by specially certified appraisers and may cost you less than those for other types of loans.

If You Change Your Mind

Ask your broker or lender if there are any circumstances under which you would be entitled to refund of your application fee. In some cases, you can only get a refund if your lender does not approve or deny your application within an agreed upon time.

Information Needed at Your Loan Application

1. Residence addresses for past 2 years; landlord addresses and phone numbers.
2. Name and address of employers for the past 2 years with W-2's; 1099's etc.
3. Last paystub showing gross monthly salary and deductions for 1 month period.
4. Names, addresses, account numbers, and balances of all credit and savings accounts; with explanation of any large deposit and source of those funds.
5. Last 2 statements of all checking, savings, investments, IRA, etc. accounts.
6. Certificate of eligibility and/or DD214 and/or statement of service for VA loans.
7. Money for appraisal and credit report.
8. If self-employed, 2 years tax returns with all schedules, YTD Profit & Lost Statements, with balances prepared by CPA.
9. If a corporation or partnership, all no. 8 for individuals, corporate and/or partners.
10. Divorce decree and child support information.
11. All bankruptcy documents and discharge papers.
12. Foster care information.
13. Social security award letters; pension award letter for retired individuals.
14. If no credit, we will need alternative credit.
15. Copy of earnest money deposit check and copy of sales contract.
16. Credit explanation letters.
17. Gift letter, if any of the funds comes from a gift from a family member.
18. Other documentation may be needed, depending on lender's requirements.



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Providing quality customer service

2 Blue Chip Professionals, LLC offers powerful training courses which are based on proven techniques and values to ensure success. Our training courses catapult mortgage careers and separate our graduates from their competition. Our instructors average thirteen years as veteran mortgage loan originators, trainers and compliance officers. They have worked with all types of borrowers, loan products and have been top producing loan officers themselves. They have learned through their own experience, training and experience of other mortgage professionals. Whether you are a loan originator, processor, seeking a career change in the mortgage industry, or to broaden your knowledge, 2 Blue Chip Professionals will assist you in achieving your goals.

Karyn D. Bullock, President



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Providing quality customer service

2 Blue Chip Mortgage is committed to helping you find the right mortgage product for your needs. We understand that every borrower is different, and we offer a variety of products to meet your individual requirements. We make the process of securing a mortgage simple and straightforward by offering you the latest in financial tools that enable you to make sound financial choices.

Trevor J. Jules, Sr, President