

MONEY CHECKLIST

❖ Where do I begin?

- Ⓟ Evaluate your budget by determining the amount available for your mortgage payment.
- Ⓟ Research loan types to discover the best loan available for your needs.
 - Fixed rate mortgage
 - Adjustable-rate mortgages (ARM)
 - Balloon mortgages
 - Government housing loans
- Ⓟ The mortgage lender that offered the best mortgage package. _____
- Ⓟ Pre-qualified to find out the approximate amount able to borrow.
- Ⓟ Contact local contractors or the Local Home Builders Association to find the per square foot cost of construction in your area, either heated, unheated or average.

❖ How much house can I afford?

- Ⓟ Price per square foot estimate heated \$ _____ unheated \$ _____ average \$ _____
- Ⓟ Home plans being considered

Plan Number _____ heated _____ unheated _____ total sq ft _____ Cost \$ _____
Plan Number _____ heated _____ unheated _____ total sq ft _____ Cost \$ _____
Plan Number _____ heated _____ unheated _____ total sq ft _____ Cost \$ _____

❖ Applying for mortgage

- Ⓟ Information submitted to lender
 - Two years of tax returns with W-2s (Self-employed three years tax returns)
 - Social security card
 - Bank and credit statements for last three months
 - Current employer information and verification
 - Most recent pay stub showing year-to-date earnings
 - List of investments, pension plans, 401ks, etc.
 - Documentation of other income like child support and/or alimony if choose to include
- Ⓟ Pre-approval complete
- Ⓟ Home plan submitted to lender for appraisal so the value of the home to be constructed can be determined.

TIP: If changes were redlined on plan, square footage was refigured to achieve correct appraisal value.

❖ Loan Language

- Ⓟ Interest rate or the percentage of interest you will pay on your mortgage is discussed but typically not locked into a specific rate until the construction process is closer to being complete. Borrower can lock the interest rate into a set rate approximately 45 days prior to construction completion.
 - Interest rate _____ %
 - Date locked _____
- Ⓟ Interim or construction financing (Loan amount available for the construction process, usually taken in draws during the building process)
 - 1st draw \$ _____

- 2nd draw \$ _____
- 3rd draw \$ _____
- 4th draw \$ _____

∅ Terms to be familiar with

- Mortgage payment-to income ratio (MR) ~ the ratio of your proposed PITI (principal, interest, taxes & insurance) payment to your gross monthly income.
- Total debt-to-income ratio (DR) ~ ratio of your total monthly debt to your gross monthly income.
- Loan-to-value (LTV) ~ ratio of the total value of the house to the loan amount which is usually 90% or less.

❖ **Cost of closing loan**

∅ The fees incurred for preparing a mortgage loan are closing costs. The cost varies from region to region. The Real Estate Settlement Procedures Act requires lenders to provide you with a good faith estimate, which is a statement of all the closing cost associated with the loan within three days of receiving your application.

∅ List of items that the closing cost may include

- Loan processing fee \$ _____
- Document preparation fee \$ _____
- Attorney fees \$ _____
- Loan origination fee \$ _____
- Loan discount points \$ _____
- Appraisal fee \$ _____
- Inspection fee \$ _____
- Credit report fee \$ _____
- Assumption fee (if applicable) \$ _____
- Prepaid interest \$ _____
- Escrow accounts \$ _____
- Title search fees \$ _____
- Title insurance \$ _____